

# U.S. Small Business Administration

## FY 2021 Congressional Justification FY 2019 Annual Performance Report



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PERFORMANCE PLAN, BUDGET, AND REPORT

***SBA FY 2021 Congressional Justification Program Index***

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# **FY 2018 – FY 2022 Strategic Plan Goals and Objectives**

## ***Strategic Goal One – Support Small Business Revenue and Job Growth***

### **Strategic Goal One has three Strategic Objectives**

- 1.1 – Expand Access to Capital
- 1.2 – Help Small Business Exporters Succeed in Global Markets
- 1.3 – Ensure Federal Contract and Innovation Set-aside Goals are Met and/or Exceeded

## ***Strategic Goal Two – Build Healthy Entrepreneurial Ecosystems and Create Business Friendly Environments***

### **Strategic Goal Two has three Strategic Objectives**

- 2.1 – Develop Small Businesses through Technical Assistance
- 2.2 – Build Healthy Entrepreneurial Ecosystems
- 2.3 – Create a Small Business Friendly Environment

## ***Strategic Goal Three – Restore Small Businesses and Communities after Disasters***

### **Strategic Goal Three has one Strategic Objective**

- 3.1 – Deploy Disaster Assistance Effectively and Efficiently

## ***Strategic Goal Four – Strengthen SBA's Ability to Serve Small Businesses***

### **Strategic Goal Four has three Strategic Objectives**

- 4.1 – Ensure Effective and Efficient Management of Agency Resources
- 4.2 – Build a High-Performing Workforce
- 4.3 – Implement Enterprise-wide Information System Modernization and Cost-effective Technology

## Overview of FY 2021 Budget Request and Performance Plan

The President has underscored job creation, workforce development, and economic growth as pillars of his Administration. The U.S. Small Business Administration is uniquely positioned to support his priorities through programs that champion small business creation and growth. Respecting the President's promise to be a responsible steward of taxpayer dollars, the SBA is committed to exercising its role as efficiently and effectively as possible. The SBA, through its FY 2021 budget request, has made a concerted effort to identify cost savings to support the President's request. With this budget, the SBA will provide tools and resources critical to the success of America's nearly 30 million small businesses, which support more than 56 million jobs. The SBA will continue to advocate for small businesses and serve as the catalyst to empower small business owners to start, grow, expand, and recover.

The *FY 2021 Annual Performance Plan and Budget* builds on the successes in FY 2019 and the foundations outlined by the President in his Reform Plan and Reorganization Recommendations. The Administrator will continue to serve as a champion for America's small businesses and work with key stakeholders to ensure that the President's vision becomes a reality.

The SBA is developing numerous initiatives to better serve its customers and advance America's entrepreneurial spirit. For example, the SBA is developing a training program for veterans and military family members who own small businesses and want to build their management and leadership skills. The SBA is also developing an interactive, digital platform for women entrepreneurs who are seeking to scale their businesses. It will offer practical, tactical advice and online training modules to millions of entrepreneurs, and users can access content specific to their own needs and timelines. The SBA is promoting the Opportunity Zone Program created by the President's Tax Cuts and Jobs Act, which provides tax breaks aimed at fostering long-term economic development in more than 8,700 designated low-income communities across the country. The SBA is building on existing relationships with local and state governments and educational institutions to train workers to ensure they have the skills needed to meet current and future workforce demands. The SBA is also continuing its partnership with the U.S. Department of Agriculture in support of the President's mission to enhance economic development in rural areas. Identified goals include increasing small businesses' access to capital, expanding investment options, and improving opportunities for exporting their products and services.

In support of the President's Management Agenda, the SBA will focus on modernizing the Federal Government. The SBA has several key priority initiatives in support of its commitment to managing best practices in Information Technology: enhancing cybersecurity, migrating more data systems to cloud storage, and using authority provided to operate an IT Working Capital Fund (IT WCF). These efforts will provide greater efficiencies and enhance operations as we continue to deliver services faster for America's small businesses. For example, the SBA has implemented the Disaster Credit Management System (DCMS) 2.0, which enables the SBA to respond more quickly to declared disasters and process a greater number of disaster recovery loan applications. In addition, further enhancements to Lender Match are making it easier for small businesses to connect with approved SBA lenders.

The SBA will continue to serve as a co-lead for the Presidential Cross-Agency Priority Goal for leveraging data as a strategic asset. The Federal Government needs a robust, integrated approach to using data to deliver on its mission, serve customers, and steward resources while respecting privacy and confidentiality. At the SBA, program managers collect and analyze data to help build evidence for program improvements, policy, budget, and operational decision-making. New program evaluations and

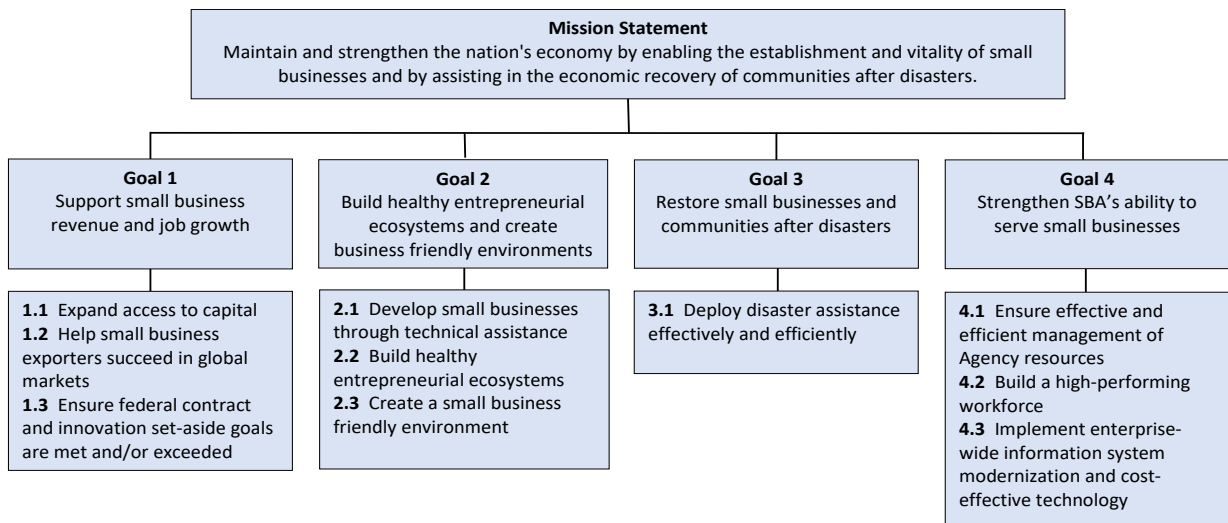
other partnerships will leverage data to answer key questions and make the SBA a more effective and efficient place for America’s small business programs.

America’s entrepreneurs are innovators who take risks on ideas, invest in their communities, and create jobs. Their skills and creativity not only support their own families, they also make our neighborhoods vibrant places to live and work and fuel the nation’s economic strength. Through the SBA’s FY 2021 budget request, the Agency reaffirms its commitment to supporting job growth and ensuring America remains competitive in an interdependent and highly competitive global economy.

To support this mission, the SBA’s total budget request for FY 2021 is \$819 million in new budget authority. Of this amount, \$288 million is for salaries and expenses and \$168 million is for entrepreneurial development programs. The SBA requests \$168 million for administering loans to survivors of disasters.

The *FY 2021 Annual Performance Plan and Budget* was developed utilizing the 4 strategic goals and 10 strategic objectives in the Agency’s *FY 2018–2022 Strategic Plan* (see chart below). These goals and objectives focus on the SBA Administrator’s priorities to ensure an effective, efficient, and accountable SBA.

### FY 2018-2022 Strategic Plan Goals and Objectives Chart



## Understanding the Budget Tables

This budget request is submitted in accordance with the FY 2021 budget guidance memoranda from the Office of Management and Budget (OMB).

### Table 1 – Summary of New Budget Authority

This Table shows the gross amount of new funding that Congress appropriated for FY 2019, the enacted funding for FY 2020, the requested funding for FY 2021, and the change from FY 2020's enacted funding. New budget authority 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 that Congress appropriated.
- *Salaries and Expenses, Entrepreneurial Development Programs, Business Loan Program, Disaster Loan Program, Inspector General, Office of Advocacy, and Surety Bond Guarantee* are the seven SBA appropriation accounts. The SBA will exercise its authority to operate an IT Working Capital Fund.

This Table can be cross-referenced with Tables 2 and 7, as discussed below.

### Table 2 – Salaries and Expenses Budget

The top portion of Table 2 shows the sources of funds for the Salaries and Expenses Budget, first by appropriation from Table 1, and then supplemented by all other sources. Reimbursable Funding is for programs that the SBA receives reimbursable budget authority for from other Federal Government agencies. The bottom portion of Table 2 identifies the major expenditures of the Salaries and Expenses Budget as shown in Tables 3, 4, 5, and 9.

### Table 3 – Office Operating Budgets

Table 3 shows the funds that program and administrative offices directly manage for daily operations, e.g., travel, supplies, and contracted services.

### Table 4 – Agency-Wide Costs

Table 4 shows costs managed centrally by the Agency such as rent and telecommunications.

### Table 5 – Summary of Changes: Agency Operating Budget

Table 5 reconciles the amounts needed for the Salaries and Expenses operating budget shown in Table 2. The Summary of Changes section shows the major reasons for a requested increase or decrease in funding.

### Table 6 – Entrepreneurial Development Programs

Table 6 identifies the line items included in the Entrepreneurial Development Programs account.

### **Table 7 – Sources of Funds: Appropriation Detail**

Table 7 shows the detail for all the appropriation accounts. The Disaster Assistance and Business Loans appropriations 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 8 – Summary of Credit Programs and Revolving Fund**

Table 8 summarizes all credit programs (plus the Surety Bond Guarantee Program, a revolving fund). The total program level, subsidy amount, and subsidy rate for each fiscal year display credit program activity.

### **Table 9 – Full Time Equivalent (FTE) Employees**

Table 9 shows the number of Full Time Equivalent (FTE) 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. The FTEs that support Disaster, the Inspector General, the Office of Advocacy, and Line Item Initiatives also appear in this table. Beginning in FY 2020, the SBA decentralized its Compensation and Benefits, which enables the program offices to better manage their human capital resources. Regular Funds includes Transfer authority for Business Loan Administration and Indirect Disaster Administration expenses.

### **Table 10 – Total Cost by Program and Activity**

Table 10 displays the full cost for administering each of the 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 3, which shows the direct operating budget costs for major program offices. It also differs from Table 6, which shows the total amount for the entrepreneurial development programs but excludes administrative direct, indirect, and overhead costs. The costs presented in Table 10 are used in the performance tables that are included in the Performance Budget. Table 10 does not include subsidy budget authority for business and disaster loan programs or the appropriation for surety bond guarantee.



## Budget Tables

**Table 1**  
**FY 2021 Congressional Budget Justification**  
**SUMMARY OF NEW BUDGET AUTHORITY**  
*(Dollars in Thousands)*

	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	FY 2021 Incr/Decr
Gross New Budget Authority				
Salaries and Expenses	\$ 261,500	\$ 270,157	\$ 287,947	\$ 17,790
Information Technology System and Working Capital Fund	\$ 6,000	\$ -	\$ -	\$ -
Entrepreneurial Development Programs	\$ 247,700	\$ 261,000	\$ 167,600	\$ (93,400)
Business Loan Program				
Administration	\$ 155,150	\$ 155,150	\$ 160,300	\$ 5,150
Loan Subsidy - Guaranteed Loan	\$ -	\$ 99,000	\$ -	\$ (99,000)
Loan Subsidy - Microloan	\$ 4,000	\$ 5,000	\$ 4,000	\$ (1,000)
Business Loan Program - Total	\$ 159,150	\$ 259,150	\$ 164,300	\$ (94,850)
Disaster Loan Program Administration <sup>1</sup>	\$ 10,000	\$ 177,136	\$ 168,075	\$ (9,061)
Inspector General	\$ 21,900	\$ 21,900	\$ 22,011	\$ 111
Office of Advocacy	\$ 9,120	\$ 9,120	\$ 9,190	\$ 70
Surety Bond Guarantee	\$ -	\$ -	\$ -	\$ -
Total, Gross New Budget Authority, Excl. Stafford Act Disaster Funding	<u>\$ 715,370</u>	<u>\$ 847,575</u>	<u>\$ 819,123</u>	<u>\$ (28,452)</u>
Total, Gross New Budget Authority, Incl. Stafford Act Disaster Funding	<u>\$ 715,370</u>	<u>\$ 998,463</u>	<u>\$ 819,123</u>	<u>\$ (179,340)</u>
Rescission of Prior Year Unobligated Subsidy Balances	\$ (50,000)	\$ (16,369)	\$ -	\$ 16,369
Offsetting Collections from Business Loan Programs			\$ (80,150)	\$ (80,150)
Total, Net Budget Authority	<u>\$ 665,370</u>	<u>\$ 982,094</u>	<u>\$ 738,973</u>	<u>\$ (243,121)</u>

<sup>1</sup> In FY 2020, Disaster Loan Program Administration enacted funding level of \$177 million provided \$151 million for Stafford Act Disaster administrative expenses under the disaster relief cap adjustment authorized in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011, and \$26 million was enacted as Non-Stafford.

**Table 2**  
**FY 2021 Congressional Budget Justification**  
**SALARIES & EXPENSES BUDGET**  
**SOURCES and EXPENDITURES**  
*(Dollars in Thousands)*

	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request	FY 2021 Incr/Decr
SOURCES: Salaries & Expenses Budget				
Salaries and Expenses Appropriation	\$ 267,500	\$ 270,157	\$ 287,947	\$ 17,790
Business Loan Administration Appropriation	\$ 155,150	\$ 155,150	\$ 160,300	\$ 5,150
Subtotal, Appropriated Funds	\$ 422,650	\$ 425,307	\$ 448,247	\$ 22,940
Transfer from Disaster Loans	\$ 9,000	\$ 8,400	\$ 8,400	\$ -
Transfer to Working Capital Fund	\$ (6,000)	\$ -	\$ -	\$ -
Carryover	\$ (131)	\$ -	\$ -	\$ -
Reimbursable Funding	\$ 2,301	\$ 3,400	\$ 3,400	\$ -
Fee Collections	\$ 21,410	\$ 19,100	\$ 19,100	\$ -
Recoveries and Lapsed Balances	\$ (410)	\$ -	\$ -	\$ -
Business Transfer	\$ 280	\$ 350	\$ 280	\$ (70)
Total, Sources of Funds	\$ 449,100	\$ 456,557	\$ 479,427	\$ 22,870
EXPENDITURES: Salaries & Expenses Budget				
Office Operating Budgets	\$ 112,192	\$ 96,018	\$ 96,598	\$ 580
Agency-Wide Costs	\$ 56,109	\$ 65,237	\$ 71,767	\$ 6,530
Compensation and Benefits	\$ 278,498	\$ 291,902	\$ 307,662	\$ 15,760
Subtotal, Agency Operating Budget	\$ 446,799	\$ 453,157	\$ 476,027	\$ 22,870
Additional Operating Expenses				
Reimbursable Expenses	\$ 2,301	\$ 3,400	\$ 3,400	\$ -
Total, Expenditures of Funds	\$ 449,100	\$ 456,557	\$ 479,427	\$ 22,870

**Table 3**  
**FY 2021 Congressional Budget Justification**  
**OFFICE OPERATING BUDGETS**  
*(Dollars in Thousands)*

	FY 2019. Actuals	FY 2020 Enacted	FY 2021 Request	FY 2021 Incr/Decr
Executive Direction <sup>1</sup>	\$ 15,954	\$ 16,466	\$ 16,466	\$ -
Capital Access	\$ 8,424	\$ 7,919	\$ 7,849	\$ (70)
Credit Risk Management	\$ 17,402	\$ 20,992	\$ 20,992	\$ -
Investments & Innovation <sup>2</sup>	\$ 8,392	\$ 5,449	\$ 2,449	\$ (3,000)
Government Contracting & Business Development	\$ 4,805	\$ 5,670	\$ 6,320	\$ 650
Entrepreneurial Development	\$ 2,580	\$ 1,201	\$ 1,201	\$ -
Chief Operating Officer <sup>3</sup>	\$ 10,287	\$ 7,877	\$ 7,877	\$ -
Chief Information Officer	\$ 39,402	\$ 24,839	\$ 27,839	\$ 3,000
International Trade	\$ 646	\$ 600	\$ 600	\$ -
Office of Field Operations	\$ 3,971	\$ 4,683	\$ 4,683	\$ -
Office of Veterans Business Development	\$ 329	\$ 322	\$ 322	\$ -
Total	\$ 112,192	\$ 96,018	\$ 96,598	\$ 580

<sup>1</sup> Executive Direction includes the Office of the Administrator, Office of General Counsel, Office of Congressional and Legislative Affairs, Office of Hearings and Appeals, Office of Communications and Public Liaison, Office of Performance Management and the Chief Financial Officer, and Office of National Ombudsman.

<sup>2</sup> Funding for the FAST Program was enacted in FY 2019 and FY 2020 in the Salaries and Expenses appropriation account. The FAST Program is a grant program, not related to SBA administrative costs, and would be better aligned to the Entrepreneurial Development Programs account. The SBA is not requesting funding for the FAST Program in FY 2021.

<sup>3</sup> Chief Operating Officer includes the Office of Human Resource Solutions, Office of Diversity, Inclusion, and Civil Rights, Office of Continuous Operations and Risk Management, and Office of Executive Management, Installation and Support Services.

**Table 4**  
**FY 2021 Congressional Budget Justification**  
**AGENCY-WIDE COSTS**  
*(Dollars in Thousands)*

	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request	FY 2021 Incr/Decr
Arbitration/Conflict Resolution	\$ 148	\$ 115	\$ 115	\$ -
Express Mail	\$ 238	\$ 300	\$ 300	\$ -
Evidence/Evaluation	\$ 942	\$ 1,500	\$ 1,700	\$ 200
Centralized Training	\$ 987	\$ 1,600	\$ 1,600	\$ -
Judgment Fund	\$ 25	\$ 250	\$ 250	\$ -
Office Security	\$ 4,312	\$ 5,832	\$ 7,626	\$ 1,794
Performance Awards	\$ 3,584	\$ 3,500	\$ 6,200	\$ 2,700
Postage	\$ 150	\$ 220	\$ 220	\$ -
Reasonable Accommodations	\$ 31	\$ 55	\$ 55	\$ -
Relocation	\$ -	\$ 250	\$ 250	\$ -
Rent	\$ 36,133	\$ 37,651	\$ 45,182	\$ 4,430
Headquarters Move	\$ -	\$ 3,000	\$ -	\$ (3,000)
Telecommunications	\$ 5,476	\$ 6,804	\$ 7,210	\$ 406
Transit Subsidy	\$ 1,721	\$ 1,760	\$ 1,760	\$ -
Unemployment Compensation	\$ 960	\$ 650	\$ 650	\$ -
Workers Compensation	\$ 1,402	\$ 1,750	\$ 1,750	\$ -
Total	<u>\$ 56,109</u>	<u>\$ 65,237</u>	<u>\$ 71,767</u>	<u>\$ 6,530</u>

**Table 5**  
**FY 2021 Congressional Budget Justification**  
**SUMMARY OF CHANGES - AGENCY OPERATING BUDGET**  
*(Dollars in Thousands)*

**Agency Operating Budget**

FY 2020 Enacted	453,157
FY 2021 Request	<u>476,027</u>
<b>Change - Increase/(Decrease)</b>	<b><u>22,870</u></b>

**Summary of Changes:**

Net increase in Office Operating Budgets	580
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Increases for Disaster Loan Assistance Portal Modification, Configuration Management and ICAM, and implementation of the Women-Owned Small Business and the Economically-Disadvantaged Women-Owned Small Business certification programs. The SBA is not requesting funding for the FAST Program in FY 2021 that was enacted in FY 2020 for \$3M.

Net increase in Agency Wide Costs	6,530
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Increases for Performance Awards, Evidence & Evaluation, Rent, Telecommunications and Office Security

Increase for additional 6 FTEs and other pay raise adjustments	15,760
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<b>Total Change - Increase/(Decrease)</b>	<b><u>22,870</u></b>
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**Table 6**  
**FY 2021 Congressional Budget Justification**  
**ENTREPRENEURIAL DEVELOPMENT PROGRAMS**  
*(Dollars in Thousands)*

	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request	FY 2021 Incr/Decr
7(j) Technical Assistance Program	\$ 3,466	\$ 2,800	\$ 500	\$ (2,300)
Entrepreneurship Education	\$ 5,863	\$ 2,500	\$ 2,500	\$ -
FAST <sup>1</sup>	\$ -	\$ -	\$ -	\$ -
Growth Accelerators	\$ 2,650	\$ 2,000	\$ -	\$ (2,000)
HUBZone Program	\$ 2,455	\$ 3,000	\$ 2,500	\$ (500)
Microloan Technical Assistance	\$ 34,019	\$ 34,500	\$ 25,000	\$ (9,500)
National Women's Business Council	\$ 819	\$ 1,500	\$ 1,500	\$ -
Native American Outreach	\$ 2,179	\$ 2,000	\$ 1,500	\$ (500)
PRIME Technical Assistance	\$ 4,878	\$ 5,500	\$ -	\$ (5,500)
Regional Innovation Clusters	\$ 5,473	\$ 5,000	\$ -	\$ (5,000)
SCORE	\$ 11,700	\$ 11,700	\$ 8,000	\$ (3,700)
Small Business Development Centers (SBDC)	\$ 131,069	\$ 135,000	\$ 87,860	\$ (47,140)
State Trade Expansion Program (STEP)	\$ 18,150	\$ 19,000	\$ 8,000	\$ (11,000)
Veterans Outreach <sup>2</sup>	\$ 12,224	\$ 14,000	\$ 12,840	\$ (1,160)
Women's Business Centers (WBC)	\$ 16,696	\$ 22,500	\$ 17,400	\$ (5,100)
Total	\$ 251,641	\$ 261,000	\$ 167,600	\$ (93,400)

<sup>1</sup> Funding for the FAST Program was enacted in FY 2019 and FY 2020 in the Salaries and Expenses appropriation account. The FAST Program would be better aligned to the Entrepreneurial Development Programs appropriation. The SBA is not requesting funding for the FAST Program in FY 2021.

<sup>2</sup> Includes Funding for Veterans Business Outreach Centers (VBOC), Transition Assistance Program (TAP), Boots to Business (B2B), Service-Disabled Veteran Entrepreneurship Training Program (SDVETP), Veteran Federal Procurement Entrepreneurship Training Program (VFPETP), and Women Veteran Entrepreneurship Training Program (WVETP).

**Table 7**  
**FY 2021 Congressional Budget Justification**  
**APPROPRIATION DETAIL**  
*(Dollars in Thousands)*

	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request	FY 2021 Incr/Decr
<b>Salaries and Expenses Appropriation</b>				
Net New Budget Authority	\$ 267,500	\$ 270,157	\$ 287,947	\$ 17,790
Transfer to Working Capital Fund	\$ (6,000)	\$ -	\$ -	\$ -
Carryover from prior year	\$ 52,874	\$ 53,005	\$ 53,005	\$ -
Carryover into next fiscal year	\$ (53,005)	\$ (53,005)	\$ (53,005)	\$ -
Transfer from Business Loans Administrative Expenses	\$ 155,150	\$ 155,150	\$ 160,300	\$ 5,150
Transfer from Business Microloans	\$ 280	\$ 350	\$ 280	\$ (70)
Transfer from Disaster Loans Administrative Expenses	\$ 9,000	\$ 8,400	\$ 8,400	\$ -
Reimbursable Authority	\$ 2,301	\$ 3,400	\$ 3,400	\$ -
Estimated Fee Income	\$ 21,410	\$ 19,100	\$ 19,100	\$ -
<i>Office of Credit Risk Management (OCRM)</i>	\$ 11,650	\$ 15,600	\$ 15,600	\$ -
<i>Other Lending Fees</i>	\$ 3,754	\$ 1,500	\$ 1,500	\$ -
<i>Office of Investment and Innovation (OII) - License Fees</i>	\$ 710	\$ 500	\$ 500	\$ -
<i>Office of Investment and Innovation (OII) - Exam Fees</i>	\$ 5,296	\$ 1,500	\$ 1,500	\$ -
Recoveries	\$ 992	\$ -	\$ -	\$ -
Expired Balances	\$ (1,402)	\$ -	\$ -	\$ -
<b>Total Obligations</b>	<b>\$ 449,100</b>	<b>\$ 456,557</b>	<b>\$ 479,427</b>	<b>\$ 22,870</b>
<b>IT System Modernization and Working Capital Fund</b>				
New Budget Authority	\$ -	\$ -	\$ -	\$ -
Carryover from prior year	\$ -	\$ 6,000	\$ 1,718	\$ (4,282)
Carryover into next fiscal year	\$ (6,000)	\$ (1,718)	\$ -	\$ 1,718
Transfer from Salaries and Expenses	\$ 6,000	\$ -	\$ -	\$ -
<b>Total Obligations</b>	<b>\$ -</b>	<b>\$ 4,282</b>	<b>\$ 1,718</b>	<b>\$ (2,564)</b>
<b>Entrepreneurial Development Program Appropriation</b>				
New Budget Authority	\$ 247,700	\$ 261,000	\$ 167,600	\$ (93,400)
Carryover from prior year	\$ 31,022	\$ 26,353	\$ 31,022	\$ 4,669
Carryover into next fiscal year	\$ (26,353)	\$ (31,022)	\$ (31,022)	\$ -
Recoveries and/or Expired balances	\$ (729)	\$ -	\$ -	\$ -
<b>Total Obligations</b>	<b>\$ 251,640</b>	<b>\$ 256,331</b>	<b>\$ 167,600</b>	<b>\$ (88,731)</b>
<b>Business Loans Appropriation</b>				
<i>Administrative Expenses</i>				
New Budget Authority	\$ 155,150	\$ 155,150	\$ 160,300	\$ 5,150
Transfer to Salaries & Expenses	\$ (155,150)	\$ (155,150)	\$ (160,300)	\$ (5,150)
<b>Total Obligations</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Table 7** (continued)  
**FY 2021 Congressional Budget Justification**  
**APPROPRIATION DETAIL**  
*(Dollars in Thousands)*

	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request	FY 2021 Incr/Decr
<b>Loan Subsidy</b>				
New Budget Authority	\$ 4,000	\$ 104,000	\$ 4,000	\$ (100,000)
Carryover from prior fiscal year	\$ 78,070	\$ 33,886	\$ 17,517	\$ (16,369)
Carryover into next fiscal year	\$ (33,886)	\$ (17,517)	\$ (17,517)	\$ -
Rescission of Unobligated Balances	\$ (50,000)	\$ (16,369)	\$ -	\$ 16,369
Transfer to Salaries & Expenses	\$ (280)	\$ (350)	\$ (280)	\$ 70
Recoveries	\$ 5,802	\$ -	\$ -	\$ -
Total Obligations	\$ 3,706	\$ 103,650	\$ 3,720	\$ (99,930)
<b>Disaster Assistance Appropriation</b>				
<b>Administrative Expenses</b>				
New Budget Authority	\$ 10,000	\$ 177,136	\$ 168,075	\$ (9,061)
Carryover from prior fiscal year	\$ 404,690	\$ 75,392	\$ 73,201	\$ (2,191)
Carryover into next fiscal year	\$ (75,392)	\$ (73,201)	\$ -	\$ 73,201
Recoveries	\$ 13,086	\$ -	\$ -	\$ -
Transfer to Inspector General	\$ (1,000)	\$ (1,600)	\$ (1,600)	\$ -
Transfer to Salaries & Expenses	\$ (9,000)	\$ (8,400)	\$ (8,400)	\$ -
Total Obligations	\$ 342,384	\$ 169,327	\$ 231,276	\$ 61,949
<b>Loan Subsidy</b>				
Carryover from prior fiscal year	\$ 1,225,599	\$ 1,109,862	\$ 1,000,042	\$ (335,263)
Carryover into next fiscal year	\$ (1,109,862)	\$ (1,000,042)	\$ (941,922)	\$ 283,563
Transfer to Disaster Administration	\$ -	\$ -	\$ -	\$ -
Recoveries	\$ 57,039	\$ 40,000	\$ 40,000	\$ -
Total Obligations	\$ 172,776	\$ 149,820	\$ 98,120	\$ (51,700)
<b>Inspector General Appropriation</b>				
New Budget Authority	\$ 21,900	\$ 21,900	\$ 22,011	\$ 111
Carryover from prior fiscal year	\$ 9,053	\$ 8,283	\$ 7,293	\$ (990)
Carryover into next fiscal year	\$ (8,283)	\$ (7,293)	\$ (6,469)	\$ 824
Recoveries	\$ 38	\$ -	\$ -	\$ -
Expired balances	\$ (1,002)	\$ -	\$ -	\$ -
Transfer from Disaster	\$ 1,000	\$ 1,600	\$ 1,600	\$ -
Total Obligations	\$ 22,706	\$ 24,490	\$ 24,435	\$ (55)
<b>Office of Advocacy Appropriation</b>				
New Budget Authority	\$ 9,120	\$ 9,120	\$ 9,190	\$ 70
Carryover from prior fiscal year	\$ 1,894	\$ 689	\$ 700	\$ 11
Carryover into next fiscal year	\$ (689)	\$ (700)	\$ (700)	\$ -
Recoveries	\$ 372	\$ -	\$ -	\$ -
Total Obligations	\$ 10,698	\$ 9,109	\$ 9,190	\$ 81
Total Financing Available	\$ 1,253,011	\$ 1,173,566	\$ 1,015,486	\$ (158,080)





**Table 8**  
**FY 2021 Congressional Budget Justification**  
**SUMMARY OF CREDIT PROGRAMS & REVOLVING FUND**  
*(Dollars in Millions)*

	Program Level			Subsidy Amount			Subsidy Rate		
	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request <sup>1</sup>	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request
Section 7(a) Guaranty	\$ 21,503	\$ 30,000	\$ 30,000	\$ -	\$ 99.0	\$ -	0.00%	0.33%	0.00%
Section 504 CDC Guaranty	\$ 4,804	\$ 7,500	\$ 7,500	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
Section 504 Loan Refinancing	\$ 150	\$ 7,500	\$ 1,000	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
SBIC - Debentures	\$ 1,614	\$ 4,000	\$ 4,000	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
<b>Total</b>	<b>\$ 28,071</b>	<b>\$ 49,000</b>	<b>\$ 42,500</b>	<b>\$ -</b>	<b>\$ 99.0</b>	<b>\$ -</b>			
Microloan Direct Program	\$ 42	\$ 50	\$ 41	\$ 3.7	\$ 5.0	\$ 4.0	8.77%	9.29%	8.99%
<b>Total Business Loans</b>	<b>\$ 28,113</b>	<b>\$ 49,050</b>	<b>\$ 42,541</b>	<b>\$ 3.7</b>	<b>\$ 104.0</b>	<b>\$ 4.0</b>			
Secondary Market Guaranties	\$ 8,498	\$ 12,000	\$ 13,000	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
Disaster Assistance	\$ 1,406	\$ 1,100	\$ 1,100	\$ 173	\$ -	\$ -	12.29%	13.62%	8.92%
Surety Bond Guarantee Program	\$ 1,889	\$ 6,000	\$ 6,000	\$ -	\$ -	\$ -	N/A	N/A	N/A

<sup>1</sup>The SBA requests authority to charge an administrative fee in SBA's business guaranty loan programs to offset a portion of the \$160.3 million in business loan administration costs. In FY 2021, the SBA proposes fee structures to maintain zero subsidy for the Business Loan Program.

**Table 9**  
**FY 2021 Congressional Budget Justification**  
**FULL TIME EQUIVALENT (FTE) EMPLOYEES**

	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request	FY 2021 Incr/Decr
Regular Funds <sup>1</sup>	1,909	2,110	2,116	6
Lender Oversight (Fee Funded)	-	9	9	-
Entrepreneurial Development Programs	20	25	25	-
Sub-Total, Regular S&E	1,929	2,144	2,150	6
Disaster Loan Making	1,950	800	800	-
Disaster Loan Servicing	149	160	160	-
Sub-Total, Disaster	2,099	960	960	-
Office of Advocacy <sup>2</sup>	53	52	55	3
Inspector General	110	118	118	-
Total	4,191	3,274	3,283	9

<sup>1</sup> The SBA requests an increase of 6 Full-Time Equivalent (FTE) employees to accommodate additional requirements from the Lender Oversight Reform Act of 2018, to build additional risk management capacity for the SBIC Program, to further the Woman Owned Small Business Certification Program per the Small Business Jobs Act, and to support the Transition Assistance Program implementation per the National Defense Authorization Act of 2018.

<sup>2</sup> The SBA requests an increase of 3 Full-Time Equivalent (FTE) employees to accommodate administration priorities for manufacturing, agriculture, and intellectual property.

**Table 10**  
**FY 2021 Congressional Budget Justification**  
**TOTAL COST BY PROGRAM AND ACTIVITY**  
*(Dollars in Thousands)*

	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request	FY 2021 Incr/Decr
<b><u>Capital Programs</u></b>				
7(a) Loans				
Loan Making	\$ 56,493	\$ 59,311	\$ 62,033	\$ 2,721
Loan Servicing	\$ 5,388	\$ 5,625	\$ 5,906	\$ 281
Loan Liquidation	\$ 29,687	\$ 30,935	\$ 32,444	\$ 1,509
Subtotal	\$ 91,569	\$ 95,871	\$ 100,383	\$ 4,512
504 Loans				
Loan Making	\$ 26,601	\$ 27,871	\$ 29,177	\$ 1,306
Loan Servicing	\$ 5,081	\$ 5,282	\$ 5,530	\$ 247
Loan Liquidation	\$ 6,673	\$ 6,964	\$ 7,327	\$ 363
Subtotal	\$ 38,355	\$ 40,117	\$ 42,033	\$ 1,916
Microloans				
Loan Making	\$ 5,825	\$ 6,137	\$ 6,409	\$ 273
Loan Servicing	\$ 566	\$ 588	\$ 611	\$ 23
Loan Liquidation	\$ 142	\$ 148	\$ 154	\$ 7
Microloan Technical Assistance	\$ 35,055	\$ 34,964	\$ 26,381	\$ (8,583)
Subtotal	\$ 41,588	\$ 41,836	\$ 33,556	\$ (8,280)
Prime Technical Assistance	\$ 5,272	\$ 5,884	\$ 425	\$ (5,459)
Surety Bond Program	\$ 6,221	\$ 6,421	\$ 6,733	\$ 311
Lender Oversight	\$ 25,716	\$ 29,625	\$ 30,074	\$ 449
<b><u>Contracting Programs</u></b>				
7(j) Program	\$ 4,591	\$ 3,635	\$ 1,717	\$ (1,918)
8(a) Program	\$ 63,117	\$ 65,125	\$ 68,457	\$ 3,332
HUBZone Program	\$ 11,191	\$ 11,751	\$ 12,042	\$ 292
Prime Contracting Assistance	\$ 23,305	\$ 23,644	\$ 24,889	\$ 1,245
All Small Mentor-Protégé	\$ 2,063	\$ 2,091	\$ 2,189	\$ 99
Womens Business Program	\$ 2,096	\$ 3,779	\$ 5,306	\$ 1,526
Subcontracting Program	\$ 4,617	\$ 4,700	\$ 4,949	\$ 248
Subtotal	\$ 110,980	\$ 114,725	\$ 119,549	\$ 4,824
<b><u>Entrepreneurship Programs</u></b>				
SCORE	\$ 18,847	\$ 18,816	\$ 15,378	\$ (3,439)
Small Business Development Centers	\$ 142,185	\$ 145,722	\$ 99,361	\$ (46,361)
Native American Outreach	\$ 2,648	\$ 2,196	\$ 2,029	\$ (167)
Women's Business Ownership	\$ 25,026	\$ 29,908	\$ 26,009	\$ (3,899)
Regional Innovation Clusters	\$ 5,563	\$ 4,466	\$ 91	\$ (4,374)
Entrepreneurship Education	\$ 12,873	\$ 8,810	\$ 9,752	\$ 943
Subtotal	\$ 207,142	\$ 209,919	\$ 152,621	\$ (57,297)
<b><u>Export Programs</u></b>				
International Trade Promotion	\$ 14,037	\$ 14,439	\$ 15,059	\$ 620
STEP Program	\$ 20,139	\$ 21,066	\$ 10,183	\$ (10,883)
Subtotal	\$ 34,176	\$ 35,505	\$ 25,242	\$ (10,263)



**Table 10** (continued)  
**FY 2021 Congressional Budget Justification**  
**TOTAL COST BY PROGRAM AND ACTIVITY**  
*(Dollars in Thousands)*

	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request	FY 2021 Incr/Decr
<b><u>Investment Programs</u></b>				
SBIC Loans				
Loan Making	\$ 6,225	\$ 6,775	\$ 7,033	\$ 258
Loan Servicing	\$ 13,102	\$ 10,052	\$ 10,485	\$ 433
Loan Liquidation	\$ 4,988	\$ 5,232	\$ 5,447	\$ 215
Subtotal	\$ 24,316	\$ 22,059	\$ 22,965	\$ 906
SBIR/STTR Programs	\$ 6,982	\$ 7,033	\$ 4,105	\$ (2,928)
Growth Accelerators	\$ 2,824	\$ 2,118	\$ 187	\$ (1,931)
<b><u>Disaster Assistance Program</u></b>				
Loan Making - Disaster	\$ 322,657	\$ 160,659	\$ 216,659	\$ 56,000
Loan Servicing - Disaster	\$ 26,724	\$ 13,307	\$ 17,945	\$ 4,638
Loan Liquidation - Disaster	\$ 7,554	\$ 3,761	\$ 5,072	\$ 1,311
Subtotal	\$ 356,935	\$ 177,727	\$ 239,676	\$ 61,949
<b><u>Veterans Programs</u></b>				
Veterans Business Development	\$ 21,973	\$ 23,904	\$ 23,645	\$ (259)
<b><u>Executive Direction</u></b>				
National Women's Business Council	\$ 1,128	\$ 1,572	\$ 1,879	\$ 307
Ombudsman	\$ 1,511	\$ 1,638	\$ 1,712	\$ 74
Faith-Based Initiatives	\$ 776	\$ 856	\$ 891	\$ 35
Subtotal	\$ 3,414	\$ 4,067	\$ 4,483	\$ 416
Field Offices - Counseling	\$ 18,646	\$ 19,585	\$ 20,528	\$ 942
Field Offices - Training	\$ 30,635	\$ 32,177	\$ 33,724	\$ 1,547
Subtotal	\$ 49,281	\$ 51,762	\$ 54,251	\$ 2,489
<b><u>Other</u></b>				
Inspector General	\$ 33,730	\$ 36,552	\$ 37,956	\$ 1,404
Advocacy	\$ 16,055	\$ 14,971	\$ 15,761	\$ 790
Subtotal	\$ 49,786	\$ 51,523	\$ 53,717	\$ 2,194
<b>Total Obligations</b>	<b>\$ 1,076,530</b>	<b>\$ 920,096</b>	<b>\$ 913,646</b>	<b>\$ (6,450)</b>

# FY 2021 Performance Plan and FY 2019 Performance Report

## Overview

The SBA continues to help small business owners and entrepreneurs pursue the American dream. As the Nation's go-to resource and voice dedicated to small businesses, the SBA provides counseling, capital, contracting expertise, and disaster assistance so businesses can confidently start, grow, expand, and recover. The Agency has organized its annual performance plan and report around its *FY 2018-2022 Strategic Plan*. To ensure accountability and track progress, the SBA has developed Agency Priority and Performance Goals to support its strategic goals and objectives. The **strategies, initiatives, programs, and activities** that further them are bolded within each objective.

The SBA manages its performance through the development and analysis of executive dashboards that contain key metrics, rigorous data-driven quarterly performance reviews to discuss progress toward these goals, and frequent reviews of strategies and initiatives by senior leadership. Evidence from program evaluations is also included. With an annual budget request of \$819 million, including disaster administrative funding in FY 2021, the SBA will support up to \$42.5 billion in small business loans, help facilitate 23 percent of all federal contracting dollars to small businesses, counsel and train nearly a million small business owners and entrepreneurs, and support more than \$1 billion in loans to disaster survivors.

## FY 2019 Progress Update

The Government Performance and Results (GPRA) Modernization Act of 2010 requires an annual review of strategic objectives. The SBA conducts its review using performance data and other evidence to assess the progress of each strategic objective and to improve program outcomes and ensure efficient operations. In FY 2019, SBA senior leadership assessed a broad range of evidence; identified key successes, challenges, risks, and opportunities; and developed a Summary of Findings to guide future actions. The results of the review helped identify the following objectives as making noteworthy progress or needing improvement.

The SBA, in consultation with the Office of Management and Budget (OMB), has determined that performance toward Strategic Objective 1.3 (Federal Contracting) is making noteworthy progress in providing contracting opportunities for small businesses. In FY 2018, government-wide, agencies exceeded their goal of 23 percent for qualified small-business procurements, realizing a result of 25 percent. This result yielded \$120 billion for small businesses. The overall government rating was an A, and eight agencies received an A+ on the SBA's annual scorecard. The federal prime and subcontract awarded to small businesses in FY 2018 supported more than 1 million jobs created.

The SBA, in consultation with OMB, has highlighted Strategic Objective 4.2 (Human Capital) as a focus area for improvement. Through the review and enterprise risk questionnaire process, the SBA has identified hiring and retention as a focus area for improvement. The SBA continues to be challenged by a high number of senior leadership vacancies and succession planning. The SBA has included a subset of this risk on its risk profile, identified risk triggers, developed a risk response plan, and is monitoring progress during Enterprise Risk Management Board meetings. The SBA is also developing an approach that integrates the Cross-Agency Goal of reskilling and redeploying human capital resources. The SBA is aligning its activities to the CAP goal strategies of improving mission critical skills and customer service through competency assessments.

The SBA consulted with OMB in the summer of 2019 on its strategic objective review to ensure that assessments and improvement actions were aligned with Administration policy and the President's budget. A progress update for each strategic objective is incorporated into the FY 2021 Annual Performance Plan.

### **Lower Priority Programs**

The President's budget identifies the lower-priority program activities, as required under the GPRA Modernization Act, 31 U.S.C. 1115(b) (10). The public can access the volume at: [www.whitehouse.gov/omb/budget](http://www.whitehouse.gov/omb/budget).

### **Evidence and Evaluation**

The SBA recognizes the importance of evidence and evaluation in understanding and improving the efficiency and effectiveness of SBA programs and operations. Rigorous evidence enables leadership to make sound decisions about program strategy, policy, and resources. Evidence comes from a variety of sources, including program evaluation, performance data, audits, and traditional research. Furthermore, evidence and evaluations were used to develop the FY 2021 Annual Performance Plan and FY 2019 Annual Performance Report with citations in each of the strategic goal and objective sections. Where evidence is weak or non-existent, the SBA prioritizes building new evidence to inform decision-making.

To continue building and using evidence, the SBA established its Office of Program Performance, Analysis, and Evaluation (OPPAE), which formalizes program evaluation and evidence building with strategic planning, performance management, and program management. This new structure will provide support to SBA program managers to identify ways to enhance their decision-making processes. The office developed a multi-year enterprise learning agenda (ELA) and an annual evaluation plan (AEP) to identify priorities and foster an environment of continuous learning. In FY 2019, the SBA completed evaluations for the following programs: Federal and State Technology (FAST) Partnership grants, 7(j) Management and Technical Assistance online training, and SBIC examinations. SBA program managers will use the results, along with other evidence, to help make management decisions and to identify areas where further evidence is needed to improve operations and outcomes for small businesses. In addition, the SBA entered into an agreement with the U.S. Bureau of the Census to share datasets on the SBA's 7(a) and 504 Loan Programs and will continue to work with partners to identify new areas of research and best practices.

Through FY 2020 and FY 2021, the SBA will continue developing and refining its program evaluation and evidence framework, initiate and coordinate more evaluations, and build evaluation capacity through its Evidence and Evaluation Community of Practice, which shares best practices and methods across the SBA. In addition, the Agency will complete evaluations for the following programs: Surety Bond Guarantee, State Trade and Expansion Program (STEP), All Small Mentor-Protégé Program (ASMPP), Office of Field Operations (OFO) customer experience, Small Business Investment Company (SBIC) Rural Investments evaluability assessment, and the SBA's acquisition management processes. The SBA will continue to explore ways to capitalize on its partnership with the U.S. Bureau of the Census to build evidence regarding the SBA loan programs and will hold discussions with program managers to identify new questions and areas where they need to build evidence. In addition, the SBA conducted its Agency-wide call for proposals to solicit ideas for FY 2021 evaluations. Evaluations planned for FY 2021 are described in the Agency's Annual Evaluation Plan.

Finally, the SBA recognizes the newly passed Foundations for Evidence-Based Policymaking Act and the Federal Data Strategy as opportunities to energize this work and create new strategies for enhancing evidence building and data use. The SBA appointed its Chief Data Officer, Evaluation Officer, and Statistical Official who will champion and promote the use of data and evidence within the Agency. The SBA will establish its data governance body and has proposed investments to support the development of a comprehensive data inventory. More information on the SBA’s evidence and evaluation building efforts can be found at [www.sba.gov/evaluation](http://www.sba.gov/evaluation).

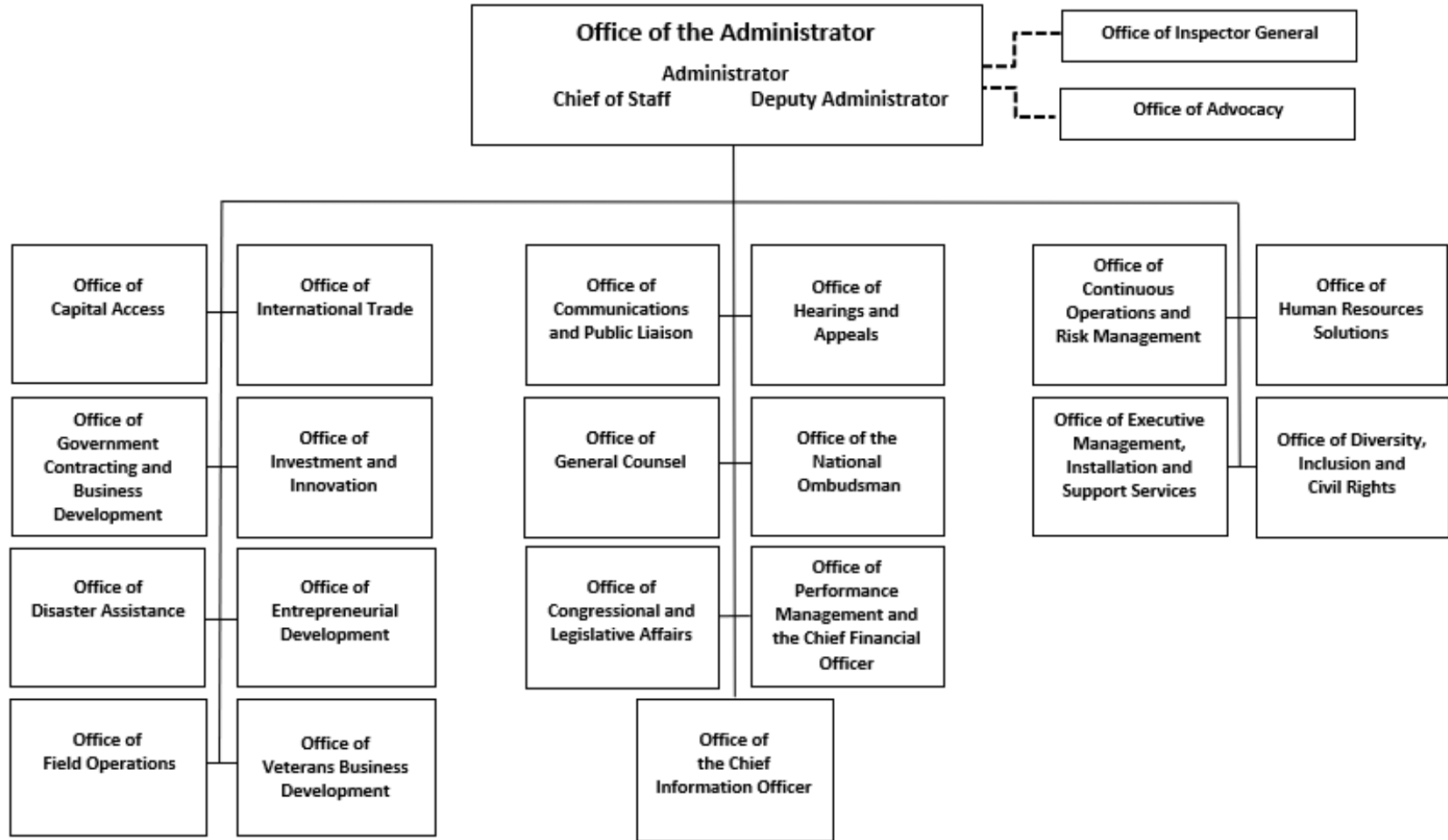
### Cross-Agency Priority Goals

In accordance with the requirements of the GPRM Modernization Act to address Cross-Agency Priority (CAP) Goals in the Agency Strategic Plan, the Annual Performance Plan, and the Annual Performance Report, please refer, where applicable, to [www.Performance.gov](http://www.Performance.gov) for more on the Agency’s contributions to CAP goals and progress. The SBA serves as the federal co-lead for the CAP Goal to “Leverage Data as a Strategic Asset” and contributes to the following CAP Goals that have been linked to SBA strategic objectives in Table 1.

**Table 1: Cross-Agency Priority Goal Linkage to SBA Strategic Goals and Objectives**

Cross-Agency Priority Goal	SBA Strategic Goal and Objective									
	1.1	1.2	1.3	2.1	2.2	2.3	3.1	4.1	4.2	4.3
Modernize IT to Increase Productivity and Security	X		X	X	X		X	X		X
Leveraging Data as a Strategic Asset								X		X
Developing a Workforce of the 21 <sup>st</sup> Century									X	X
Improving Customer Experience with Federal Services	X					X	X			
Sharing Quality Services	X		X				X			
Shifting from Low-Value to High-Value Work	X	X	X				X	X		
Category Management – Leveraging Common Contracts and Best Practices to Drive Savings and Efficiencies								X		
Results-Oriented Accountability for Grants					X			X		
Getting Payments Right	X	X			X		X	X		
Federal IT Spending Transparency										X
Improve Management of Major Acquisitions								X		
Security Clearance, Suitability, and Credentialing								X		
Improve Transfer of Federally-Funded Technologies from Lab-to-Market			X							

# SBA Organizational Structure





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## *Strategic Goal One – Support Small Business Revenue and Job Growth*

### **Strategic Objective 1.1: Expand Access to Capital**

**Performance Goal:** Support 796,750 jobs through capital assistance programs in FY 2021<sup>2</sup>

**FY 2020-2021 Agency Priority Goal:** By September 30, 2021, increase the number of lender and small business connections by 8 percent (FY 2019 baseline of 80,000) from baseline through enhanced web-based technology platforms

**FY 2018-2019 Agency Priority Goal:** By September 30, 2019, increase the number of loans by 5 percent from the FY 2017 baseline to small businesses in socially and economically disadvantaged urban communities and rural areas (FY 2017 baseline of 25,475 for 7(a) loans, 504 loans, and microloans)

**Objective Leads:** Associate Administrator for Capital Access, Associate Administrator for Investment and Innovation

**Objective Support:** Office of Field Operations, Office of International Trade, Office of Entrepreneurial Development, Office of Veterans Business Development

**Programs/Activities:** 7(a) Loans, 504 Certified Development Company Loans, International Trade Loans, Microloans, Small Business Investment Companies, Secondary Market Guarantee, Credit Risk Management

**Most Serious Management and Performance Challenge 4:** SBA Needs to Improve its Risk Management and Oversight Practices to Ensure its Loan Programs Operate Effectively and Continue to Benefit Small Businesses

**Most Serious Management and Performance Challenge 6:** SBA Can Improve its Loan Programs by Ensuring Quality Deliverables and Reducing Improper Payments at SBA Loan Operation Centers

**Strategies:**

1. Increase capital provided to small businesses and emerging markets when conventional credit is not available
2. Supplement investment capital to small businesses that have inadequate supply
3. Strengthen and expand the network of lenders offering SBA products
4. Expand knowledge of SBA loans through its network of resource partners and field offices
5. Enhance oversight and risk management of lenders and SBICs and improve recovery of taxpayer assets

Access to capital is critical to the long-term success of America's small businesses. Many entrepreneurs or small business owners often do not have the same access to credit as larger businesses that can more readily take on a conventional loan from a bank. New entrepreneurs may not have a credit score that can help them secure a loan, especially on a new or innovative product.<sup>3</sup> In addition, entrepreneurs in

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<sup>2</sup> The information being provided on jobs supported is derived solely from Agency records that are submitted by the Agency's participant lenders engaged in making SBA loans. This information is collected by the lenders from SBA loan applicants who provide it on a voluntary basis. It is then forwarded by the lenders to the SBA. Since the information is provided by the loan applicants on a voluntary basis, it is not necessarily inclusive of all SBA borrowers, nor can its accuracy be verified by the Agency. Accordingly, the SBA cannot make any representation as to the completeness or accuracy of the information provided. The SBA is working with the Census Bureau to better report job creation and retention data.

<sup>3</sup> *Access to capital among young firms, minority-owned firms, women-owned firms, and high-tech firms.* U.S. Small Business Administration Office of Advocacy, April 2013.

emerging markets<sup>4</sup> are more likely to be denied credit<sup>5</sup> and often rely on high interest rate credit cards and online lenders to sustain their business.<sup>6</sup>

One of the SBA’s top priorities is to provide capital access to small businesses. The Agency ensures that gaps in commercial lending markets are filled and that small businesses across the country are well-positioned to access credit. Through various programs and services, the SBA supports strategies that focus on providing reasonable credit terms and access to credit for minority-owned, women-owned, and veteran-owned small businesses and entrepreneurs. The SBA’s emphasis on new technology, streamlined loan processes, and focused outreach will continue to enable small businesses to start and expand.

**Progress Update:** The SBA approved 58,006 7(a) and 504 loans, through \$28.1 billion in lending to small businesses through 1,708 7(a) lenders and 212 Certified Development Companies (CDCs) in FY 2019. The SBA exceeded its FY 2019 target for risk-based reviews of lenders by 10 percent and made significant progress toward its risk mitigation management challenge. To support the Agency Priority Goal for FY 2019, the SBA supported microloans, 7(a) loans, and 504 loans in rural areas and urban, HUBZone communities. The SBA met 77 percent of its Priority Goal target by approving 20,527 loans totaling \$9.4 billion in the aforementioned areas. With a strong economy, demand for SBA lending has decreased as traditional credit markets have expanded. The SBA approved \$1.2 billion in new leverage commitments to SBICs and licensed 18 new SBICs.

**Most Serious Management and Performance Challenges:** The SBA Inspector General annually reports on top management and performance challenges that pose significant risks to the programs and activities that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The challenges are not presented in order of priority. Within each management challenge is a series of recommended actions to resolve the challenge.<sup>7</sup> The SBA annually responds to each action. The completion date represents when the SBA will complete the action.

**Figure 1.1a: Most Serious Management and Performance Challenge 4**

<b>Challenge 4: SBA Needs to Improve Its Risk Management and Oversight Practices to Ensure Its Loan Programs Operate Effectively and Will Continue to Benefit Small Businesses</b>		
<b>Recommended Actions</b>	<b>Completion Date</b>	
	<b>7(a) Loans</b>	<b>504 Loans</b>
<p>1. Demonstrate that information from the portfolio risk management program is used to support risk-based decisions and implement additional controls to mitigate risks in SBA loan programs.</p> <p>2019 Achievement: The SBA implemented its comprehensive risk planning and management process using L/LMS data to track lender performance</p>	Implemented	December 31, 2019

<sup>4</sup> Emerging markets replaces the former term of underserved markets and includes women-owned, minority-owned, and veteran-owned small businesses as well as businesses located in socially and economically disadvantaged communities, including HUBZone, rural areas and opportunity zones.

<sup>5</sup> *Entrepreneurship in the United States*. IZA working paper No. 3130, October 2007.

<sup>6</sup> *Veteran-owned businesses and their owners – Data from the Census Bureau’s Survey of Business Owners*. U.S. Small Business Administration Office of Advocacy, March 2012.

<sup>7</sup> For more information on the OIG Management Challenges, visit [www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges](http://www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges).

<p>and identify higher risk lenders for risk-based reviews. The SBA prepared specific risk analyses by using portfolio risk management program data for both the 7(a) and 504 Loan Programs. The SBA Office of Credit Risk Management implemented a remodeled Lender Portal in November 2018, which provides comprehensive information and enhanced usability. All lenders now have full transparency into the metrics the SBA uses to assess risk at both the lender and loan level.</p>		
<p>2. Develop an effective method of disclosing and tracking loan agent involvement in SBA business loan programs.</p> <p>2019 Achievement: Both 7(a) and 504 lenders are now required to submit Form 159 “Fee Disclosure Form and Compensation Agreement” electronically. The automated data capture improved the quality, accuracy and completeness of the data. The SBA Form 159 Agreement became effective September 14, 2018; lenders were informed through Information Notice 5000-18012, and training was provided at the FY 2019 Fall and Spring Lending Conferences for the National Association for Government Guaranteed Lenders (NAGGL) (7a), and the National Association of Development Companies (NADCO) (504). SOP 50 10 5(K), effective April 1, 2019, added a new mandatory requirement for electronic submission of Form 159 for both the 7(a) and 504 Loan Programs.</p>	September 30, 2020	Implemented
<p>3. Enhance the analysis of loan agents to monitor and identify high risk LSPs.</p> <p>2019 Achievement: This recommendation is new.</p>	September 30, 2020	September 30, 2020

**Figure 1.1b: Most Serious Management and Performance Challenge 6**

<b>Challenge 6: SBA Can Improve its Loan Programs by Ensuring Quality Deliverables and Reducing Improper Payments at SBA Loan Operation Centers</b>		
<b>Recommended Actions</b>	<b>Completion Date</b>	
	<b>7(a) Approvals</b>	<b>7(a) Purchases</b>
<p>1. Demonstrate that corrective action plans are effective in reducing improper payments in the 7(a) Loan Program.</p> <p>2019 Achievement: The SBA continued to monitor 7(a) approval and purchase metric reports for collection, tracking, and monitoring of improper payment root</p>	Implemented	Implemented

causes to demonstrate that corrective action plans are effective in reducing improper payments		
2. Conduct an evaluation to determine why material lender noncompliance was not identified or mitigated during purchase and quality control reviews on recently reported high-dollar/early-defaulted loans and implemented any necessary improvements to mitigate risks.  2019 Achievement: This recommendation is new.	N/A	September 30, 2020

Table 1.1a shows the FY 2020-2021 Agency Priority Goals that tracks the number of lender and small business connections through Lender Match.

**Table 1.1a: Lender Match Agency Priority Goal**

FY 2020–2021 Priority Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of lender and small business connections through Lender Match	Target	N/A	N/A	N/A	N/A	N/A	N/A	83,200	86,000
	Actual	N/A	N/A	N/A	N/A	18,000	80,000		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA added this FY 2020-2021 Agency Priority Goal to track connections of lenders and small businesses through web-based technology by matching participating lenders with borrowers that fit their institution’s lending criteria, while enabling borrowers to compete for optimal financing.									

Table 1.1b shows the FY 2018-2019 Agency Priority Goal, which focuses on lending to small businesses in socially and economically disadvantaged urban communities and rural areas.

**Table 1.1b: Socially and Economically Disadvantaged Lending and Active Lender Priority Goal**

FY 2018–2019 Priority Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Loans to Small Businesses in Socially and Economically Disadvantaged Urban Communities and Rural Areas	Target	N/A	N/A	N/A	Baseline	26,075	26,749		
	Actual	N/A	N/A	N/A	25,475	23,497	20,527		
	Variance	N/A	N/A	N/A	N/A	-10%	-23%		
<b>Additional Information:</b> The SBA established this FY 2018–2019 Agency Priority Goal to provide greater outreach to socially and economically disadvantaged urban communities and rural areas. Based on new Census data, the SBA revised its FY 2017 baseline and out-year target for the Agency Priority Goal. Given the strength in the economy, banks were more comfortable making loans in 2019 without the SBA guaranty.									

Table 1.1c provides results and targets for the performance goal that tracks the number of jobs supported from 7(a) loans, 504 loans, microloans, and SBICs.

**Table 1.1c: 7(a) Loan, 504 Loans, Microloan, and SBIC Performance Goal**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Jobs Supported by 7(a) Loans, 504 Loans, Microloans, and SBICs</b>	<b>Target</b>	651,850	664,650	679,400	692,900	798,500	790,500	796,500	796,750
	<b>Actual</b>	699,499	831,269	789,654	761,954	725,407	667,220		
	<b>Variance</b>	7%	25%	16%	10%	-9%	-16%		
<b>Additional Information:</b> This measure tracks the number of jobs created and retained from SBA capital assistance programs. The number of jobs supported in FY 2019 has decreased from FY 2018, following the trend in 7(a) lending. With unemployment at record lows, the supply of potential employees has decreased. The information being provided on jobs supported is derived solely from Agency records that are submitted by the Agency’s participant lenders engaged in making SBA loans. This information is collected by the lenders from SBA loan applicants who provide it on a voluntary basis. It is then forwarded by the lenders to the SBA. Since the information is provided by the loan applicants on a voluntary basis, it is not necessarily inclusive of all SBA borrowers, nor can its accuracy be verified by the Agency. Accordingly, the SBA cannot make any representation as to the completeness or accuracy of the information provided. The SBA is working with the Census Bureau to better report job creation and retention data.									

***Strategy 1: Increase capital provided to small businesses and emerging markets when conventional credit is not available***

The SBA’s loan guaranty and microloan programs play a critical role ensuring access to capital for credit-worthy small businesses that cannot obtain it on fair or reasonable conditions elsewhere. When a small business cannot obtain credit elsewhere, the SBA’s loan guaranty programs provide lenders with risk mitigation to extend the necessary capital to entrepreneurs. The Agency promotes and updates its 7(a) loans (including export loans) and 504 loans to reflect current market conditions that best meet the needs of small businesses. The SBA continues to use the 7(a) Community Advantage Pilot Program and the direct Microloan Program to spur small-dollar lending to the smallest businesses.

The **7(a) Loan Program** is the Federal Government’s primary small business loan program, assisting small businesses with financing when they are unable to access credit elsewhere. The SBA guarantees a portion of each loan (ranging from 50 to 90 percent) that a participating lender makes to an eligible small business. Maintaining a high volume of active lenders from one fiscal year to the next creates a consistent pipeline of SBA loans for small businesses. The 7(a) Loan Program offers loans ranging from the Community Advantage Pilot Program (loans of \$250,000 or less), SBA Express (loan up to \$350,000) and to the International Trade Loan Program (loans up to \$5 million). More information about these loans is identified later in this strategy.

Table 1.1d displays the cost to administer the program. It includes direct costs from the operating budget, including contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 1.1d: 7(a) Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 66,578	\$ 63,013	\$ 75,791	\$ 82,173	\$ 89,785	\$ 91,569	\$ 95,871	\$100,382

Table 1.1e provides the targets and results for the 7(a) Program performance indicators.



**Table 1.1e: 7(a) Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Billions of Dollars of 7(a) Loans Approved</b>	<b>Target</b>	14.8	15.1	21.0	24.3	26.0	26.0	26.0	26.0
	<b>Actual</b>	19.2	23.6	24.1	25.4	25.4	23.2		
	<b>Variance</b>	30%	56%	15%	5%	-2%	-11%		
<b>Additional Information:</b> The performance data represent the gross loan approvals at the close of the fiscal year. Improvements in 7(a) Loan Program delivery continue to make the program feasible for lenders and available for small business applicants. Given the strength in the economy, banks were more comfortable making loans in FY 2019 without the SBA guaranty.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Small Businesses Assisted by 7(a) Loans</b>	<b>Target</b>	39,500	39,500	45,000	55,000	60,000	62,000	62,500	62,500
	<b>Actual</b>	45,730	55,742	57,083	56,382	53,761	46,111		
	<b>Variance</b>	16%	41%	27%	3%	-10%	-26%		
<b>Additional Information:</b> 7(a) Loan activity decreased in FY 2019, resulting in a reduced number of unique small businesses assisted by the program. Given the strength in the economy, banks were more comfortable making loans in FY 2019 without the SBA guaranty. The FY 2017 and FY 2018 results have been restated as they reported the actual number of loans.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Jobs Supported by 7(a) Loans</b>	<b>Target</b>	558,100	569,300	580,100	591,000	600,000	600,000	600,000	600,000
	<b>Actual</b>	503,853	623,466	587,716	571,208	543,171	482,083		
	<b>Variance</b>	-10%	10%	1%	-3%	-9%	-20%		
<b>Additional Information:</b> This metric tracks the number of jobs created and retained from SBA loan guarantees. The number of jobs supported in FY 2019 has decreased following the trend in 7(a) lending. With unemployment at record lows, the supply of potential employees has decreased. This information is collected by the lenders from SBA loan applicants who provide it on a voluntary basis. It is then forwarded by the lenders to the SBA. Since the information is provided by the loan applicants on a voluntary basis, it is not necessarily inclusive of all SBA borrowers, nor can its accuracy be verified by the Agency. Accordingly, the SBA cannot make any representation as to the completeness or accuracy of the information provided. The SBA is working with the Census Bureau to better report job creation and retention data.									

FY 2019 Accomplishments and Challenges

The SBA did not receive a credit subsidy appropriation for the 7(a) Loan Program, relying on fees to support 51,907 7(a) loans totaling \$23.2 billion. To strengthen operations, the SBA published an update to regulations and Standard Operating Procedures (SOPs) for both the 7(a) and 504 Programs that removed outdated requirements. The reporting system provided significantly more data on 7(a) loans, which enhanced program risk management, streamlined reporting, improved efficiency of secondary market functions, and ensured that lenders have access to real-time data on their performance. Improvements in technology and processes since FY 2017 have sustained significant efficiency gains at the SBA loan processing centers. The time to process a 7(a) non-delegated loan greater than \$350,000 decreased from 15 days to 9 days (40 percent efficiency gain) and for loans under \$350,000, from 6 to 2 days (67 percent efficiency gain).

In addition, small businesses in emerging markets represent a higher percentage of small-dollar loan recipients because of challenges faced in obtaining financing from traditional commercial sources. To improve lender services, the SBA continued to develop additional media and loan program materials to enhance marketing and outreach to SBA lenders and borrowers. The Agency also developed a series of field Lender Relations Specialist (LRS) training modules to allow for LRS staff to take and retake the training modules as needed. The training provided a consistent message for SBA loan programs and products. The LRS staff received monthly training on SBA loan programs and policies. Further, the SBA continued quarterly training webinars for all participating SBA lenders (7(a) and 504). The SBA provided upfront and ongoing fee relief for all 7(a) loans of \$150,000 or less made to

small businesses located in rural and HUBZone areas and waived 100 percent of borrower upfront guaranty fees on SBA Express Program loans to veteran-owned small businesses.

The SBA continued to coordinate with the U.S. Department of Agriculture (USDA) per an April 2018 Memorandum of Understanding (MOU). A loan matrix that compared the features of the SBA’s loan programs and USDA Rural Business loans was completed and distributed to the field staff and lending communities of both the SBA and USDA. Both agencies and their field staff continue to jointly promote rural lending via their respective loan programs.

FY 2020 and FY 2021 Planned Performance

The SBA will assist 62,500 small businesses each year through the 7(a) Loan Program. The SBA requests authority to increase the 7(a) SBA Express Loan limit from \$350,000 to \$1,000,000. Due to increased lender interest in making these loans, the SBA will be able to help more small businesses access capital. Except for a 1-year adjustment when the cap was raised to \$1,000,000 in response to the Great Recession, the cap has remained at \$350,000 since 2004.

The Agency is submitting legislative proposals to implement an administrative fee and allow for flexibility to maintain a zero-subsidy program. The administrative fee structure will create funding to help offset a portion of the appropriated funding requested to run the 7(a) Program. Consistent with the authorities provided in the Small Business Act, the SBA also proposes modifications to 7(a) Loan Program fees that are effective to maintain estimated costs of zero subsidy. Table 1.1f outlines the proposed scenario for the 7(a) Loan Program subsidy and fee structure. The Current Law scenario shows that without flexibility to adjust fees, the 7(a) Loan Program will require a subsidy appropriation in FY 2020.

**Table 1.1f: 7(a) Loan Program Subsidy and Fee Structure Scenarios<sup>8</sup>**

	<b>Current Law Scenario</b>	<b>FY 2021 Request</b>
<b>Subsidy Rate</b>	5 bps (\$15 million in subsidy appropriation needed for \$30 billion program level)	0 bps
<b>Fee Structure</b>	Upfront Fee: <ul style="list-style-type: none"> <li>• Loans &lt;= \$150k: 2.0% (1.5% remitted to SBA)</li> <li>• \$150k &lt; Loans &lt;= \$700k: 3.0%</li> <li>• Loans &gt; \$700k: 3.50%</li> <li>• Additional 0.25% fee for any guaranteed amount over \$1 million</li> <li>• Loan term less than 1 year: 0.25%</li> <li>• Export Working Capital Program loans, 13-24 month maturity: 0.525%</li> <li>• Export Working Capital Program loans, 25-36 month maturity: 0.80%</li> </ul> Ongoing Fee: 55 bps	Administrative Fee: \$0.16 per every hundred dollars approved based on \$30 billion in lending Upfront Fee: <ul style="list-style-type: none"> <li>• Loans &lt;= \$150k: 2.0% (1.5% remitted to SBA)</li> <li>• \$150k &lt; Loans &lt;= \$700k: 3.0%</li> <li>• Loans &gt; \$700k: 3.64%</li> <li>• Additional 0.25% fee for any guaranteed amount over \$1 million</li> <li>• Loan term less than 1 year: 0.25%</li> <li>• Export Working Capital Program loans, 13-24 month maturity: 0.525%</li> <li>• Export Working Capital Program loans, 25-36 month maturity: 0.80%</li> </ul> Ongoing Fee: 55 bps Upfront fee waived for SBA Express loans to veterans

<sup>8</sup> As described above, the Budget requests legislative changes found in the appendix.



In FY 2018, the SBA proposed rules governing SBA Express and Export Express loans, limiting fees charged to SBA 7(a) applicants, modifying the rules on affiliation for the financial assistance programs, and setting specific standards for personal resource consideration. The proposed changes will provide lenders with clearer guidance in certain program areas and reduce costs to lenders and borrowers. The SBA anticipates that this rule will be finalized in FY 2020.

The SBA will continue to explore ways to combat fraud, improve program integrity, and mitigate risks in its business loan programs such as by collecting additional data from all owners of a small business applying for an SBA-guaranteed loan. Additional information would ensure that no business, together with its affiliates, has a guaranty that exceeds current program limits.

The SBA requests authority to introduce an annual fee not to exceed 0.05 percent per year on the outstanding balance of the pool certificates in order to provide the SBA with additional flexibility to manage expected costs of the **7(a) Secondary Market Guarantee Program**. Currently, the SBA can only adjust for changes in the expected cost of new pool certificates through changes to the allowable structure of how loans sold to the secondary market can be pooled. The fee would, at a minimum, offset the cost to the Agency of such guaranty, and any amounts received that exceed the cost of the timely payment guaranty shall be maintained in accordance with the Federal Credit Reform Act. The holders of such trust certificates shall be the sole payers of the fee, and the fees shall not be charged to any borrower whose loan is represented in the secondary market. The SBA will implement a fee structure based on current law until an appropriations act is enacted. Table 1.1g displays the 7(a) Secondary Market Guarantee Program scenarios.

**Table 1.1g: 7(a) Secondary Market Guarantee Program Scenarios**

	<b>Current Law Scenario</b>	<b>FY 2021 Request</b>
<b>Pool Certificates</b>	Maturity Ratio: 89%	Annual fee: 1 bps Maturity Ratio: 88%
The minimum maturity ratio is defined by the difference between the shortest and the longest remaining term of the guaranteed portions of loans in a pool.		

In FY 2021, the SBA will restructure its Secondary Market Program to strengthen the program and improve long-term sustainability. The Agency will propose a model more consistent with other Federal Government pass-through programs and will require the ability to assess a fee on pooled certificates as part of the restructuring. Loans already made and sold under the existing program will remain in the current program structure. The SBA has proposed statutory changes to support this request.

The **504 Certified Development Company Loan Program** is one of the SBA’s key economic development programs, providing plant, real property, major equipment financing, and/or the refinancing of debt incurred for these major fixed assets. This program statutorily mandates job creation, community development, or public policy goals such as manufacturing, to support economic development. A typical 504 project includes a loan from a private sector lender with a senior lien, an SBA-backed loan from a Certified Development Company (CDC) in a second position, and a contribution from the borrower. Currently, the total maximum amount in 504 Loans that each small business (and its affiliates) may borrow is \$5 million (including the 504 Debt Refinancing Program loans). However, 504 loans for small manufacturers or certain energy-related projects can be as much as \$5.5 million per project with the total amount for the latter capped at \$16.5 million for each small business concern, including its affiliates. Loan maturities can be set for 10, 20, or 25 years.

Table 1.1h displays the cost to administer the program. It includes direct costs from the operating budget, including contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The Total Administrative Resources calculation methodology was updated in 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 1.1h: 504 Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 39,410	\$ 40,018	\$ 29,993	\$ 30,676	\$ 38,792	\$ 38,355	\$ 40,117	\$ 42,033

Table 1.1i provides the targets and results for the 504 Loan Program performance indicators inclusive of the 504 Debt Refinancing Loan Program.

**Table 1.1i: 504 Loan Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Assisted by 504 Loans	Target	6,500	6,500	6,700	6,800	6,000	6,000	6,200	6,200
	Actual	5,725	5,618	5,722	6,060	5,787	6,008		
	Variance	-12%	-14%	-15%	-11%	-4%	0%		
<b>Additional Information:</b> The SBA tracks the number of small businesses assisted by a 504 loan. The FY 2017 and FY 2018 results have been restated as they reported the actual number of loans.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Billions of Dollars of 504 Loans Approved	Target	4.2	4.3	4.4	4.5	5.1	5.1	5.2	5.3
	Actual	4.2	4.3	4.7	5.0	4.8	5.0		
	Variance	0%	0%	7%	11%	-6%	-2%		
<b>Additional Information:</b> The SBA tracks the dollars approved on a 504 loan.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Jobs Supported by 504 Loans	Target	81,000	82,600	84,300	86,000	66,000	58,000	60,000	60,000
	Actual	66,744	61,454	61,983	59,350	55,729	52,701		
	Variance	-18%	-26%	-26%	-31%	-16%	-9%		
<b>Additional Information:</b> Borrowers report on the number of jobs that could be supported with their 504 loan. This information is collected by the lenders from SBA loan applicants who provide it on a voluntary basis. It is then forwarded by the lenders to the SBA. Since the information is provided by the loan applicants on a voluntary basis, it is not necessarily inclusive of all SBA borrowers, nor can its accuracy be verified by the Agency. Accordingly, the SBA cannot make any representation as to the completeness or accuracy of the information provided. The SBA is working with the Census Bureau to better report job creation and retention data.									

### FY 2019 Accomplishments and Challenges

The SBA approved 6,099 504 loans for nearly \$5.0 billion. The pricing on debentures has been extremely beneficial to small business borrowers with historically low average debenture funding rates. The SBA reviewed the activity levels of all CDCs and worked diligently to address performance to continue improving program delivery and quality. The SBA continues to encourage participation of new, well-qualified CDC candidates and increased existing CDC activity.

In addition, through the 25-year debenture launched in FY 2018, the SBA increased the number of 504 loans. The improved economic conditions, rising interest rates, improvements to electronic submission, along with the benefit of the longer-term debenture, have helped expand usage of the program in FY 2019.

The SBA introduced a central electronic repository for all 504 CDC administrative documents, which is accessible to CDCs, the Central Servicing Agent (CSA), and other SBA offices. The Agency continues to conduct quarterly training, provide technical assistance to CDCs for capacity building, and coordinate with federal partners, lenders, and trade associations to create opportunities for program improvements and expansion. The SBA further refined the SMART Risk-Based Review Protocol, which, among other things, tracks CDC corporate governance and compliance. These solutions improved transparency and monitoring of the 504 Program.

The SBA published a proposed rulemaking to further streamline corporate governance and reduce administrative operating costs for CDCs. To increase lending in rural areas, the Agency established the 504 Rural Initiative Pilot Program, which will be extended for a third year. The pilot waives the restrictions on the authority of CDCs to make 504 loans outside their area of operations. This change allows each CDC to make loans to small businesses for 504 projects located in any rural county if the project is in the same SBA region where the CDC is incorporated.

FY 2020 and FY 2021 Planned Performance

The SBA will assist 6,200 small businesses each year through the 504 Loan Program. For FY 2021, the SBA requests no credit subsidy appropriation for the 504 Program and proposes an administrative fee to help offset a portion of the appropriated funds to run the 504 Program. The SBA will implement a subsidy fee structure based on current law until an appropriations act is enacted. Table 1.1j displays the 504 Loan Program subsidy scenarios and administrative fee structure.

**Table 1.1j: 504 Loan Program Fee Structure Scenarios<sup>9</sup>**

	Current Law Scenario	FY 2021 Request
<b>504 CDC</b>	Upfront fee: 50 bps Ongoing fee: 45.17 bps	Administrative Fee: \$0.24 per every hundred dollars approved based on \$7.5 billion in lending
		Upfront fee: 50 bps Ongoing Fee: 45.30 bps
<b>504 Refi</b>	Upfront Fee: 50 bps Ongoing Fee: 48.65 bps	Administrative Fee: \$0.24 per every hundred dollars approved based on \$1 billion in lending
		Upfront fee: 50 bps Ongoing Fee: 48.75 bps

The SBA requests an increase in the total maximum dollar amount that a small manufacturer may borrow per project in 504 Loans from \$5.5 million to \$6.5 million. Between 2006 and 2016, the United

<sup>9</sup> The FY 2016 and FY 2017 numbers utilized the same set of rules for calculation as FY 2018 and FY 2019. Because of systemic data accuracy and availability problems in pre-FY 2018 data (i.e., FY 2016 and FY 2017), the data from FY 2016 and FY 2017 required making assumptions in certain cases to complete the data sets.

States lost nearly 13 percent or 1.8 million jobs in this sector.<sup>10</sup> Increasing the maximum loan amount would provide a beneficial service to America’s manufacturing industry and help small manufacturers access credit to reenter the marketplace.

Small businesses in HUBZone, Opportunity Zones, and rural areas have more difficulty than other businesses accessing and qualifying for credit. Since the Agency’s programs help lenders expand the credit spectrum, these programs are especially critical in reaching these markets. Similar to 7(a) loans, a higher share of 504 loans go to businesses owned by women, minorities, veterans, and businesses located in socially and economically disadvantaged areas (e.g., HUBZone and rural areas) compared with conventional owner-occupied commercial mortgages.

Table 1.1k shows the results and targets of SBA assistance to emerging markets through the 7(a) and 504 Loan Programs.

**Table 1.1k: Emerging Market Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Small Businesses in Emerging Markets Assisted by 7(a) Loans</b>	<b>Target</b>	24,100	24,600	24,600	25,850	26,000	30,000		
	<b>Actual</b>	27,778	29,369	35,464	34,439	29,445	29,165		
	<b>Variance</b>	15%	19%	44%	33%	13%	-3%		
<b>Additional Information:</b> Geo-coding data for economic empowerment zones and low-to-moderate income areas was discontinued in May 2015 and is not included in the latter part of FY 2015. Since FY 2016, the definition for emerging markets includes emerging populations (i.e., veterans, women, and minorities) and places (HUBZone, rural areas). The FY 2016-2018 data have been restated with inclusion of HUBZone calculations. A target will no longer be set as the number of borrowers who do not report their demographic characteristics poses a challenge. However, the results will be displayed in chart 1.1b.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Small Businesses in Emerging Markets Assisted by 504 Loans</b>	<b>Target</b>	3,800	4,000	4,000	4,200	3,300	3,300		
	<b>Actual</b>	3,319	2,782	3,753	3,891	2,725	3,426		
	<b>Variance</b>	-13%	-30%	-6%	-7%	-17%	4%		
<b>Additional Information:</b> Geo-coding data for economic empowerment zones and low-to-moderate income areas was discontinued in May 2015 and is not included in FY 2015 and FY 2016 data. Since FY 2016, the definition for emerging markets includes emerging populations (i.e., veterans, women, and minorities) and places (HUBZone, rural areas). The FY 2016-2018 data have been restated with inclusion of HUBZone calculations. A target will no longer be set as the number of borrowers who do not report their demographic characteristics poses a challenge. However, the results will be displayed in chart 1.1b.									

Chart 1.1a shows the volume of 7(a) and 504 loans to small businesses in emerging markets. See Additional Information in Table 1.1k for the definition of emerging markets.

<sup>10</sup> Employment By Major Industry Sector, [www.bls.gov/emp/tables/employment-by-major-industry-sector.htm](http://www.bls.gov/emp/tables/employment-by-major-industry-sector.htm).

**Chart 1.1a: Dollars of 7(a) and 504 Loans to Small Businesses in Emerging Markets**

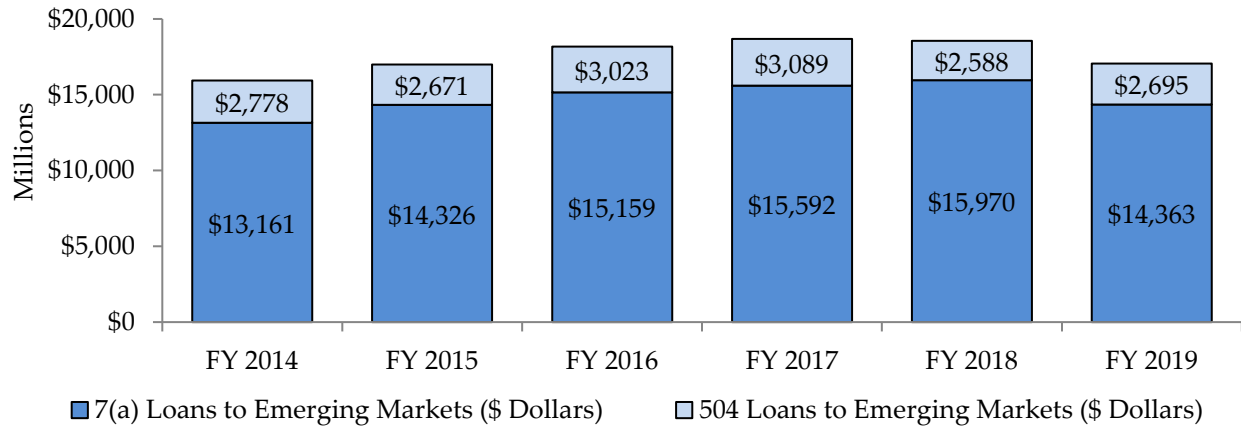
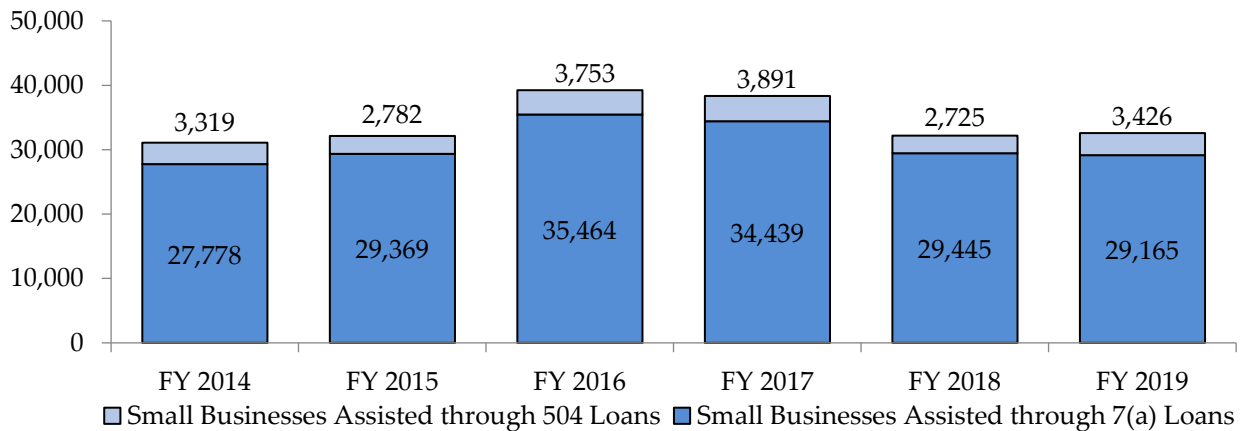


Chart 1.1b shows the number of 7(a) and 504 loans to small businesses in emerging markets. See Additional Information in Table 1.1k for the definition of emerging markets.

**Chart 1.1b: Number of Small Businesses in Emerging Markets Assisted through 7(a) and 504 Loans**



The 7(a) **Community Advantage (CA) Pilot Program** is delivered as a 7(a) guaranty loan through a network of approved mission-based lenders, including non-federally regulated Community Development Financial Institutions (CDFIs), CDCs, Microloan Intermediaries, and the Intermediary Lending Pilot (ILP) Program. CA lenders specialize in providing capital to small businesses in emerging markets, including but not limited to low-to-moderate income communities and veteran-owned small businesses. Through this pilot, CA lenders provide entrepreneurs with loans of \$250,000 or less. While not required, CA lenders are encouraged to provide management and technical assistance to CA applicants and borrowers.

FY 2019 Accomplishments and Challenges

The SBA’s 7(a) CA Pilot Program played a role in providing access to capital for startups in emerging markets. Since its inception in FY 2011, 5,853 loans have been approved for small businesses for nearly \$778 million.

The Agency developed a messaging platform and marketing plan to increase the quality of participating mission-based lenders. The CA Pilot Program, however, has had higher default rates than other 7(a) loan products. Based upon an evaluation of the CA Pilot Program, the SBA extended the pilot by 2 1/2 years, to September 30, 2022. The Agency made changes to the pilot program to provide a firmer foundation for further evaluation regarding the permanency of the program. The Agency also imposed a moratorium on new CA lenders joining the program. The Agency anticipates that Community Advantage loans will average below \$150,000 per loan. The Agency will continue to closely monitor and assess performance of the CA Pilot Program.

FY 2020 and FY 2021 Planned Performance

The SBA will continue to evaluate the CA Pilot Program with possible outcomes of either making the Pilot a permanent program or extending the Pilot while modifying program requirements to improve portfolio performance and the success of CA loan recipients.

The SBA’s **Microloan Program** provides loans to nonprofit intermediary lenders that subsequently lend funds, in amounts of \$50,000 or less, to small businesses and startups. Microloan Intermediary lenders also receive grants of up to 25 percent of their SBA loan balance to help offset their cost of providing business-based training, technical assistance, and coaching to microborrowers and potential microborrowers. The combination of capital, technical assistance, and training helps shore up the capacity of the microborrowers to turn a profit, improve operations, grow businesses, and support job creation and retention.

Table 1.1l displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 1.1l: Microloan Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 35,098	\$ 35,599	\$ 38,024	\$ 37,217	\$ 39,539	\$ 41,588	\$ 41,836	\$ 33,556

Table 1.1m shows progress toward the Microloan performance indicators.

**Table 1.1m: Microloan Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Small Businesses Assisted by Microloans</b>	<b>Target</b>	3,650	3,650	3,650	4,000	4,500	4,500	5,600	5,650
	<b>Actual</b>	3,917	3,694	4,506	4,958	5,457	5,532		
	<b>Variance</b>	7%	1%	23%	24%	21%	23%		
<b>Additional Information:</b> Microloan Intermediaries must make at least 10 microloans per year to meet performance levels. New lenders are added as qualified applications are received for communities that show a need for Microloan services.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Jobs Supported by Microloans</b>	<b>Target</b>	12,750	12,750	15,000	15,900	17,500	17,500	21,500	21,750
	<b>Actual</b>	15,880	16,600	17,573	18,531	20,486	21,235		
	<b>Variance</b>	25%	30%	17%	17%	17%	21%		
<b>Additional Information:</b> In FY 2019, the Microloan program was able to surpass the target with higher funding levels which resulted in increased lending activity and an increased number of jobs supported.									

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Thousands of Dollars in Loans Approved by SBA to Microlenders	Target	25,000	25,000	35,000	40,000	40,000	43,000	43,000	44,000
	Actual	26,465	34,987	35,000	44,350	35,886	42,266		
	Variance	6%	40%	0%	11%	-10%	-2%		
<b>Additional Information:</b> The SBA provides funds to Microloan Intermediaries who use these funds to make loans up to \$50,000 to small businesses.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Thousands of Dollars in Loans Approved by Lenders to Microborrowers	Target	45,000	45,000	55,000	62,800	62,800	65,000	82,000	80,000
	Actual	55,478	52,080	61,223	68,518	76,743	81,529		
	Variance	23%	16%	11%	9%	22%	25%		
<b>Additional Information:</b> Microloan Intermediaries make loans up to \$50,000.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Counseled by Microlenders	Target	14,600	14,600	14,600	15,000	16,000	17,000	21,800	22,500
	Actual	15,668	17,200	17,948	19,600	21,800	22,100		
	Variance	7%	18%	23%	31%	36%	30%		
<b>Additional Information:</b> Increased program funding has led to an increased lending and small businesses assisted.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Grant-eligible Microlenders	Target	135	135	135	140	140	144	150	155
	Actual	137	137	140	144	147	144		
	Variance	1%	1%	4%	3%	5%	0%		
<b>Additional Information:</b> The SBA tracks the number of grant-eligible microlenders. Grant eligible microlenders are lenders who are in compliance with program requirements.									

### FY 2019 Accomplishments and Challenges

The SBA's Microloan Intermediaries approved 5,532 microloans totaling more than \$81.5 million—an Agency record. The Agency awarded grants to Microloan Intermediaries to provide business-based training and technical assistance to microborrowers and potential microborrowers. Unlike the SBA's entrepreneurial development programs, Microloan Program grants are closely integrated with each intermediary's lending program. Assistance from these grants promoted business survival skills and mitigated the risk of business failure.

The SBA implemented an increase in the amount the Agency can lend to a Microloan Intermediary from \$5 million to \$6 million based on the statutory change authorized by the National Defense Authorization Act for 2019. The SBA also developed a report describing its findings from a study of entities that participate in the Microloan Program and entities that are eligible but do not participate in the Microloan Program.

The SBA initiated the procurement of a new Microloan reporting system to replace its Microloan Program Electronic Reporting System (MPERS). The new system will provide a more efficient and accurate means for Microloan Intermediaries to report data on the underlying microloans and will provide more robust program management capabilities for the SBA.

The SBA awarded 30 PRIME Program grantees in FY 2019 that served low income entrepreneurs with technical assistance in areas to start, grow, expand, or recover their businesses.



### FY 2020 and FY 2021 Planned Performance

The Agency will finish building its replacement for the aging MPERS, which will significantly improve its ability to present data and perform analytics to support program improvement. More than 90 percent of all U.S. businesses are microbusinesses, and reaching this market is imperative to the growth of the U.S. economy.

The SBA proposes to change the 1/55<sup>th</sup> rule to a 1/25<sup>th</sup> rule. Currently, during the first 6 months of a fiscal year, the SBA is restricted from putting more than 1/55<sup>th</sup> of available microloan funding into any one state. The 10 states with the highest percentage of SBA loan funds comprise 36.7% of SBA funds outstanding. This restriction delays deployment of Microloan funds and limits the availability of capital for small businesses regardless of the size of the state or the needs of the small business community. Under the 1/55<sup>th</sup> rule, funds allocated to these 10 states would total 18.2%. If the rule were adjusted to 1/25<sup>th</sup>, the SBA could allocate up to 40% of available funds to these 10 states and bring supply and demand more in line. This rule change would maintain a distributional guardrail but provide greater flexibility to lenders and access to financing for small businesses.

For FY 2021, the SBA does not request funds for the PRIME Program as it duplicates services provided by the Microloan Intermediaries that are recipients of Microloan Technical Assistance Grants.

### ***Strategy 2: Supplement investment capital to small businesses that have inadequate supply***

The SBA's **Small Business Investment Company Program (SBIC)** seeks to stimulate and supplement the flow of private equity capital and long-term loan funds to small businesses, which small business concerns need for the sound financing of their business operations and for their growth, expansion, and modernization when such capital is not available in adequate supply.

The SBA, through the SBIC Program, licenses privately and publicly managed investment funds that raise capital from private investors and then combine it with capital obtained through the SBIC's issuance of a taxpayer-backed debenture guaranteed by the SBA. The SBIC invests this combined capital in qualifying small businesses through terms established between the SBIC and small businesses within the parameters of the SBIC Program regulations and SBA oversight. Consistent with the statutory policy under the Small Business Investment Act of 1958, the SBA seeks to maximize the participation of private financing sources in the SBIC Program. Likewise, the SBA seeks to manage the program risk in alignment with federal risk management standards, including as provided in *OMB Circular A-129* and Policies for Federal Credit Programs and Non-Tax Receivables.

Table 1.1n displays the operating costs to administer the program. It includes direct costs from the operating budget, including contracts compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 1.1n: SBIC Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 14,220	\$ 15,910	\$ 22,165	\$ 23,241	\$ 27,337	\$ 24,316	\$ 22,059	\$ 22,965



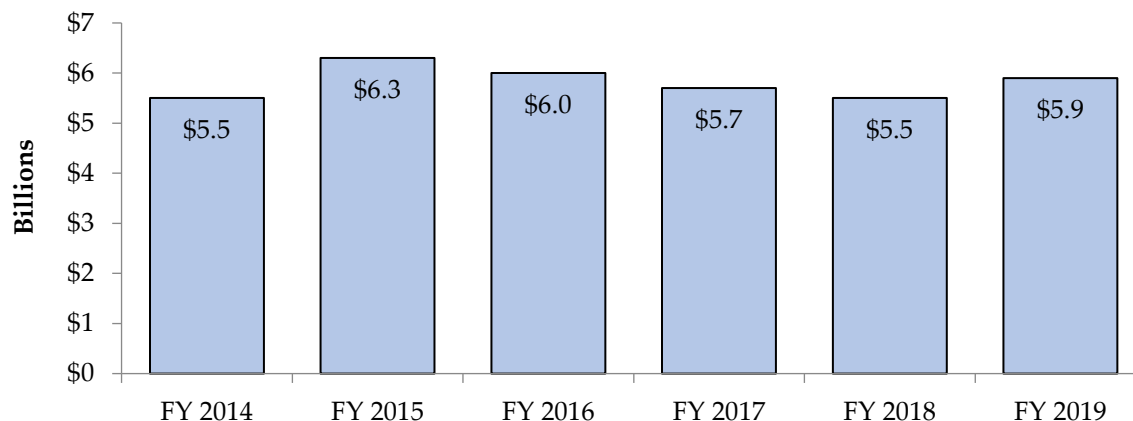
Table 1.1o shows progress toward the SBIC Program performance indicators.

**Table 1.1o: SBIC Program Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Small Businesses Financed by SBICs</b>	<b>Target</b>	N/A	N/A	N/A	N/A	Baseline	1,130	1,130	1,130
	<b>Actual</b>	1,085	1,210	1,201	1,077	1,151	1,191		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	5%		
<b>Additional Information:</b> This metric tracks the number of small businesses the SBIC financed. Historical data have been provided for context.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Underserved Small Businesses Financed by SBICs</b>	<b>Target</b>	N/A	N/A	N/A	N/A	Baseline	310	310	310
	<b>Actual</b>	281	288	332	308	315	292		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	-6%		
<b>Additional Information:</b> The SBA introduced this metric to track the number of underserved small businesses financed by SBICs. An underserved small business lacks an adequate supply of private equity capital or long-term loan funds and therefore seeks supplemental capital through the SBIC Program. Underserved small businesses are business that women, veterans, or minorities own, or are located in underserved geographic areas, which includes low- and moderate-income areas.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Jobs Supported by SBIC Financings</b>	<b>Target</b>	N/A	N/A	N/A	N/A	115,000	115,000	115,000	115,000
	<b>Actual</b>	113,022	129,749	122,382	112,865	106,021	111,201		
	<b>Variance</b>	N/A	N/A	N/A	N/A	-8%	-3%		
<b>Additional Information:</b> The SBA tracks the number of jobs supported that SBICs financed during the fiscal year. Historical data, which combines jobs created and jobs retained, uses the "1999 Arizona Venture Capital Impact Study." The study estimated that one job is supported for every \$36,000 (adjusted for inflation) of SBIC financings provided.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Jobs Supported by Underserved Small Businesses Financed by SBICs</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	Baseline	35,000	35,000
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	23,103		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA tracks the number of jobs that underserved small businesses supported with SBIC financing during the fiscal year. Historical data, which combines jobs created and jobs retained, uses the "1999 Arizona Venture Capital Impact Study." The study estimated that one job is supported for every \$36,000 (adjusted for inflation) of SBIC financings provided.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Percent of SBICs examined within 2-year statutory limit</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	N/A	100%	100%
	<b>Actual</b>	N/A	N/A	N/A	N/A	100%	100%		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA is including a new metric in FY 2020 on the examination process to ensure compliance with statutory requirements. Data collected and reported for FY 2018 forward uses a standard set of procedures, definitions, and data tools.									

Chart 1.1c shows the amount of SBIC financings to small businesses and taxpayer-backed SBA-guaranteed leverage issued to SBICs. SBICs make investments in qualifying small businesses using a combination of investment capital consisting of SBA-guaranteed leverage and an SBIC's private capital. When small businesses repay an SBIC's investment, SBICs frequently reinvest the proceeds of that investment into future qualifying small businesses before repaying the SBA-guaranteed leverage.

**Chart 1.1c: SBIC Debenture Capital to SBICs (Billions)**



#### FY 2019 Accomplishments and Challenges

For the first time, the SBIC Program reached \$30.5 billion in private, outstanding, and committed SBA-guaranteed capital. SBICs provided \$5.9 billion to 1,191 small businesses, the highest financing activity level since FY 2016. Approximately 21 percent of the small businesses financed were in low-to-moderate income areas, and 5 percent were women-owned, veteran-owned, or minority-owned.

The SBA also licensed 18 SBICs, with the amount of investments from private investors totaling \$1.2 billion, the highest initial private capital level since FY 2015. Of this amount, investments from bank-owned/non-leveraged investors in FY 2019 totaled \$247.5 million, the highest level from this investor group since FY 2016.

The SBA provided guidance to align its licensing processes with the requirements of the Spurring Business in Communities Act of 2017. The SBA continued to participate in outreach events to increase awareness of the SBIC Program, especially in underserved rural areas and under-licensed states through a series of regional workshops and events. In FY 2019, SBIC Program financing supported 292 underserved small businesses.

The SBA began to improve its econometric subsidy model to replace the current 27-year-old model. An improved subsidy model seeks to reflect the risks associated with private equity investing and better project future losses and long-term costs of the current SBIC Program. The improved model first used for the President's Budget 2020 cohort formulation is more adaptive to changes in the macroeconomic environment, includes the President's economic assumptions, and automates execution, which reduces run time and potential for human error. The SBA developed the model in compliance with the Federal Credit Reform Act and other federal guidance, including *OMB Circular A-129*, Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Accounting Standards, and the Federal Financial Accounting and Auditing Technical Release 6.

The Agency continued to implement and configure a new, single enterprise software-as-a-service (SaaS) platform, the Investment Information System (IIS), which will be used to manage the entire life cycle of an SBIC. IIS will replace an antiquated legacy system consisting of myriad paper-based and electronic SBIC Program information sharing, analytic, and storage methods. The scope of IIS will extend across key SBIC life cycle milestones, such as: the initial inquiry regarding a potential SBA license, management assessment questionnaire screening, the formal licensing application process,

oversight of a licensed SBIC during the approximate 10-year operating life, regulatory compliance examination activities, and close-out or liquidation. IIS is deployed in the SBA's cloud environment, a solution that complies with the Federal Risk and Authorization Management Program (FedRAMP), and where increased data integrity and information asset protections are assured. This new software allows improved SBIC Program capabilities in data analytics, oversight, and risk management.

The SBA also continued to address challenges associated with SBIC examinations identified in a 2013 SBA Inspector General Report that revealed deficiencies in the management of the SBIC examination process. The Small Business Investment Act of 1958, as amended, requires that the SBA examine SBICs at least every 2 years. In FY 2019, the SBA achieved a 100 percent statutory compliance rate. To mitigate credit risk in the SBIC Program, the SBA enhanced its credit standard in FY 2018 to require that all SBICs with SBA-guaranteed leverage be examined within 18 months. Since SBICs cannot receive commitments without a current examination (meaning the examination must be conducted within the standard timeframe and within a current examination scope period), the improvement has strengthened the SBA's oversight and risk management of the SBIC Program to better ensure that taxpayer assets under SBA stewardship are appropriately protected.

In addition, the SBA completed an independent program evaluation of the SBIC examination process. The evaluation identified improvements areas to optimize processes in order to eliminate backlogs, reduce delays issuing final examination reports to SBICs, and develop a risk-based operational model that will weigh leveraged SBICs that are potentially capital-impaired or non-compliant as greater risks and therefore require that such SBICs be more closely examined.

#### FY 2020 and FY 2021 Planned Performance

In order to offset a portion of the appropriated funds to run the SBIC Program, the SBA proposes an administrative fee. Of the SBIC Program requested lending level of \$4 billion dollars, the administrative fee will be set at \$0.33 per every hundred dollars approved for lending. Other administrative costs of the SBIC Program are funded from annual appropriations.

The SBA requests an increase to its FTE funding level in FY 2021 to accommodate additional requirements from the Lender Oversight Reform Act of 2018 and OMB Circular A-129, to build additional risk management capacity for the SBIC Program. SBIC investment capital and loan transactions have continued to become increasingly large and complex, often involving multiple parties that sometimes include flow-through entities, SBIC associates, and affiliates. As a result, the SBA will seek to identify and adopt best practices to better mitigate the risks in the SBIC Program. The SBA will baseline new metrics to more accurately assess jobs created and sustained by the SBIC Program. Historically, the SBA has estimated this information using a 1999 Arizona Venture Capital Impact Study. The SBA will develop a new measure based on actual, reported employment data specific to the portfolio companies in which SBICs invest.

In FY 2020, the SBA will conduct a comprehensive program evaluation of the SBIC Program. The results of the assessment are intended to help the SBA determine what changes if any could be made to the SBIC Program to improve its relevance in the context of modern capital formation, private capital markets, and a mature private equity industry. The evidence will help the SBA review its policies for alignment with the Small Business Investment Act to stimulate and supplement the flow of private equity capital and long-term loan funds to small businesses when such capital is not available in adequate supply. Recommendations will seek to reconcile risk mitigation issues consistent with OMB Circular A-129 and other applicable standards. Furthermore, the SBA will seek

to implement those recommendations and reforms. In addition, the SBA will complete an initial rural evaluability assessment that will help the SBA identify data and other evidence to support a long-term evaluation to further understand the capital needs of small businesses in differing geographic areas, including rural areas.

The SBA will continue to align its licensing processes with the requirements of the Spurring Businesses in Communities Act of 2017 and educate prospective investors and applicants in Underlicensed First Priority states.<sup>11</sup> Additionally, the SBA, in partnership with the USDA, will continue to focus on how best to encourage capital formation in underserved rural areas.

The SBA will review and implement recommendations from an independent program evaluation that focused on how the SBIC examination process can be streamlined, using technology to improve the examination process, and whether the SBA’s current organizational structure optimally supports the examination process. The SBA will develop and baseline a new performance measure to effectively manage the examination process.

### ***Strategy 3: Strengthen and expand the network of lenders offering SBA products***

The SBA’s lending partners are critical to the delivery of small business loans, and the Agency is committed to strengthening relationships with existing SBA lenders and attracting new lenders. The Agency continues to partner with banks, credit unions, and nonprofit intermediaries to ensure they have the tools and resources needed to best meet small businesses’ needs. Through the Agency’s lender relations specialists (LRS) in the field, the SBA plays a key role in supporting outreach and training to lenders on SBA loan products.

Table 1.1p provides the target and result for the number of 7(a) and 504 Programs’ lending partners.

**Table 1.1p: 7(a) and 504 Loan Program Lender Partner Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Lenders Providing 7(a) Loans</b>	<b>Target</b>	2,850	2,850	2,400	2,500	2,100	2,100	1,750	1,750
	<b>Actual</b>	2,244	2,163	2,045	1,978	1,810	1,708		
	<b>Variance</b>	-21%	-24%	-15%	-21%	-14%	-19%		
<b>Additional Information:</b> The SBA actively recruits lenders, but the trend toward continual bank mergers impacted the number of active lending partners providing 7(a) loans.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of CDCs Providing 504 Loans</b>	<b>Target</b>	267	240	240	240	235	216	215	215
	<b>Actual</b>	228	228	230	218	217	212		
	<b>Variance</b>	-15%	-5%	-4%	-9%	-8%	-2%		
<b>Additional Information:</b> The SBA reviewed the activity levels of CDCs and worked diligently to address underperforming CDCs to continue improving program delivery, which is why the SBA has experienced a decrease in recent years.									

#### FY 2019 Accomplishments and Challenges

Through enhancements to lending systems, the SBA seeks to attract and retain lenders. The Agency initiated 504 Loan Program modernization activities that will be completed in FY 2020. The modernization activities have improved the origination and servicing of 504 loans. The Agency will

<sup>11</sup> Underlicensed states are those in which the number of licensees per capita is less than the median number of licensees per capita for all States. First Priority states are those Underlicensed states which have below median financing.

complete additional systems enhancements in FY 2020. The 504 vendors and CDCs interface directly with the SBA's loan system.

The SBA provided in-depth training modules for its Lender Relation Specialists (LRS) in the field with focused content to help increase active lenders and build strong standardized knowledge of the SBA's loan products.

The Agency signed an MOU with the National Association of Federal Credit Unions to improve collaboration and help recruit to make SBA loans. In FY 2019, 172 Credit Unions approved 1,094 7(a) loans for \$287 million.

The SBA has continued to coordinate activities with the U.S. Department of Agriculture (USDA) per an April 2018 MOU. The SBA and USDA have analyzed which lenders serve both agencies' loan programs and where new lenders can be signed up as either an SBA lender or a USDA lender. The Agency identified more than 50 USDA-only lenders, and the Agency's field staff have been conducting outreach to these lenders to support SBA loans. The SBA began capturing loans that were completed alongside USDA loans in FY 2019.

#### FY 2020 and FY 2021 Planned Performance

The SBA will continue to rely on information systems to support loan and credit risk management processes and activities, including delivering data and analysis for loan programs. The Agency will manage the Loan and Lender Monitoring System (L/LMS), the lender portal, datasets, business intelligence tools, and the Disaster Loan Monitoring System. The Agency will support web-based loan systems for the 7(a) Loan Program, 504 Loan Program, Disaster Assistance Loan Program, and the Microloan Program. The SBA will operate a Federal Information Security Management Act-compliant (FISMA) 24-hour data center with an alternate processing site and modernize common business-oriented language and streamline origination and lender risk-management processes. The SBA will review contracts with third-party providers to increase efficiency and save costs. The SBA will continue to match small businesses with appropriate lenders by enhancing tools like Lender Match.

The SBA will deliver standardized training for the Lender Relation Specialists in the field to effectively recruit lenders and increase the activity of existing lenders. This training will build on FY 2019 results with a focus on increasing outreach to lenders making loans in HUBZones, Opportunity Zones, and rural areas.

#### ***Strategy 4: Expand knowledge of SBA loans through its network of resource partners and field offices***

Each year thousands of entrepreneurs access information about small business lending through the SBA's network of resource partners, including Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), Veterans Business Outreach Centers (VBOCs), SCORE, and Agency field offices. The SBA will strengthen and expand the knowledge of these organization specialists to provide the highest quality service and information possible. Through new technology and better communication, the SBA's resource partners and field staff will have specialized training on products and tools and how to best promote them.

### FY 2019 Accomplishments and Challenges

Professional SBDC business advisors helped entrepreneurs obtain \$5.9 billion in capital through SBA loans and conventional loans for their businesses. In addition, WBCs helped many small businesses work with Microloan Intermediaries, aiding them to access millions of dollars in loans.

Approximately 35 percent of WBCs are co-located with the SBA's Microloan Program. SBDC and WBC advisors were encouraged to collaborate with local lenders and Microloan Intermediaries to help more women entrepreneurs gain access to capital. The SBA also collaborated with SCORE volunteers who worked thousands of hours to help entrepreneurs gain access to capital. The LRSs in the field received training to enhance their knowledge, increase lender participation in SBA's programs, and improve customer service.

### FY 2020 and FY 2021 Planned Performance

The SBA will continue to make capital infusion a primary goal of the SBDC Program. The SBDC network will leverage relationships with lenders, including Microloan Intermediaries and Community Development Financial Institutions (CDFIs), and investors to support the capital acquisition needs of entrepreneurs. The SBA anticipates that the SBDCs will help their clients access at least \$5 billion each year in FY 2020 and FY 2021. SCORE will continue to provide mentoring and online educational training workshops on finance to help small businesses access capital. Several chapters will continue to offer online courses and business workshops that explain the various sources of financing and provide information on how to assess a company's financial needs. The SBA's field offices will execute outreach and business development initiatives in collaboration with resource partners focused on serving targeted communities. The field will also support achievement of the Agency's goal to increase the number of loans in socially and economically disadvantaged urban communities and rural areas, including Opportunity Zones.

### ***Strategy 5: Enhance oversight and risk management of lenders and SBICs and improve recovery of taxpayer assets***

For the 7(a) and 504 Loan Programs, the SBA will ensure comprehensive **Credit Risk Management and Lender Oversight** through its Loan and Lender Monitoring System (L/LMS), which facilitates calculation of historical and predictive risk measures, systematic reporting and analysis, and focused reviews of SBA lending partners to identify lender performance and compliance risk. Lender portfolio monitoring and analytical assessments allow the SBA to determine the potential risk of each lending partner and the appropriate level and scope of review. These tools and review processes will promote cost-effective risk mitigation.

Table 1.1q displays the cost to administer the programs. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 1.1q: Credit Risk Management – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 66,578	\$ 63,013	\$ 75,791	\$ 82,173	\$ 28,896	\$ 25,716	\$ 29,625	\$ 30,074

Table 1.1r provides results and targets on the risk mitigation performance indicators for lender oversight.



**Table 1.1r: Risk Mitigation Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Total Number of Risk-based Reviews of 7(a) Lenders and CDCs</b>	<b>Target</b>	195	335	335	335	300	445	500	500
	<b>Actual</b>	219	378	368	341	399	489		
	<b>Variance</b>	12%	13%	10%	2%	33%	10%		
<b>Additional Information:</b> The SBA reviews 7(a) lenders and CDCs participating in SBA loan programs. Risk-based reviews include analytical risk-based reviews, targeted risk-based reviews, and full risk-based reviews of 7(a) lenders & CDCs.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Desktop &amp; Analytical Risk-based Reviews of 7(a) Lenders and CDCs</b>	<b>Target</b>	150	300	300	300	140	280	300	300
	<b>Actual</b>	181	300	287	153	248	294		
	<b>Variance</b>	21%	0%	-4%	-49%	77%	5%		
<b>Additional Information:</b> Analytical (desktop and expanded) reviews are a basic diagnostic assessment and may conclude with a review report or with additional assessment activities required.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Targeted Risk-based Reviews of 7(a) Lenders and CDCs</b>	<b>Target</b>	20	15	15	15	103	100	150	150
	<b>Actual</b>	13	32	32	123	105	150		
	<b>Variance</b>	-35%	113%	113%	720%	2%	50%		
<b>Additional Information:</b> The targeted review is the mid-level review, requiring examination of loan files as well as analysis of specific components of the loan lifecycle. Analysis of risk factors during the analytical review process identified a need to conduct additional targeted risk-based reviews in FY 2019 over what was originally planned.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Full Risk-based Reviews of 7(a) Lenders and CDCs</b>	<b>Target</b>	25	20	20	20	57	65	50	50
	<b>Actual</b>	25	46	49	65	46	45		
	<b>Variance</b>	0%	130%	145%	225%	-19%	-31%		
<b>Additional Information:</b> The increased implementation of the analytical and targeted reviews in FY 2019 and more effective use of increased supervision and informal enforcement mitigated the need to perform as many full reviews as originally planned.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Supervision and Enforcement Actions</b>	<b>Target</b>	5	5	5	5	10	12		
	<b>Actual</b>	9	6	13	21	156	93		
	<b>Variance</b>	80%	20%	160%	320%	1,460%	775%		
<b>Additional Information:</b> The SBA has initiated a more rigorous approach to monitoring lender behavior, utilizing more effective supervision, informal enforcement, and formal enforcement actions, which resulted in a higher number of supervision and enforcement actions. The SBA will eliminate this measure after FY 2019.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Delegated Authority Reviews of 7(a) Lenders and CDCs</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	N/A	1,200	1,450
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	1,049		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA performs Delegated Authority reviews of 7(a) lenders and CDCs participating in Delegated Authority, such as Preferred Lender Program (PLP) and Accredited Lender Program (ALP). This new measure will be established in FY 2020.									

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Community Advantage Lender Financial Statement Reviews	Target	N/A	N/A	N/A	N/A	N/A	N/A	460	460
	Actual	N/A	N/A	N/A	N/A	N/A	114		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA performs quarterly and annual financial statement reviews of 7(a) lenders participating in the Community Advantage Pilot Program. This new measure will be established for FY 2020. The SBA has approximately 130 lenders participating in the Community Advantage Pilot Program.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Net Recovery Dollars from SBICs in Liquidation (Millions)	Target	N/A	N/A	N/A	N/A	Baseline	165	170	240
	Actual	350	254	152	171	263	86		
	Variance	N/A	N/A	N/A	N/A	N/A	-48%		
<b>Additional Information:</b> The SBA baselined a new metric in FY 2018 that tracks the accelerated net recoveries of outstanding SBA-guaranteed leverage associated with SBICs transferred to liquidation. The 1-year increase in FY 2018 was an anomaly due to three large recoveries, each of which netted SBA recoveries that surpassed \$45 million. This compares to only two large recoveries in FY 2019 totaling \$50.6 million.									

### FY 2019 Accomplishments and Challenges

The Agency continued to monitor portfolio risk, review 7(a) lender and CDC performance, and enforce lending program requirements to ensure the integrity and effectiveness of the SBA's lending programs. To monitor lender performance, the SBA used two composite risk-based review measurement methodologies and scoring guides: Portfolio, Asset, Regulatory, Risk, Special Items (PARRiS) for 7(a) lenders, and Solvency and Financial Condition, Management and Board Governance, Assess Quality and Servicing, Regulatory Compliance, and Technical Issues and Mission (SMART) Lender Risk Framework for CDCs participating in the 504 Loan Program, which use portfolio metrics to analyze risk and prospective trends. The Agency conducted 489 risk-based reviews, which comprised the following: 45 risk-based full reviews (comprehensive analyses of each PARRiS or SMART component generally conducted on the largest and/or highest risk lenders); 150 risk-based targeted reviews where the SBA reviewed one or more PARRiS or SMART component or an area of supervisory concern, generally in conjunction with a review of loan files; and 294 risk-based analytical reviews. The SBA also conducted 1,049 reviews to determine the renewal of lenders' delegated authority status.

The SBA also monitored portfolio risk through Loan/Lender Monitoring System (L/LMS), which tracks monthly performance and the quarterly credit scores for all 7(a) and 504 loans. Quarterly Lender Risk Ratings/Lender Purchase Ratings (LRRs/LPRs) for all SBA lenders were generated from the L/LMS data in combination with individual borrower data and certain macroeconomic factors. The LRR/LPR helped the SBA to assess the risk, on a uniform basis, of the SBA loan performance for each 7(a) lender and CDC. It also identified those SBA 7(a) and CDC lenders whose portfolio performance or other lender-specific risk-related factors demonstrated the need for additional SBA monitoring. The LRR/LPR composite rating reflects the SBA's assessment of an SBA 7(a) or a CDC lender's potential risk.

The SBA enforced 7(a) and 504 Loan Program requirements through increased supervision and enforcement actions. The SBA initiated 93 supervision and enforcement actions. These actions included 22 shortened renewals of delegated authority and 2 non-renewals of delegated authority. Additionally, the SBA issued four debarments and immediate suspensions.



The SBA monitored the Community Advantage (CA) Pilot Program participating lenders' performance through the Lender Monitoring System and the PARRIS Risk Framework. The SBA's reviews for CA lenders included Quarterly Condition Reviews, Lender Profile Assessments (LPAs), Analytical Reviews, Targeted Reviews, and/or Full Reviews. The Agency also performed selective loan file reviews of CA loans to ensure these loans were underwritten and closed in compliance with the Agency's loan program requirements.

The SBA also strengthened its partnership with primary federal regulators by establishing MOUs with the Federal Deposit Insurance Corporation and a Coordination Principles Agreement with the Office of Comptroller of the Currency (OCC). In FY 2019, the Agency conducted its first concurrent review with the OCC.

The SBA recovered an estimated \$86.2 million, net of write-offs totaling \$50.3 million and expenses, from SBICs transferred to liquidation. Additionally, the SBIC Program transferred \$179.9 million in debenture leverage to liquidation. Included in the transfer was \$147.2 million associated with a single debenture SBIC, which was the largest debenture SBIC transfer in the history of the SBIC Program.

The SBA entered 79 SBICs into liquidation with associated assets of \$498.4 million, and 65 of these SBICs had \$263.2 million in assets in liquidation for more than 3 years. The SBA seeks to accelerate the collections associated with these assets while maximizing net recoveries. To assess performance, the SBA added a metric that tracks the net recoveries of these assets in liquidation.

#### FY 2020 and FY 2021 Planned Performance

To identify potential risk areas, the SBA will administer programmatic reviews, conduct portfolio analyses using L/LMS data, and maintain and mine the L/LMS data warehouse. Lender training sessions are scheduled to help lenders remain compliant with SBA loan program requirements and be prepared to manage risk. The SBA will also continue to refine the lender monitoring and review methodologies. The Agency will conduct 504 risk-based reviews on its highest-risk 7(a) lenders and CDCs. Approximately 25 percent of the SBA-supervised CDC population will continue to be reviewed on an annual rotating basis. This process will ensure that these lenders are originating loans and managing their portfolios in a prudent manner.

The SBA will continue to enhance monitoring of 7(a) lender and CDC compliance with the credit elsewhere requirement. In addition, the SBA will issue a final rule to implement the Small Business 7(a) Lending Oversight Reform Act of 2018. The SBA will also begin its update of the Lender Supervision and Enforcement SOP and the Lender Review SOP, following promulgation of the final rule.

The SBA will complete a final reconciliation of the SBIC Program's losses associated with participating securities, which are at approximately \$2.6 billion. The SBA will continue to analyze assets of SBICs in liquidation status, review existing liquidation practices, and develop and implement recommendations to accelerate the recovery of taxpayer assets.

The SBA will seek to develop policy and data tools for the SBIC Program consistent with *OMB Circular A-129*. The SBA will seek to adopt best practices to better mitigate the risks inherent in the SBIC Program as a result of investments that have become larger and more complex.

## *Strategic Goal One – Support Small Business Revenue and Job Growth*

### **Strategic Objective 1.2: Help Small Business Exporters Succeed in Global Markets**

**FY 2020-2021 Agency Priority Goal:** By September 30, 2021, increase the value of small business export sales to \$4.7 billion in FY 2021 (FY 2018 baseline of \$3.1 billion)

**Objective Lead:** Associate Administrator for International Trade

**Objective Support:** Office of Field Operations, Office of Entrepreneurial Development, and Office of Capital Access

**Programs/Activities:** International Trade Loans, State Trade Expansion Program (STEP), Trade Policy Strategies:

1. Strengthen partnerships with state and territorial governments
2. Provide tailored training and counseling to small businesses and lenders
3. Support trade promotion policy through federal partnerships
4. Represent small business interests in bilateral and multilateral trade negotiations

Today nearly 95 percent of consumers and more than two-thirds of the world's purchasing power reside outside the United States. Small businesses selling into international markets have the potential to grow revenues, diversify customer bases, and increase profits. Exporting companies are generally more financially stable, able to expand faster, and create American jobs with higher wages. In fact, exporting companies pay an average of 18 percent higher wages than firms that do not export.<sup>12</sup>

In the United States, small businesses comprise 97 percent of U.S. exporters and account for a third of total U.S. export value.<sup>13</sup> U.S. small businesses are critical to U.S. export growth and are key suppliers in global and regional supply chains. Yet, many small businesses face challenges selling in international markets and do not feel prepared to take on such challenges. The 2016 Small Business Exporting Survey found that nearly half of the non-exporting firms surveyed would be interested in exporting if their concerns are addressed.<sup>14</sup> Top challenges and barriers include lack of export knowledge, concerns with receiving payment, and regulatory barriers and complexity. For over one-third of surveyed small business exporters, finding financing for their exporting operations is more difficult than for traditional business operations.

To address these challenges, the SBA provides export training, promotes international sales opportunities, guarantees international trade loans, and helps ensure that trade agreements afford small businesses equal access to international markets. The Agency, in cooperation with the U.S. Department of Commerce and other relevant state and federal agencies, works to ensure that small businesses receive greater access to federal and state export programs and services. Together with the Office of the U.S. Trade Representative (USTR), other federal trade agencies, and the Trade Policy Staff Committee (TPSC), the SBA participates in U.S. trade policy formation and negotiations to ensure that small business interests are adequately represented in bilateral and multilateral trade negotiations.

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<sup>12</sup> "Do Jobs in Export Industries Still Pay More? And Why?" July 2010. Department of Commerce International Trade Administration.

<sup>13</sup> "A Profile of U.S. Importing and Exporting Companies." 2015 – 2016. *U.S. Census Bureau News* – U.S. Department of Commerce.

<sup>14</sup> [www.nsbabiz/wp-content/uploads/2016/04/Export-Survey-2016-Final.pdf](http://www.nsbabiz/wp-content/uploads/2016/04/Export-Survey-2016-Final.pdf)

**Progress Update:** The SBA increased small business exports and leveled the playing field for American entrepreneurs seeking to enter foreign markets through its State Trade Expansion Program (STEP), international trade finance programs, export training and counseling services, and participation in bilateral and multilateral trade negotiations. In FY 2019, the SBA supported \$974 million in small business export sales through its STEP Grant Program, which helped small businesses participate in more export promotion activities, such as international trade shows and trade missions. Similarly, the SBA financed \$2.27 billion in small business export sales through its international trade finance programs. The Agency also trained 18,302 small businesses and lenders and hosted the 12th Annual SBA Export Lenders Roundtable in Washington, DC.

To support export development in local communities, the SBA collaborated on the development of an international trade track (consisting of 20 workshops) to train small business counselors at the 2019 Annual Conference of America’s Small Business Development Centers (ASBDC). The SBA continued to represent small business interests in bilateral and multilateral trade discussions, including TPSC preparations for bilateral meetings on potential free trade agreements with the United Kingdom, European Union, Kenya, and Japan.

Table 1.2a displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 1.2a: International Trade Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 20,048	\$ 9,025	\$ 11,410	\$ 11,451	\$ 13,396	\$ 14,037	\$ 14,439	\$ 15,059

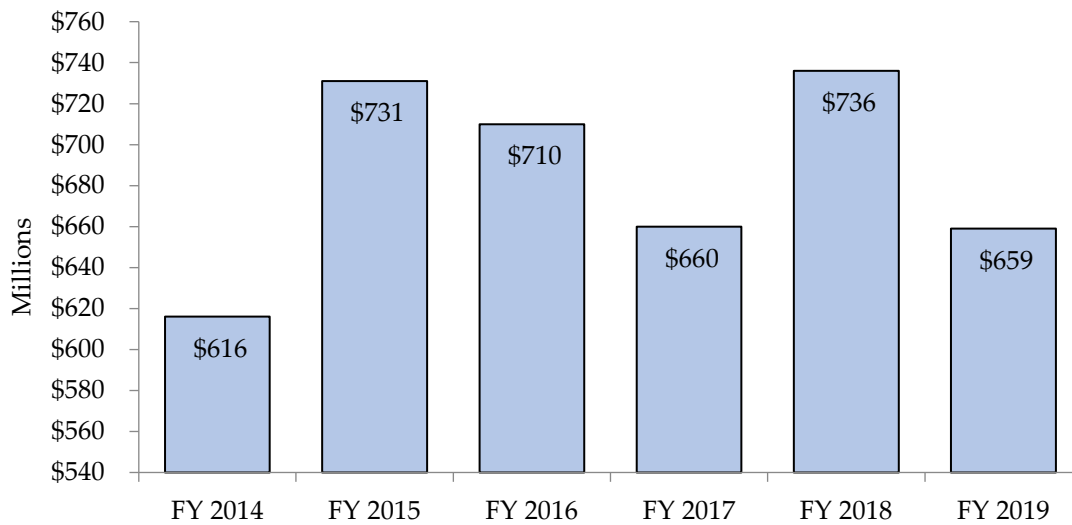
Table 1.2b shows a new performance goal in FY 2019 that tracks export sales.

**Table 1.2b: International Trade Priority Goal**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Value of Small Business Export Sales (Billions)	Target	N/A	N/A	N/A	N/A	Baseline	3.1	3.3	4.7
	Actual	N/A	N/A	N/A	N/A	3.1	3.2		
	Variance	N/A	N/A	N/A	N/A	N/A	3%		
<b>Additional Information:</b> This metric tracks the export sales values of all small businesses receiving SBA-guaranteed export financing in the international trade finance programs (i.e., Export Express, Export Working Capital Program [EWCP], International Trade Loan) and the reported value of small business export sales using SBA’s STEP Program.									

Chart 1.2 shows the total dollar value and number of loans to exporters.

**Chart 1.2: Export Express, EWCP and IT Loans Approved (Millions of Dollars)**



***Strategy 1: Strengthen partnerships with state and territorial governments***

Expanding the base of small business exporters and clarifying the process for exporters is crucial to increasing export sales. The SBA partners with states and territories through its **State Trade Expansion Program (STEP)** to support small business export development, including participation in trade missions and foreign market sales trips, export trade shows, international marketing efforts, and export training. In addition to administering STEP, the SBA plays an important role in networking export resources. The SBA’s District International Trade Officers, U.S. Export Assistance Center representatives, and local STEP administrators are key participants and drivers of local export promotion ecosystems.

Table 1.2c displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 1.2c: State Trade Expansion Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 9,462	\$ 19,563	\$ 26,527	\$ 25,155	\$ 19,708	\$ 20,139	\$ 35,505	\$ 25,242

Table 1.2d tracks the progress of the STEP performance indicator that measures the average return on investment from program grants.

**Table 1.2d: State Trade Expansion Program Performance Indicator**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Average Dollar (Millions) Return on Investment of STEP Grants	Target	N/A	N/A	Baseline	12	30	30	40	50
	Actual	37	33	31	32	31	54		
	Variance	N/A	N/A	N/A	92%	3%	47%		
<b>Additional Information:</b> STEP grants help small businesses enter and succeed in the international marketplace. The average return on investment is calculated by dividing the reported total dollar export sales supported by the amount of STEP funds awarded for each fiscal year. Starting in FY 2017, data used to calculate the export sales includes STEP Program outcomes in the fiscal year.									

FY 2019 Accomplishments and Challenges

The SBA administered 2 STEP grants with 47 awardees in FY 2019 and 44 awardees in FY 2018. While STEP funds are competed annually, beginning in FY 2018, the period of performance for each award changed from 12 to 24 months leading to 2 active STEP grants in FY 2019. The average awards for FY 2018 and FY 2019 were \$409,000 and \$382,000, respectively. Each grant supports customized export development with a goal of increasing the number of small business exporters and the value of small business exports in individual states and territories. In FY 2019, the SBA supported \$974 million in export sales from the STEP program.

The SBA also conducted a wholesale review of the administration of STEP grants and planned improvement measures effective October 1, 2019. Specifically, the improvements will reduce the reporting burden on grant recipients, ensure that small business that use the program have information and access to all SBA export programs, and increase use of STEP funds. Additionally, in FY 2019, the Agency executed a competitive process to award \$18 million in grants to 41 awardees, with a 24-month period of performance in FY 2020.

FY 2020 and FY 2021 Planned Performance

The SBA will continue to maintain oversight and manage its STEP grants to ensure a high return on investment. The SBA targets a return on investment of \$40 in small business exports for every \$1 invested in STEP grants through FY 2020 and \$50 in small business exports for \$1 in FY 2021. In addition, the SBA will increase outreach and feedback opportunities to engage more effectively and directly with STEP beneficiaries about the benefits of the SBA’s International Trade Finance Programs to support their export sales. The SBA will continue to track and report on the average funds per small business and the increase in sales.

***Strategy 2: Provide tailored training and counseling to small businesses and lenders***

Through its network of Export Finance Specialists located at U.S. Export Assistance Centers (USEACs), the SBA’s District International Trade Officers (DITOs), and Small Business Development Centers (SBDCs), the Agency provides training and consultation services on trade and export financing programs to both lenders and small businesses. The SBA works closely with the Association of Small Business Development Centers (ASBDCs) to provide training and certification on international trade to counselors throughout the nationwide network.

Table 1.2e shows progress toward small businesses and lenders receiving export training.

**Table 1.2e: International Trade Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Receiving Export Training	Target	7,600	8,000	8,400	8,400	8,400	8,500	3,875	4,875
	Actual	8,273	8,120	8,274	8,096	8,615	7,264		
	Variance	9%	2%	-2%	-4%	3%	-14%		
<b>Additional Information:</b> This metric tracks the sum of all small business representatives that received export-related training from the SBA during the fiscal year. Beginning in FY 2020, the SBA is changing its definition of export-related training and reducing its target to focus on higher impact counseling and trainings listed below.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Receiving Export Counseling	Target	N/A	N/A	N/A	N/A	N/A	N/A	2,300	2,520
	Actual	N/A	N/A	N/A	N/A	N/A	N/A		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> This metric tracks the sum of all small business representatives that received export-related counseling from the SBA during the fiscal year. Beginning in FY 2020, the SBA is putting an emphasis on impactful counseling sessions with businesses to uncover export financing needs.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Lenders Receiving Export Training	Target	4,000	4,200	4,500	4,500	4,500	4,600	3,875	4,875
	Actual	5,097	4,329	4,547	5,546	5,101	4,302		
	Variance	27%	3%	1%	23%	13%	-6%		
<b>Additional Information:</b> This metric previously tracked the sum of all individual lenders that have received SBA export trade finance training in the fiscal year. Beginning in FY 2020, the SBA is adjusting its target to focus on higher impact trainings and will track the number of lending institutions trained instead of individual lenders.									

FY 2019 Accomplishments and Challenges

The SBA provided consultation services to 3,554 small businesses and trained 7,264 entrepreneurs on export finance. A significant number of entrepreneurs participated in the second World Trade Month “Go-Global” webinar series, which the SBA collaborated on with other federal agencies. That event trained 1,177 participants and received outstanding evaluations from participants. In addition, the SBA provided consultation services to 3,200 lenders and trained 4,302 lenders on SBA export loan programs.

FY 2020 and FY 2021 Planned Performance

The SBA will relaunch its marketing campaign for the International Trade Finance Programs to SBA 7(a) lenders and the small business community through new outreach strategies in FY 2020 and has modified targets accordingly. Specifically, the SBA has reduced its target and modified its calculation method for lender trainings. The SBA’s export finance specialists will now focus on lenders with the greatest potential to offer trade finance and target lender training initiatives on SBA financing solutions to increase the number of loans, as well as the number of lenders offering the SBA’s International Trade Finance Programs. Further, the SBA will now track the number of lending institutions that received training instead of the number of individual lenders to replace an output-driven model with an outcome-focused model.

Similarly, the SBA has reduced targets for the number of small businesses receiving export training by export finance specialists, who will now focus on providing small businesses with individualized counseling services on trade finance. To ensure the SBA conducts outreach to as many small businesses as possible, the SBA will develop new targeted export outreach events, including webinars, through its district offices and headquarters and will track business participation. In



addition, the SBA will train more resource partners, including Small Business Development Centers, which educate their small business clients on the benefits of SBA financing to support global expansion.

#### FY 2019 Accomplishments and Challenges

Access to trade finance for small businesses remains one of the critical needs for small businesses hoping to succeed in global markets. According to a 2019 survey, the top five challenges small businesses most commonly face in exporting are “foreign regulations (such as taxes, data localization requirements, privacy rules, and liability risks), tariffs and customs procedures, payment collection, company resources, and risk and infrastructure.”<sup>15</sup> According to a 2016 Small Business Exporters Association survey, 24 percent of the respondents were concerned with how they would obtain payment for export sales, while 35 percent said it was more difficult to obtain trade financing than conventional business financing.<sup>16</sup>

The SBA fills a market gap where the private sector is unwilling to support credit-worthy small business with certain export transactions because of greater real or perceived risk. While the 7(a) and 504 Loan Programs both support small business exporters, the SBA has three core 7(a) international trade finance programs that support the development of small business exporters: the **Export Express Loan Program**, the **Export Working Capital Program**, and the **International Trade Loan Program**. Without access to these international trade finance programs, many small businesses would not be able to export, compete for international buyers, fulfill export orders, or retool operations to sell into new international markets.

The Export Express Loan Program is a delegated authority program with a \$500,000 maximum loan amount that is especially helpful for early stage exporters that can use the funds for a wide range of export development activities. For example, small businesses use these loans to participate in overseas trade shows, develop, and enter new markets. With a 90 percent guaranty on loan amounts up to \$350,000, and a 75 percent guaranty on loan amounts over \$350,000 and up to \$500,000, the program offers lenders enhanced coverage in support of small business exporters. In FY 2019, 36 lenders made 53 Export Express loans totaling \$14.7 million, supporting over \$169 million in export sales.

The Export Working Capital Program provides the necessary financing to support exporters’ transactions, from purchase orders to final payment, with a \$5 million maximum loan amount and 90 percent guaranty. The SBA continues to train new and existing lenders on this export loan product. In FY 2019, 58 lenders guaranteed 147 Export Working Capital Program loans totaling \$275 million, supporting over \$1.6 billion in export sales.

The International Trade Loan Program provides loans up to \$5 million and offers a guaranty up to 90 percent. These loans provide financing to allow successful export businesses to expand their production capacity, including those businesses that want to bring back overseas production, as well as companies that have been adversely impacted by imports. In FY 2019, the SBA guaranteed 222 international trade loans from 86 lenders totaling \$369 million, supporting over \$498 million in export sales.

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<sup>15</sup> [https://americaninnovators.com/wp-content/uploads/2019/10/CTEC\\_GoogleReport\\_v7-DIGITAL-opt.pdf](https://americaninnovators.com/wp-content/uploads/2019/10/CTEC_GoogleReport_v7-DIGITAL-opt.pdf)

<sup>16</sup> <https://www.nsba.biz/wp-content/uploads/2016/04/Export-Survey-2016-Final.pdf>

In FY 2019, the SBA worked on an Advanced Notice of Proposed Rulemaking (ANPRM) affecting the Export Express, Export Working Capital, and International Trade Loan Programs. The SBA will issue an ANPRM in FY 2020 to solicit comments on potential changes to regulations governing these programs and how it could improve the products, procedures, forms, and reporting requirements to increase SBA 7(a) lender participation in these trade programs.

#### FY 2020 and FY 2021 Planned Performance

Recognizing that U.S. small business exporters are key to the nation's economic future and job growth, the SBA remains committed to working closely with other trade financing agencies and lenders to improve SBA international trade finance programs and effectively provide trade finance solutions to U.S. small businesses. In FY 2020 and 2021, the SBA will raise its targets for volume of export loans made through the International Trade Finance Programs based on the implementation of new marketing and outreach strategies. A reorganized SOP for Lender and Development Company Loan Programs will also improve the ability of SBA 7(a) lenders to use the International Trade Finance Programs. In addition, the SBA is developing a new loan authorization for the Export Working Capital Guarantee Program to more closely align with commercial lending standards. The SBA will review comments from the advance notice of proposed rulemaking for the International Trade Finance programs, which will inform updates to the regulations that govern these programs.

Finally, the SBA will continue to collaborate with other federal and state agencies, resource partners, and other export assistance resources to expand the nation's export finance infrastructure and improve access to and delivery of export finance to small business exporters.

### ***Strategy 3: Support trade promotion policy through federal partnerships***

The SBA advocates on behalf of small businesses in education and outreach, economic diplomacy, and trade policy engagement. Through the Trade Promotion Coordinating Committee (TPCC), the SBA supports a unifying export promotion framework with other agencies, including the U.S. Department of Commerce, Overseas Private Investment Corporation (and its successor), U.S. Trade and Development Agency, U.S. Department of Agriculture, Export-Import Bank, and the U.S. Department of State.

#### FY 2019 Accomplishments and Challenges

The SBA monitored compliance with the Small Business Jobs Act of 2010 mandate requiring a minimum number of SBDC small business counselors be certified in providing export assistance to small business concerns. As of October 2019, 60 of 62 SBDC networks met or exceeded counselor certification requirements with a total of 420 counselors certified. The two networks that did not meet the requirements were each one counselor short. The SBA will work with those two networks to bring them into compliance.

The SBA continued training SBDC export counselors to achieve or maintain expertise and certification in international trade. In collaboration with the ASBDC and the TPCC, the SBA developed an extensive training track on international trade. The SBA updated intermediate level testing to include export resource and counseling strategy questions and to require password entry to maintain better control over test utilization. The SBA also compiled a listing of international trade counselors throughout the SBA network that have attained the intermediate-level credential or passed a third-party Professional Exam for advanced certification to facilitate networking between the SBDCs and SBA export finance specialists.



The SBA worked closely with the State International Development Organizations (SIDO) and their members to provide timely information related to developments and requirements for STEP. The Agency participated in SIDO conferences and maintained active and open communication channels with SIDO leadership.

The SBA chaired the Trade Promotion Coordinating Committee (TPCC) Small Business Working Group and cooperated with the TPCC Secretariat to ensure effective communication and to promote inter-agency collaboration on outreach that provided small businesses with information and resources to begin exporting, expand into new foreign markets, and finance their export sales. The SBA worked closely with its inter-agency counterparts to develop an inventory of programs available to small business exporters. Created as a tool to facilitate collaboration, the inventory provides information on the respective priorities and metrics of the agencies delivering the programs.

#### FY 2020 and FY 2021 Planned Performance

In FY 2020, the SBA will monitor compliance with the Small Business Jobs Act of 2010 mandate requiring a minimum number of SBDC small business counselors be certified providing export assistance to small business concerns.<sup>17</sup> To support this activity, the Agency will provide virtual and in-person training to SBDC counselors and facilitate collaboration between the SBDCs and other federal export promotion agencies.

The SBA will also conduct small business exporter listening sessions in collaboration with the TPCC Secretariat, SBDC networks, state governments, and other partners. These listening sessions will help identify the needs of small business exporters and gather input for program and policy development. They will strengthen local collaboration on export promotion and highlight the importance of small business exporting to state and local officials.

The SBA will continue to chair the TPCC Small Business Working Group to identify best practices and design and implement protocols for referrals to strengthen the exporting promotion pipeline between other agencies and the SBA. Furthermore, as part of an effort to increase and strengthen collaboration and mutual client benefit, it will establish referral protocols for qualified lead sharing with STEP awardees, SBDC networks with strong international counseling expertise, and other resource partners. The SBA will also expand its marketing and outreach materials to better inform stakeholders of SBA's products and services for international trade. Finally, the SBA will continue to coordinate with SBA DITOs and state trade promotion offices to establish and strengthen local ecosystems for export promotion.

#### ***Strategy 4: Represent small business interests in bilateral and multilateral trade negotiations***

The SBA supports the TPSC in developing interagency consensus on trade policy. The SBA ensures that small business interests are adequately represented in bilateral and multilateral trade agreement negotiations and commitments. Small businesses rely on trade agreement commitments in all matters of foreign customs procedures, requirements, standards, and intellectual property protection.

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<sup>17</sup> 15 U.S.C. 649(i)(3)(2018).

### FY 2019 Accomplishments and Challenges

In FY 2019, SBA subject matter experts represented small business interests in TPSC preparations for bilateral meetings on potential free trade agreements with the United Kingdom, European Union, Kenya, and Japan. The SBA's policy team participated in public comment hearings and studies at the fifth U.S.-UK Trade and Investment Working Group and addressed small business questions at the third meeting of the U.S.-UK Small and Medium-sized Enterprises (SME) Dialogue in November 2018. The SBA represented small business concerns in exchanges for the U.S.-EU Trade Agreement discussions and the inaugural U.S.-Kenya Trade and Investment Working Group and held bilateral meetings with Kenyan counterparts.

To fulfill its statutory mandate to enhance the ability of small businesses to compete effectively and efficiently with imports, the Agency also assisted small business concerns in navigating the regulatory framework applicable to imports. The Agency's trade specialists served on several Section 301 investigation panels of United States Trade Representation (USTR)-led public hearings in order to understand, articulate, and address small business concerns regarding changes in trade conditions related to intellectual property rights violations by China and flight support subsidies by the European Union. The SBA counseled numerous small business manufacturers on trade finance loan guarantees, intellectual property protection, and anti-dumping trade actions.

The SBA also exchanged small business best practices with foreign trading partner governments on a wide range of small business policies. The SBA has continued to implement the SBA's Memorandum of Understanding (MOU) signed in FY 2018 with the Kingdom of Bahrain ("Promoting Cooperation on Small and Medium-sized Enterprise (SME) Ecosystems"). The SBA participated in a "Start-Up Nations Ministerial" in Bahrain and highlighted American policies supporting small businesses in panels and business meetings. The Agency led presentations on small business policy best practices at the Asia-Pacific Economic Cooperation (APEC) SME Online-to-Offline Summit on the Digital Economy in Taipei, Taiwan at the request of the APEC Secretariat. The SBA also continued its bilateral cooperation with Taiwan's Small and Medium-size Enterprise Agency by holding a U.S.-Taiwan Inter-Ministerial Regulatory Roundtable focused on greater transparency and regulatory coherence. Finally, the SBA, in cooperation with the International Council for Small Business (ICSB), organized a seminar titled "Putting Together Small Business Ecosystems" held at George Washington University for U.S. and diplomatic leaders.

The SBA also continued to support U.S. small businesses through the International Trade Inquiry Service, which responds to small businesses encountering customs transaction problems, trade enforcement questions, and other regulatory challenges. The SBA championed small business interests through activities to improve trade facilitation and engaged foreign government officials on methods to reduce burdens. The SBA also worked with U.S. Customs and Border Protection to increase small business opportunities to provide feedback on the 21<sup>st</sup> Century Customs Modernization project.

### FY 2020 and FY 2021 Planned Performance

The SBA will continue representing U.S. small business interests in the U.S.-UK Small and Medium-sized Enterprises Dialogue as part of the new U.S.-UK Trade and Investment Working Group. In addition, the SBA will continue representing small business concerns in the U.S.-EU trade agreement planning discussions and the U.S.-Kenya Trade and Investment Working Groups. The SBA will also educate small businesses on trade opportunities in Mexico, Canada, Japan, and other bilateral and multilateral partners as opportunities arise.

## *Strategic Goal One – Support Small Business Revenue and Job Growth*

### **Strategic Objective 1.3: Ensure Federal Contract and Innovation Set-aside Goals are Met and/or Exceeded**

**Performance Goal:** Support 650,000 jobs through federal contract set-asides for small businesses in FY 2021

**FY 2020–2021 Agency Priority Goal:** By September 30, 2021, maximize the percent of federal contracts by awarding at least 23 percent to small businesses

**FY 2018–2019 Agency Priority Goal:** By September 30, 2019, maximize the percent of federal contracts by awarding at least 23 percent to small businesses

**Objective Leads:** Associate Administrator for Government Contracting and Business Development and Associate Administrator for Investment and Innovation

**Objective Support:** Office of Field Operations, Office of Entrepreneurial Development, and Office of Veterans Business Development

**Programs/Activities:** Small Business Contracting Set-aside, Size Standards, Size and Eligibility Protests, Certificate of Competency Awards, Agency Surveillance Review, Procurement Center Reviews, Small Business Innovation Research (SBIR), Small Business Technology Transfer (STTR), Surety Bond Guarantee (SBG), Women-Owned Small Businesses Contracting (WOSB), Service-Disabled Veteran-Owned Small Businesses Contracting (SDVOSB)

**Most Serious Management and Performance Challenge 1:** Weaknesses in Small Business Contracting Programs and Inaccurate Procurement Data Undermine the Reliability of Contracting Goal Achievements

**Strategies:**

1. Ensure federal agencies are meeting their small business contracting goals
2. Simplify access to federal contracting; attract and educate small businesses on contracting opportunities
3. Educate the federal contracting workforce on ways to increase awards
4. Increase surety agents issuing guaranty bond products
5. Coordinate with agencies to ensure they meet research set-asides for innovative entrepreneurship

The Federal Government is the largest procurer of goods and services in the world, spending over \$482 billion in FY 2018. These dollars represent a large opportunity, which was recognized by Congress when it established a minimum government-wide statutory goal of 23 percent for contract dollars to small businesses. The SBA provides oversight in federal contracting to ensure that this goal is achieved each year. Additionally, the Federal Government strives to award no less than 5 percent of contracts to both small disadvantaged businesses and women-owned small businesses, and no less than 3 percent to both service-disabled veteran-owned small businesses and small businesses in Historically Underutilized Business Zone (HUBZone) locations. Agencies further establish goals for subcontracting to small businesses, including participants in the SBA's small business programs. Small businesses provide quality performance, innovation, agility, and competitive pricing. In return, the Federal Government helps sustain a healthy American small business infrastructure, which is vital to the health of the economy.

The Federal Government also provides opportunities for small businesses to compete for research and development funding through the Small Business Innovation Research and Small Business Technology Transfer Programs. Each year, agencies with research and development budgets that exceed specific

thresholds are required to obligate a portion of these funds for awards to small businesses. The SBA reports on federal progress to stimulate technology innovation and commercialization through small businesses. In addition, the SBA provides unique products like the surety bond guarantee to support small business contractors who need bonds to access the contracting market. Through several key strategies that focus on education, training, and oversight, the SBA continues exceeding its small business contracting set-asides, supporting agencies' efforts to surpass small business innovation and technology goals, and increasing the number of surety bonds guaranteed.

**Progress Update:**<sup>18</sup> The SBA, in consultation with the Office of Management and Budget, has highlighted this Strategic Objective as making noteworthy progress. For the sixth consecutive year, the Federal Government surpassed its statutory prime contracting goal, leading the SBA to exceed its Priority Goal of 23 percent of federal contracting dollars going to small businesses. In FY 2018, the Federal Government awarded nearly \$121 billion in federal contracting dollars to small businesses, which is \$16 billion or 15 percent more than FY 2017. The Federal Government also surpassed its goal for service-disabled veterans (FY 2018 result of 4.27 percent) for the sixth consecutive year with more than \$20 billion in awards, and small disadvantaged businesses (FY 2018 result of 9.65 percent) with more than \$46 billion in awards. In FY 2018, the Federal Government awarded nearly \$23 billion in contracts to women-owned small businesses, which is a 10 percent increase from FY 2017, and nearly \$10 billion to small businesses located in HUBZones, which represents a 35 percent increase from FY 2017. In addition, the SBA published a proposed rule in May 2019 to seek input and comments on certification of businesses in the Women-Owned Small Business (WOSB) and Economically Disadvantaged Women-Owned Small Business (EDWOSB) Programs.

**Most Serious Management and Performance Challenges:** The SBA Inspector General annually reports on the top management and performance challenges that pose significant risks to the programs and activities particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The challenges are not presented in order of priority. Within each management challenge is a series of recommended actions to resolve the challenge.<sup>19</sup> The SBA annually responds to each action. The completion date represents when the SBA completes the action.

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<sup>18</sup> Due to data lags in federal contracting, the SBA's FY 2019 Strategic Objective 1.3 Progress Update uses FY 2018 results.

<sup>19</sup> For more information on the OIG Management Challenges, visit [www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges](https://www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges).

**Figure 1.3: Most Serious Management and Performance Challenge 1**

<b>Challenge 1: Weaknesses in Small Business Contracting Programs and Inaccurate Procurement Data Undermine the Reliability of Contracting Goal Achievements</b>	
<b>Recommended Actions</b>	<b>Completion Date</b>
<p>1. Strengthen controls in SBA preference programs to detect ineligible firms and remove those firms timely to ensure the accuracy of the federal government’s annual small business procurement goals achievements reported in the Small Business Goaling Report.</p> <p>2019 Achievement: To ensure transparency and clarity of the small business goals achievement (Scorecard) process, the SBA published supporting language on both the SBA Scorecard website and in the FY 2018 Goaling Guidelines. The SBA now has reinstated a process to re-validate the data 30 days after public release of the Scorecard. Using this process for the FY 2018 scorecard, the revalidation revealed zero errors. To strengthen the reliability of the Scorecard, the SBA has eliminated exclusions that existed in prior years, including the exclusion for purchases with non-appropriated funds.</p>	September 30, 2020
<p>1. Implement a certification process for WOSB.</p> <p>2019 Achievement: The SBA published a proposed rule seeking input on certification of Women-Owned Small Business (WOSB) and Economically Disadvantaged Women-Owned (EDWOSB) to support the WOSB Federal Contract Program. The rule will amend SBA’s regulations to implement Section 825 of NDAA FY 2015, which removed the statutory authority allowing WOSBs and EDWOSBs to self-certify.</p>	June 30, 2020

Table 1.3a displays the cost to administer the program. It includes direct costs from the operating budget, including contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 1.3a: Prime Contracting Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 18,529	\$ 18,011	\$ 18,328	\$ 16,636	\$ 17,304	\$ 23,305	\$ 23,644	\$ 24,889

Table 1.3b shows progress toward the Agency Priority Goal of federal prime contracting.

**Table 1.3b: Prime Contracting Priority Goal**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Percent of Federal Contracts Awarded to Small Businesses</b>	<b>Target</b>	23%	23%	23%	23%	23%	23%	23%	23%
	<b>Actual</b>	24.99%	25.75%	24.34%	23.88%	25.05%	Data Lag		
	<b>Variance</b>	9%	12%	6%	4%	9%	N/A		
<b>Additional Information:</b> FY 2019 data will be finalized in the third quarter of FY 2020. The SBA works with each federal agency annually to set their prime and subcontracting goals. The SBA ensures that the sum total of all of the goals exceeds the 23 percent target that the law established.									

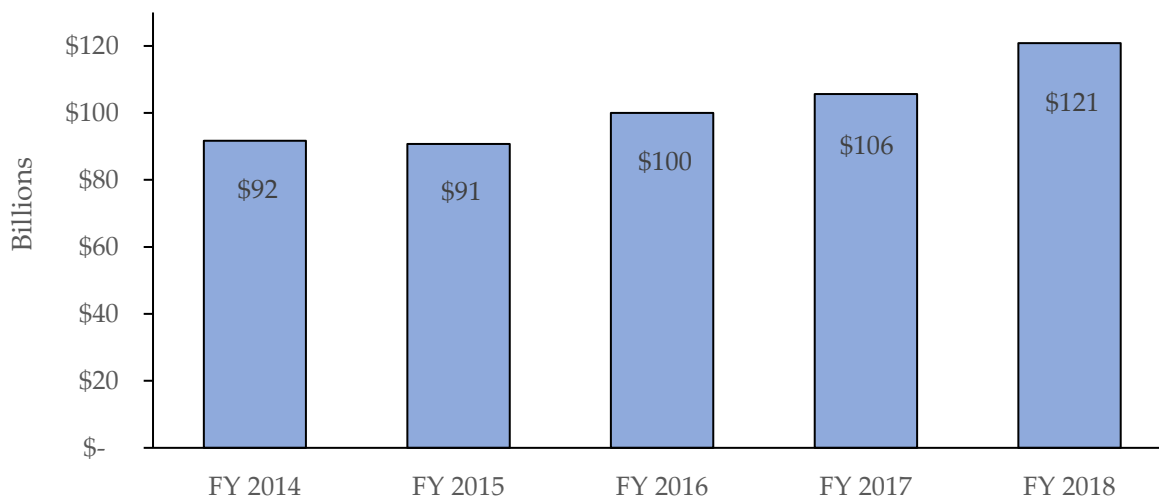
Table 1.3c shows the contracting performance goal of jobs supported.

**Table 1.3c: Contracting Jobs Supported Performance Goal**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Jobs Supported by Federal Contract Set-asides	Target	501,113	501,113	500,000	500,000	500,000	550,000	585,000	650,000
	Actual	555,600	513,900	558,100	584,100	638,400	654,000		
	Variance	11%	3%	12%	17%	28%	19%		
<b>Additional Information:</b> FY 2019 data will be finalized in the third quarter of FY 2020.									

Chart 1.3 shows the total federal contract dollars awarded to small businesses in the last 5 years. The U.S. Department of Defense (DOD) had the highest dollar value in contracting awards to small businesses (\$71.2 billion in FY 2018). The SBA supported the highest percentage of contracting awards to small businesses (78 percent in FY 2018).

**Chart 1.3: Federal Contracting Dollars (Billions) Awarded to Small Businesses<sup>20</sup>**



**Strategy 1: Ensure federal agencies are meeting their small business contracting goals**

The SBA partners with other federal agencies, with a special emphasis on agencies with the largest acquisition budgets, to ensure they meet their small business contracting goals. The SBA supports the Small Business Procurement Advisory Council and assists agencies in their acquisition planning efforts. Through training, sharing best practices, publishing data, and hosting matchmaking events, the Agency creates opportunities for small businesses to win federal contracts. Additionally, the SBA ensures oversight through its agency surveillance reviews and facilitates meetings with federal partners to ensure that they are fully knowledgeable of small business contracting. To further support this strategy, the SBA established an Agency Priority Goal that focuses on achieving or exceeding the Federal Government’s 23 percent small business contracting statutory goals.

<sup>20</sup> The SBA updated this graphic by rounding numbers and it slightly differs from the FY 2018 Annual Performance Report.



Additionally, the SBA manages two small business certification programs—the 8(a) Business Development (BD) Program and the HUBZone Program (See Strategic Objective 2.1). The 8(a) BD Program helps small disadvantaged businesses compete in the marketplace through the provision of business development assistance. The HUBZone Program helps small businesses in certain designated urban and rural areas gain preferential access to federal procurement opportunities.

Table 1.3d displays the metrics for federal contracting sub goals and surveillance reviews.

**Table 1.3d: Prime Contracting Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Federal Government Prime Contracts Awarded to Small Disadvantaged Businesses	Target	5%	5%	5%	5%	5%	5%	5%	5%
	Actual	9.46%	10.06%	9.53%	9.10%	9.65%	Data Lag		
	Variance	89%	101%	91%	82%	93%	N/A		
<b>Additional Information:</b> FY 2019 data will be finalized in the third quarter of FY 2020.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Federal Government Prime Contracts Awarded to Women-Owned Small Businesses	Target	5%	5%	5%	5%	5%	5%	5%	5%
	Actual	4.68%	5.05%	4.79%	4.71%	4.75%	Data Lag		
	Variance	-6%	1%	-4%	-6%	-5%	N/A		
<b>Additional Information:</b> FY 2019 data will be finalized in the third quarter of FY 2020.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Federal Government Prime Contracts Awarded to Service-Disabled Veteran-Owned Small Businesses	Target	3%	3%	3%	3%	3%	3%	3%	3%
	Actual	3.68%	3.93%	3.98%	4.05%	4.27%	Data Lag		
	Variance	23%	31%	33%	35%	42%	N/A		
<b>Additional Information:</b> FY 2019 data will be finalized in the third quarter of FY 2020.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Federal Government Prime Contracts Awarded to HUBZone Small Businesses	Target	3%	3%	3%	3%	3%	3%	3%	3%
	Actual	1.82%	1.82%	1.67%	1.65%	2.05%	Data Lag		
	Variance	-39%	-39%	-44%	-45%	-32%	N/A		
<b>Additional Information:</b> FY 2019 data will be finalized in the third quarter of FY 2020. The Federal Government continues to face challenges with recruiting and maintaining HUBZone firms. In FY 2018, the SBA completed its first qualitative evaluation to further understand ways to enhance the program.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Surveillance Reviews Completed	Target	30	30	30	30	30	30	30	30
	Actual	41	30	30	30	29	30		
	Variance	37%	0%	0%	0%	-3%	0%		
<b>Additional Information:</b> Surveillance Reviews (for prime contracting) and Small Business Performance Compliance Reviews (for subcontracting) are conducted to evaluate the implementation of regulations across the Federal Government.									

### FY 2019 Accomplishments and Challenges

Performance trends indicate that the Federal Government should exceed the 23 percent statutory requirement for the small business prime contracting goal in FY 2019. In FY 2018, the Federal Government surpassed its prime contracting target of at least 23 percent for the sixth consecutive year, totaling nearly \$121 billion in federal contracting dollars for small businesses. These awards included four categories that previously had been excluded until FY 2018: American Institute of Taiwan, resale, utilities, and excluded agencies funded predominately with their own generated sources. The Federal Government continued to exceed its service-disabled veteran goal of 3 percent (4.27 percent in FY 2018) and its small disadvantaged businesses goal of 5 percent (9.65 percent in FY 2018). The Federal Government spent 4.75 percent of its small business eligible contracting dollars with WOSB and 2.05 percent with small businesses in a HUBZone. Of the 24 CFO-Act agencies, 21 agencies achieved their prime contracting small business goals, while 11 of the 24 CFO Act agencies achieved their prime contracting socio-economic goals.

To promote small business contracting, the SBA deployed a team of skilled professional analysts, procurement center representatives (PCRs), industrial specialists for size protests (ISS), and certificate of competency and forestry management specialists. The PCRs participated in procurement strategies and reviewed requirements that are not unilaterally reserved for small businesses. They identified requirements distinguishing set-asides for small business concerns or specific small business socio-economic categories (i.e., women-owned, economically disadvantaged, service-disabled veteran-owned small businesses, HUBZone, and disadvantaged businesses in 8(a) Program). The PCRs also assessed contracting actions or acquisition performance from more than 2,800 federal procurement centers across the major 24 CFO-Act agencies. The ISSs and the certificate of competency specialists evaluated protested awards to small businesses and validated small business performance capabilities for specific contracts, respectively. Forestry management specialists review proposed sales of timber by the National Forest Service and the Bureau of Land Management to ensure that small business sawmills and loggers have a fair opportunity to bid on timber sales.

The SBA met monthly with the Agency's Office of Small and Disadvantaged Business Utilization (OSDBUs) directors and staff to provide training and policy updates, share best practices, and discuss progress toward prime and subcontracting goals as part of the Small Business Procurement Advisory Council. The SBA completed negotiations with each federal agency to set its prime and subcontracting goals for FY 2019. The annual scorecard for both government-wide and individual agencies for FY 2018 is available online.<sup>21</sup> It measures each agency's progress toward meeting its small business and socio-economic prime contracting and subcontracting goals and provides accurate and transparent contracting data.

The SBA played a central role in conducting regulatory compliance reviews. The reviews, known as surveillance reviews for prime contracting and subcontracting compliance reviews on large business primes, enabled the Agency to evaluate the implementation of regulations across the Federal Government to promote prime and subcontracting opportunities for small businesses. These reviews assessed the compliance of subcontracting plans by large business and the quality of a contracting agency's small business program, evaluated its impact, and recommended changes to improve small business participation in the federal acquisition process. The SBA, through its surveillance review program, conducted 30 onsite compliance reviews and through its Commercial Market

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<sup>21</sup> The Scorecard is available at <https://www.sba.gov/document/support--small-business-procurement-scorecard-overview>



Representatives completed over 500 large business prime contractor compliance reviews. The reviews also include a component to focus on the use of the SBA WOSB Program including the proper use of NAICS codes and follow-up training on the WOSB Program. These reviews increased the other agencies' attention to correct findings that inhibit small business contracting participation. The SBA revised its Memorandum of Understanding (MOU) with the Defense Contract Management Agency (DCMA) to increase the footprint of the Small Business Performance Compliance Review Program by aligning policies, regulations, and the execution of actions between the Agency and the DCMA.

The Agency collaborated with stakeholders to participate in outreach events to small businesses to increase awareness of all SBA contracting programs and supported training sessions to further that awareness. Furthermore, the Agency trained federal contracting and program officials from more than 23 agencies. More than 7,000 federal contracting and acquisition leaders received training on the benefit and use of all SBA contracting programs.

The SBA continued offering contracting officer flexibilities with the 8(a) Programs, allowing contracts to be awarded using competitive procedures for actions less than \$4 million, and offering common sense solutions when agencies requested release of acquisitions from the program. This action resulted in a significant increase in the total dollars obligated with 8(a) firms, which positively impacted the achievements of small disadvantaged businesses.

#### FY 2020 and FY 2021 Planned Performance

The SBA will continue to meet monthly with agency OSDBU directors and staff to analyze agency procurements, provide training and updates, share best practices, and discuss progress toward prime and subcontracting goals.

The SBA will maximize the top 300 identified buying actions opportunities for contracts. The SBA will work with agencies to negotiate their FY 2020 and FY 2021 goals and issue the annual scorecard for both government-wide and individual agencies. The Agency will also conduct 30 surveillance reviews annually (10 percent of the top 300 buying activities) to assess a contracting entity's small business program, evaluate its impact, and recommend changes to improve small business participation in the acquisition process. The surveillance reviews will continue to monitor the use of the SBA's WOSB Program with a focus on proper NAICS code use and WOSB Program training. The SBA will perform 500 compliance reviews of large prime contractors.

To increase efficiencies for the 8(a) Program, the SBA will prepare a model joint-venture agreement that incorporates the requirements of Agency regulations, which allows for the addition of state law requirements. The SBA has proposed combining the 8(a) Business Development (BD) Mentor-Protégé Program and the All Small Mentor-Protégé Program to eliminate confusion and remove unnecessary duplication of functions. Because the benefits and purposes of the two programs are identical, having two separate mentor-protégé programs is unnecessary. This proposed rule would eliminate a separate 8(a) BD Mentor-Protégé Program and continue to allow any 8(a) participant to enter a mentor-protégé relationship through the All Small Mentor-Protégé Program. In merging the 8(a) BD Mentor-Protégé Program with the All Small Mentor-Protégé Program, the proposed rule would also make conforming amendments to SBA's size regulations, the joint venture provisions, and the All Small Mentor-Protégé Program regulations.

The explicit purpose of the 8(a) BD Mentor-Protégé relationship is to enhance the capabilities of protégés and improve their ability to successfully compete for both government and commercial contracts. Similarly, the All Small Mentor-Protégé Program is designed to require approved mentors to aid protégé firms so that they may enhance their capabilities, meet their business goals, and improve their ability to compete for contracts.

The Agency will review financial statements and other submissions from 8(a) Program participants to ascertain the continued eligibility of participants to receive subcontracts pursuant to section 8(a).

The SBA will implement changes to the HUBZone regulation published in 2019. The revised HUBZone regulations will improve operations and enhance procurement opportunities for small businesses located in emerging markets. In FY 2020, the Agency will implement a final rule to allow state governors to petition for additional HUBZone designated areas and will draft its first annual report to Congress on the impact of the HUBZone Program. The SBA completed an evaluation of the HUBZone Program to identify the factors and barriers in the contracting process that keep federal agencies from achieving their 3 percent statutory goal and will use the findings to support improvements to the HUBZone process and service delivery.

***Strategy 2: Simplify access to federal contracting; attract and educate small businesses on contracting opportunities***

Small businesses are more likely to engage in federal contracting when barriers to entry are removed and the process is simplified. The SBA develops policies to simplify access to contracting, so that those businesses can more readily compete. Through online resources such as [Certify.sba.gov](https://certify.sba.gov), the Agency simplifies processes for small businesses to become certified more efficiently and win federal contracts.

The SBA plans to expand its full certification programs. First, the SBA will introduce a full certification program for its Women-Owned Small Business and Economically Disadvantaged Women-Owned Small Business (EDWOSB) contracting programs to enact the requirements of the FY 2015 NDAA. In addition, the SBA is working with the U.S. Department of Veteran’s Affairs (VA) to coordinate more aspects of each agency’s Service-Disabled Veteran Owned Small Business Concern (SDVOSB) contracting program. The SBA currently oversees the government-wide program, while the VA oversees contracting through its Veterans First Contracting Program.

**FY 2019 Accomplishments and Challenges**

The SBA continued to improve [Certify.sba.gov](https://certify.sba.gov) to make applying for contracting certification programs easier. The portal allows small business owners to upload documents, which streamlines processes. The SBA continued to promote the WOSB Program through the ChallengeHER campaign. This initiative, hosted at various agencies and SBA district offices, educated women-owned small business entrepreneurs in the federal supply chain in 13 workshops across the country. In addition, the Agency conducted 30 HUBZone training events and reached more than 4,600 small businesses, acquisition staff, and small business counselors. The SBA also drafted the proposed rule for the new Veterans Surplus Program to provide excess federal property to qualified veteran-owned small businesses across the country, in disaster areas, and in Puerto Rico.

The SBA issued a proposed rule to amend its regulations by changing the averaging period for calculating annual average receipts for small business size standards from 3 years to 5 years to implement the intent of the Small Business Runway Act of 2018, which allows small business

government contractors more time to prepare for the transition to the full and open market after they exceed the size standard.

As required by its regulations, the SBA reviewed monetary size standards for the impact of inflation and issued an interim final rule, adjusting all monetary based size standards for inflation. This action enabled small businesses that had lost their small business status due to inflation-led revenue growth to regain their small business eligibility for federal assistance.

Additionally, as part of the second 5-year comprehensive review of small business size standards required by the Small Business Jobs Act of 2010 (Jobs Act), the SBA continued to review small business size standards and determine necessary adjustments reflecting current industry and federal market conditions. The review and necessary adjustments to size standards enable small businesses to gain or maintain small business eligibility for federal small business contracting opportunities and contracting agencies to expand the pool of qualified small businesses to meet their small business contracting needs. The Agency completed the first 5-year review of small business size standards in early 2016.

The SBA completed its HUBZone evaluation that examined the factors that contribute to federal agencies reaching the socio-economic goal of the HUBZone Program. The Agency has used the findings to develop strategies to increase the number and dollar amount of HUBZone contracts among eligible small businesses and improve program marketing outreach and training across agencies and small businesses.

The SBA and the VA collaborated to issue regulations to unify their ownership and control requirements to more closely align the two government service-disabled, veteran-owned contracting programs. They also implemented regulations to transfer protest and appeal procedures regarding inclusion in the VA's Center for Verification and Evaluation (CVE) database from the VA to the SBA's Office of Hearings and Appeals.

The SBA and VA are also coordinating the potential transfer of certifications for SDVOSBs and VOSB Programs to the SBA. The SBA does not have a VOSB certification. The SBA currently has one certification and contracting program, the HUBZone Program, and one for certification and business development, the 8(a) Business Development Program. While not identical to either existing program, there are significant similarities that build upon the SBA's existing infrastructure to efficiently transition these certification programs and streamline their operations.

#### FY 2020 and FY 2021 Planned Performance

The SBA will continue to strengthen and simplify the certification process through [Certify.sba.gov](https://certify.sba.gov). This tool will reduce the administrative paperwork burden on applicants and ease the SBA's business opportunity specialists' review process.

The Agency will improve online offerings through the Government Contracting Classroom, which helps small businesses find the right opportunities for federal assistance from wherever they engage with the SBA and its partners. Additionally, the SBA will collaborate with state governments to create standards for women-owned and economically disadvantaged women-owned certification.

The SBA will continue to issue proposed and final rules on size standards changes as part of the second 5-year review of size standards required by the Jobs Act. The review and necessary adjustments to size standards will not only enable small businesses to gain or maintain small business eligibility for federal small business contracting agencies but also expand the pool of qualified small businesses to meet their small business contracting needs.

The Agency will maximize the number of opportunities for small businesses to win federal contracts at the prime and subcontract levels. This opportunity will allow the Agency to achieve greater synergy for all small business contracting and certification programs within the federal acquisition community. It will also streamline current certification processes through Certify.sba.gov, better leverage the SBA's existing field structure and resources, and create greater economies of scale for the SBA's current certification processes through improved efficiencies.

The SBA will continue working with the VA to further analyze resource requirements and the need for authorizing legislation that would enable VA small business contracting activities to be transferred to the SBA. The SBA and VA's certification programs support a myriad of interrelated activities, to include providing outreach and training to assist potential program participants with applications to the program, processing applications and determining eligibility prior to certification, and providing oversight of continuing eligibility for program participants and their eligibility for contracts. The certification program lifecycle also includes periodic recertifications, program examinations, status protests, and appeals. The SBA and VA will identify resources necessary for these and other program support activities, including training and outreach to the contracting community and information technology infrastructure development, integration, and maintenance.

The SBA expects to continue covering and leveraging Agency field staff (Business Opportunity Specialists) to educate and promote the certification programs to federal agencies and encourage federal acquisition staff to use SDVOSB, WOSB, 8(a), and HUBZone certified firms for their agency procurements.

### ***Strategy 3: Educate the federal contracting workforce on ways to increase awards***

The SBA promotes education and training for federal contracting officers and program managers, as well as for entrepreneurs seeking to enter the federal marketplace. With a greater understanding of small business contracting, acquisition staff at other agencies know the requirements to support contract competitions, better assist with contracting payments, understand changes in small business size standard criteria, and protect against fraud. This SBA strategy uses a variety of sources, including online training, marketing, and outreach. The SBA helps federal contracting officials participate in other Agency-sponsored procurement events that business opportunity specialists, PCRs, and commercial market representatives deliver and support.

#### **FY 2019 Accomplishments and Challenges**

The Agency continued to improve operations and enhance procurement opportunities for small businesses in underserved markets. As part of this process, the Agency briefed the federal contracting force via the OSDDBU directors and staff on implications of the proposed revisions.

The SBA First Wednesday Webinars and Government Contracting Classroom continued to grow and average 800-1,200 participants per session. The training offered free, self-paced, online learning to help small businesses and other stakeholders better understand the federal contracting marketplace.

The Classroom launched new modules that focused on preparing small businesses to acquire Federal Government contracts. The First Wednesday Webinars invited contracting officers from across the country to scheduled monthly training on programs and policies to help them improve contracting opportunities for small business concerns.

The Agency has collaborated with stakeholders to participate in outreach events to small businesses to increase awareness of the 8(a) Program. The SBA presented numerous trainings to promote the program and its proper use. It participated in a joint Department of Defense (DOD) small business training conference to train, educate, and develop productive working relationships that benefit small businesses. The conference brought together over 700 small business professionals.

#### FY 2020 and FY 2021 Planned Performance

The SBA will increase awareness of contracting opportunities through a variety of forums. The Agency will help small businesses find the right opportunities for federal assistance from wherever they engage to improve online offerings. The SBA will continue to meet with agency OSDBU directors and staff to provide training and share best practices. The Agency will continue participating in a joint effort with the DOD to provide training to SBA PCRs, business opportunity specialists (BOSs), and other Agency small business professionals and contracting officers. The training will focus on small business contracting program regulatory changes and review the SBA and DOD collaborative responsibilities.

The SBA will continue to develop and deliver BOS training and enhance the role with staff in the field, including the PCRs. Through learning modules and in other forums, the SBA will provide enhanced communication for staff located across the country to support small businesses seeking to enter the federal contracting market.

The SBA will conduct outreach through the 8(a) Programs to promote streamlined procedures to resource partners. This approach will help increase participation in the 8(a) Program and encourage more disadvantaged small businesses to participate in federal contracting opportunities. The Agency will continue to provide 8(a) training to the federal contracting force. These sessions are vital for creating 8(a) contract opportunities. Additionally, the SBA will engage staff in a joint small business training conference. Future training topics include non-manufacturer rule waivers, the protest process, limitations on subcontracting, and additional updates on changing rules.

#### ***Strategy 4: Increase surety agents issuing guaranty bond products***

The SBA supports small and emerging contractors' ability to compete and receive construction, service, and supply projects through the **Surety Bond Guarantee Program**. Many federal, state, local, and private projects require contractors to obtain bonding. This can be difficult in conventional commercial channels for small businesses lacking extensive credit histories. The SBA provides a service that encourages sureties to issue surety credit under terms that are not widely supported in the conventional market.

Table 1.3e displays the cost to administer the program. It includes direct costs from the operating budget, including contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 1.3e: Surety Bond Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 4,927	\$ 4,594	\$ 4,136	\$ 3,947	\$ 7,007	\$ 6,221	\$ 6,421	\$ 6,733

Table 1.3f provides the targets and results for the surety bond guarantee performance indicators.

**Table 1.3f: Surety Bond Guarantee Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Contract Value (Billions) of Bid and Final Bonds</b>	<b>Target</b>	5.70	6.50	6.75	7.10	7.00	7.10	6.70	6.90
	<b>Actual</b>	6.41	6.35	5.72	6.03	6.59	6.48		
	<b>Variance</b>	12%	-2%	-15%	-15%	-6%	-9%		
<b>Additional Information:</b> This measure tracks bid and final bond contract values. Program fees were temporarily decreased for a 2-year period beginning in FY 2019 to evaluate program utilization, portfolio composition, and risk. In addition, regulations and procedures are being assessed for streamlining in order to increase the number of bond guarantees.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Bid and Final Bonds Guaranteed</b>	<b>Target</b>	13,500	13,750	14,000	14,700	12,000	12,000	11,000	11,350
	<b>Actual</b>	12,384	11,480	10,435	10,397	10,866	9,905		
	<b>Variance</b>	-8%	-17%	-25%	-29%	-9%	-17%		
<b>Additional Information:</b> This measure tracks the bid and final bonds guaranteed. Program fees were temporarily decreased for a 2-year period beginning in FY 2019 to evaluate program utilization, portfolio composition, and risk. In addition, regulations and procedures are being assessed for streamlining in order to increase the number of bond guarantees. The shortfall variance in the number of bid and final bonds was due to the lost program activity during FY 2019's lapse in appropriations.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Jobs Supported by SBG</b>	<b>Target</b>	23,000	24,000	32,000	34,000	26,000	33,000	35,000	36,000
	<b>Actual</b>	28,887	27,300	23,940	26,223	31,837	32,598		
	<b>Variance</b>	26%	14%	-25%	-23%	22%	-1%		
<b>Additional Information:</b> This measure tracks the number of jobs created/retained as a result of bid and final bond guarantees approved. Program fees were temporarily decreased for a 2-year period beginning in FY 2019 in order to evaluate program utilization, portfolio composition, and risk. In addition, regulations and procedures are being assessed for streamlining to increase the number of bond guarantees.									

FY 2019 Accomplishments and Challenges

The SBA guaranteed 9,905 bid and final (payment and performance) bonds for a combined contract value of nearly \$6.5 billion, which supported 32,598 jobs. The Agency focused its outreach strategies on both strengthening its relationships with existing surety companies and agents, as well as ensuring that more small businesses had access to surety agents located conveniently within their geographical location. The SBA partnered with 4 new sureties for a total of 40 sureties and 450 active authorized agents.

The SBA introduced multiple system improvements for greater program oversight and application processing. Program beneficiaries and partners now have the capability to submit all forms and communications electronically, reducing application processing times. Additionally, the program has reduced and consolidated the amount of information required to process applications.



The SBA partnered with the National Association of Surety Bond Producers (NASBP) to conduct training sessions for small business contractors and prepare them to successfully enter and compete in the contracting marketplace. The Agency provided training in Georgia, Virginia, and Texas. The SBA also entered into an MOU agreement with the District of Columbia government to improve small and resident-owned business opportunities in local government construction projects.

The SBA launched a temporary initiative to lower fees, effective for 2 fiscal years, beginning October 1, 2018. The Agency will assess outcomes and risk from changes in the surety bond fee structure in a program evaluation. Additionally, the SBA launched the eXtensible Business Reporting Language (XBRL) pilot program to determine if the reporting framework to streamline reporting requirements is a feasible solution to reduce the burden of submitting applications.

The SBA published an Advance Notice of Proposed Rulemaking soliciting comments from the public for the purpose of identifying whether SBA regulations relating to the SBG Program should be repealed, replaced, or modified to better support small businesses. The SBA is also soliciting comments from the public on suggestions for Agency improvements to surety bond products, procedures, forms, and reporting requirements.

#### FY 2020 and FY 2021 Planned Performance

The SBA will support up to \$6 billion in surety final bond guarantees, resulting in 35,000 and 36,000 supported jobs in FY 2020 and FY 2021, respectively.

The SBA will continue to focus its marketing and outreach strategies on participating sureties and agents, as well as with potential new participants. The Agency will sustain its partnership agreement with the NASBP targeting new geographical areas. The SBA will use its internal resources and resource partners to work with the surety industry to provide training to small businesses and agents to expand program activity and awareness in all geographical areas, especially in emerging markets.

The SBA will start the process of evaluating and enhancing the SBG information technology system to align with current industry web-based processes and technology. The SBA will explore opportunities to guarantee additional bond products (i.e., concessionaire, wage and welfare, standalone maintenance, contractor license and permit, site improvement, labor and material, advance payment, supply, retention and custom bonds). Custom bonds could benefit small business support by the SBA's Office of International Trade. The ability to offer additional bond products may require statutory changes, and the SBA will work through its Office of Congressional and Legislative Affairs and OMB to provide suggested changes, as appropriate.

The SBA will develop a regulation based on comments from the FY 2019 proposed rulemaking to enhance the SBG Program. The SBA will complete drafting the proposed rules by spring 2020.

The SBA will continue its FY 2019 temporary initiative to lower fees through FY 2020 to assess outcomes and risk from changes in the surety bond fee structure. Additionally, contingent upon the outcomes of the FY 2019 pilot, the SBA will fully implement the XBRL framework to streamline system reporting requirements. Lastly, the Agency will conduct an online customer experience survey to measure the current state of customer satisfaction, identify areas for improvement, and track changes in satisfaction over time.

The SBA will explore ways to transfer financial risk borne by the Office of Surety Guarantee. The objective will be to create a risk-sharing opportunity with private sector participants willing to assume surety guarantee obligations. Federal agencies, including Freddie Mac, Fannie May, EXIM Bank, and FEMA have successfully adopted and implemented similar risk transfer programs.

***Strategy 5: Coordinate with agencies to ensure they meet research set-asides for innovative entrepreneurship***

The **Small Business Innovation Research Program (SBIR)** and the **Small Business Technology Transfer Program (STTR)** help small businesses develop and commercialize their innovations while meeting federal research and development (R&D) needs. The SBA serves as the coordinating agency for the 11 participating federal agencies. In this role, the SBA issues policy guidance, tracks metrics, submits reports to Congress, and manages SBIR.gov and the business intelligence data platform that supports these programs. Furthermore, the SBA assists small businesses interested in pursuing SBIR/STTR opportunities through outreach, training, and local entrepreneurial ecosystem building.

To increase access to the SBIR and STTR Programs, the SBA conducts outreach events, makes program information available on [www.SBIR.gov](http://www.SBIR.gov), and works with external stakeholders to build SBIR/STTR knowledge and awareness. To strengthen assistance to small technology firms, the SBA developed online training tools for small businesses, as well as a program called “Train the Trainer,” targeted to increasing knowledge at the resource partner level. Furthermore, the SBA engages with other local technology-based entrepreneurial ecosystems and organizations to build the support system for those firms. To help ensure programmatic compliance, the SBA coordinates and leads regular interagency meetings and working groups; produces annual reports; and monitors fraud, waste, and abuse. The SBA issues policy guidance for the participating agencies through the Policy Directive, which is published in the Federal Register and interprets the statutory provisions for the SBIR/STTR Programs. Moreover, the SBA manages and maintains a database of information related to small business participants and SBIR/STTR awards for public and agency users.

Table 1.3g displays the cost to administer the program. The table includes direct costs from the operating budget, including contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. Actual amounts also include resources provided by other agencies for shared outreach, training, and studies. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 1.3g: SBIR/STTR Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 9,258	\$ 9,650	\$ 6,999	\$ 8,522	\$ 5,920	\$ 6,982	\$ 7,033	\$ 4,105

Table 1.3h shows performance indicators for the SBIR/STTR Programs.



**Table 1.3h: SBIR/STTR Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SBIR/STTR Dollars (Billions) Obligated	Target	N/A	N/A	N/A	N/A	2.30	2.25	2.50	3.00
	Actual	2.51	2.55	2.27	3.04	3.16	Data Lag		
	Variance	N/A	N/A	N/A	N/A	37%	N/A		
<b>Additional Information:</b> Participating federal agencies have until March of the following fiscal year to submit their data.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of SBIR/STTR Phase I and Phase II Awards	Target	N/A	N/A	N/A	N/A	4,750	4,500	5,000	5,000
	Actual	5,380	5,058	4,750	5,999	5,630	Data Lag		
	Variance	N/A	N/A	N/A	N/A	19%	N/A		
<b>Additional Information:</b> Participating federal agencies have until March of the following fiscal year to submit data.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Federal Government Dollars Awarded to SBIR Proposals	Target	2.8%	2.9%	3.0%	3.2%	3.2%	3.2%	3.2%	3.2%
	Actual	3.1%	2.9%	3.1%	3.2%	2.8%	Data Lag		
	Variance	11%	0%	3%	0%	-12%	N/A		
<b>Additional Information:</b> Participating federal agencies have until March of the following fiscal year to submit their data. Numbers are based on the agency-reported total extramural federal research and development budget.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Federal Government Dollars Awarded to STTR Proposals	Target	0.40%	0.40%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%
	Actual	0.32%	0.40%	0.38%	0.44%	0.39%	Data Lag		
	Variance	-20%	0%	-16%	-4%	-13%	N/A		
<b>Additional Information:</b> Federal agencies with extramural budgets for research or research and development in excess of \$1 billion must spend at least the targeted amount on small business innovation. Participating federal agencies have until March of the following fiscal year to submit their data.									

FY 2019 Accomplishments and Challenges

SBIR and STTR funding increased 22 percent over FY 2018 for an available budget of \$3.7 billion in awards for FY 2019. The SBA reduced the backlog of SBIR/STTR Annual Reports by publishing both the FY 2016 and FY 2017 Annual Reports while simultaneously completing a multi-year effort focused on improved data quality.<sup>22</sup> This involved adding tools to identify missing or incorrect data in real time and in a format that allows agencies to quickly correct and resubmit data. The SBA will continue to modernize its collection system to make processes more efficient and accurate. The recently submitted annual reports provide increased documentation of agency compliance, percentage of women and minority-owned firms in the program, percent of firms receiving awards, and other tables to increase transparency and better visualize the data. The SBA also supported the Cross-Agency Priority Goal for Lab to Market, and the accomplishments are available at [www.performance.gov/CAP/lab-to-market](http://www.performance.gov/CAP/lab-to-market).

<sup>22</sup> The FY 2016 Annual Report is available at: [www.sbir.gov/sites/default/files/FY16%20SBIR%20Annual%20Report%2004082019\\_master%20FINAL%20Signed%20Copy%20adobe%20version%204.10.19.pdf](http://www.sbir.gov/sites/default/files/FY16%20SBIR%20Annual%20Report%2004082019_master%20FINAL%20Signed%20Copy%20adobe%20version%204.10.19.pdf) and the FY 2017 Annual Report is available at: [www.sbir.gov/sites/default/files/SBIR%20FY2017%20ANNUAL%20REPORT.pdf](http://www.sbir.gov/sites/default/files/SBIR%20FY2017%20ANNUAL%20REPORT.pdf)

The SBA historically issued SBIR and STTR programmatic guidance through separate Policy Directives for each program. The SBA used information from discussions with OMB and the 11 participating federal SBIR/STTR agencies to revise and combine its separate guidance into a consolidated SBIR/STTR Policy Directive. The SBA published a revised Policy Directive in April 2019, which clarified data rights for program participants, preference for Phase III awards, and other key elements for both programs.

The SBA expanded access and awareness of the SBIR/STTR Programs with a focus on underrepresented states and individuals. The SBA conducted its SBIR Road Tour for the fifth year and hit the milestone of reaching all 50 states. During the 2019 SBIR Road Tour, the SBA and the 11 SBIR funding agencies visited 16 locations, including Puerto Rico and four states that had not previously hosted the SBIR Road Tour stop. Additionally, regional SBIR conferences were coordinated in Boston, Massachusetts, and Tampa, Florida. The Agency also participated in events to connect ecosystem partners with information to better support high tech entrepreneurs from the proposal stage through commercialization. Notable SBIR training workshops took place at the national conferences for the Association of Procurement Technical Assistance Centers (APTAC) and the Association of Small Business Development Centers (ASBDC).

The SBA managed the annual Growth Accelerator Fund Competition (GAFC), which made awards to 60 entities to help SBIR/STTR-focused businesses scale up and grow. The SBA also continued management of the FAST Program, awarding 24 grants to support organizations for providing guidance and technical assistance to aspiring SBIR and STTR Program participants. The period of performance began September 30, 2019 for work to take place through the end of FY 2020.

The SBA Office of Innovation and Technology cleared four GAO recommendations in FY 2019 and made substantial progress on clearing four of the remaining five recommendations.

#### FY 2020 and FY 2021 Planned Performance

The SBA will publish its FY 2018 and 2019 SBIR/STTR Annual Reports. In addition, the SBA will expand and improve the data that measures the time from proposal submission, selection, and award. The SBA will also expand the reporting on the percent of funding and awards going to firms with more awards, first-time awardees, and those awardees from underrepresented communities.

The SBA will manage the 24 FAST grants and 60 Growth Accelerator prizes awarded at the end of FY 2019 to capture core metrics and share best practices. Additionally, the SBA will work with SBA district offices and existing SBA resource partners as it works to increase the level of awareness of the SBIR/STTR Programs and how to partner with entities in the existing innovation ecosystem.

The SBA will continue its partnership with the 11 participating federal agencies to share best practices and to expand new program applicant participation. Additionally, the SBA will work with the participating agencies to improve core efficiencies, such as reducing the paperwork burden on applicants, streamlining award evaluation, and decreasing funding timelines. Finally, the SBA will release an evaluation of the FAST Program to assess program effectiveness.

In FY 2021, the SBA does not request funds for the FAST Program or the GAFC Program because these services are duplicative of other resources.

## ***Strategic Goal Two – Build Healthy Entrepreneurial Ecosystems and Create Business Friendly Environments***

### **Strategic Objective 2.1: Develop Small Businesses through Technical Assistance**

**Performance Goal:** Assist 24,500 small businesses through business development programs in FY 2021  
**FY 2018–2019 Agency Priority Goal:** By September 30, 2019, increase by 10 percent from the FY 2017 baseline the number of 8(a)-certified firms awarded federal contracts (FY 2017 baseline of 3,421 small businesses)

**Objective Lead:** Associate Administrator for Government Contracting and Business Development

**Objective Support:** Office of Field Operations, Office of Entrepreneurial Development

**Programs/Activities:** 8(a) Business Development, 7(j) Management and Technical Assistance, HUBZone, Small Business Procurement Set-aside, Women-Owned Small Businesses Contracting (WOSB), Service-Disabled Veteran-Owned Small Businesses Contracting (SDVOSB), All Small Mentor-Protégé Program (ASMPP)

**Most Serious Management and Performance Challenge 5:** SBA Needs to Ensure That the 8(a) Business Development Program Identifies and Addresses the Needs of Program Participants, Only Eligible Firms Are Admitted in the Program, and Standards for Determining Economic Disadvantage Are Justifiable

**Strategies:**

1. Strengthen business development opportunities in emerging market communities
2. Provide individual, specialized support to small businesses to increase growth and build infrastructure
3. Expand Mentor-Protégé Program support to connect businesses

Small businesses owned by economically and socially disadvantaged individuals often have difficulty accessing services that provide opportunities for federal contracting. As noted in Strategic Objective 1.3, the Federal Government sets aside billions of dollars each year in contracts to such businesses. Congress also established small business contracting set-aside preferences for other entrepreneurial populations with a disadvantage in federal contract competition, such as women-owned small businesses and service-disabled veteran-owned small businesses.

The SBA helps to ensure inclusive entrepreneurship through products and services that offer a clear business development technical assistance path. Through the 8(a) Business Development Program, the Agency provides business development support to socially and economically disadvantaged small business owners. Similarly, the HUBZone Program encourages economic development in economically distressed communities across the country by providing federal contracting preferences to firms located in areas designated as Historically Underutilized Business Zones. HUBZone firms operating in these areas invest in their buildings, employment, and in the training of HUBZone residents to help improve the economic conditions of these areas. In addition, the SBA has established the All Small Mentor-Protégé Program (ASMPP) to support small business growth through partnerships with larger firms. Finally, through the 7(j) Management and Technical Assistance Program, the SBA delivers technical assistance to eligible enterprises to prepare small businesses for contract opportunities.

**Progress Update:** Through the 8(a), HUBZone, 7(j), and the ASMPP technical assistance programs, the Agency supported 23,3000 small businesses. The SBA also completed an evaluation of the HUBZone Program. The Agency continued to streamline the 8(a) application and annual review processes and

updated its online SBA certification portal—Certify.sba.gov. In addition, the ASMPP has continued to support more small businesses seeking to enter the federal contracting market.

**Most Serious Management and Performance Challenges:** The SBA Inspector General annually reports on the top management and performance challenges that pose significant risks to the programs and activities that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The challenges are not presented in order of priority. Within each management challenge is a series of recommended actions to resolve the challenge.<sup>23</sup> The SBA annually responds to each action. The completion date represents when the SBA completes the action.

**Figure 2.1: Most Serious Management and Performance Challenge 5**

<b>Challenge 5: SBA Needs to Ensure That the Section 8(a) Business Development Program Identifies and Addresses the Needs of Program Participants, Only Eligible Firms Are Admitted into the Program, and Standards for Determining Economic Disadvantage Are Justifiable</b>	
Recommended Actions	Completion Date
<p>1. Establish objective and reasonable criteria that effectively measure “economic disadvantage” and implement the new criteria.</p> <p>2019 Achievement: The certification rule pertaining to Women-owned Small Business (WOSB) and Economically Disadvantaged Women-Owned Small Business (EDWOSB) concerns participating in the WOSB/EDWOSB Program was submitted to OMB for interagency clearance on February 7, 2019. The SBA received and addressed all interagency comments and resubmitted the revised rule on April 15, 2019. The rule was published on May 14, 2019, and the public comment period closed on July 15, 2019. The SBA received over 300 comments on the proposed rule and is in the process of evaluating them.</p>	September 30, 2020

<sup>23</sup> For more information on the OIG Management Challenges, visit [www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges](http://www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges).

<p>2. Augment and implement controls that ensure only eligible firms are admitted into the 8(a) Program.</p> <p>2019 Achievement: The 8(a) SOP revisions (4506T and Statement of Difference) will enhance SBA’s internal controls. In addition, the SBA conducted standardized Adjusted Gross Income (AGI) calculation training on April 16, 2019 for Office of Certification and Eligibility (OCE) staff to use and provide consistent evaluation regarding economic disadvantaged requirements. The SBA also plans to issue a procedural notice to the staff in Business Development and Office of Field Operations regarding the standardized AGI calculation and conduct training sessions for the Business Opportunity Specialists on the standardized AGI calculation.</p> <p>The SBA issued the procedural notice for Adjusted Gross Income on November 2019. The notice provides guidance to all program personnel on use of the AGI tool to consistently calculate AGI. To ensure consistent application of the tool, training was conducted between October and November 2019 and continues. The SBA is pursuing discussions with the IRS to next identify how to collect tax transcripts from individuals claiming to be economically disadvantaged.</p>	<p>September 30, 2020</p>
<p>3. Develop and implement a system to assist program officials in monitoring participants’ progress in the 8(a) Business Development Program and providing business development needs on an individualized basis.</p> <p>2019 Achievement: The SBA is exploring options to use an Agency-wide annual review tool to monitor participants’ progress and give BOSs additional capabilities to provide individualized business development assistance. The SBA plans to create a team of cross-agency experts to develop and implement a standard annual review tool across district offices and will also conduct training on how to use the annual review tool, business development training and continuing education to enhance more robust individual support to 8(a) firms.</p> <p>The SBA 8(a) Business Development Program will continue to partner with the Office of Field Operations (OFO) to collaborate on solutions to ensure effective business development to 8(a) participants, develop and implement measures to track 8(a) participants’ progress, and implement controls to ensure only eligible firms remain in the program.</p>	<p>September 30, 2020</p>

<p>4. Measure 8(a) Business Development Program participant’s progress on achieving its individualized business development goals and assess program effectiveness.</p> <p>2019 Achievement: The SBA, based on the collaboration described in action 3 above, will develop measures of progress for individual 8(a) firms, and will continue to work to refine measures of program effectiveness.</p> <p>The SBA 8(a) Business Development Program will continue to partner with the Office of Field Operations (OFO) to collaborate on solutions to ensure effective business development to 8(a) participants, develop and implement measures to track 8(a) participants’ progress, and implement controls to ensure only eligible firms remain in the program.</p>	<p>September 30, 2020</p>
<p>5. Implement controls to detect ineligible firms in the 8(a) Program during the continuing eligibility reviews, effectively address complaints received regarding 8(a) firms, and remove ineligible firms from the 8(a) Program timely.</p> <p>2019 Achievement: The SBA is updating its SOP to provide further guidance on detecting ineligible firms during continuing eligibility reviews and steps to correct issues in a timely manner. In addition, the Agency is drafting a new chapter in its SOP to incorporate procedures for the review of hotline complaints regarding 8(a) firms.</p>	<p>September 30, 2020</p>

Table 2.1a shows progress toward the FY 2018–2019 Agency Priority Goal focused on increasing the number of 8(a) firms winning federal contracts by 10 percent by FY 2019.

**Table 2.1a: 8(a) Business Development Priority Goal**

FY 2018–2019 Priority Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
8(a) Firms Awarded Federal Contracts	Target	N/A	N/A	N/A	Baseline	3,590	3,760		
	Actual	N/A	N/A	N/A	3,421	3,709	3,871		
	Variance	N/A	N/A	N/A	N/A	3%	3%		
<b>Additional Information:</b> The SBA added this FY 2018-2019 Agency Priority Goal to focus on increasing the number of 8(a) firms that win federal contracts. Given that more firms are part of the 8(a) Program, business development should spur more contract opportunities.									

Table 2.1b shows the performance goal tracking the number of small businesses that 8(a), 7(j), and HUBZone Programs assisted.

**Table 2.1b: Small Businesses Assisted Performance Goal**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Assisted by 8(a), 7(j), and HUBZone Programs	Target	18,025	18,025	18,050	16,000	19,000	24,500	24,500	24,500
	Actual	17,163	20,324	19,686	17,318	27,314	23,300		
	Variance	-5%	13%	9%	8%	44%	-5%		
<b>Additional Information:</b> The SBA tracks the number of small businesses assisted from 8(a), 7(j), and HUBZone Programs. The SBA has readjusted its target for the 7(j) Program.									



**Strategy 1: Strengthen business development opportunities in emerging market communities**

The Federal Government’s goal to award at least 5 percent of all federal contracting dollars to small disadvantaged businesses is implemented through the SBA’s business development activities. The Agency collaborates with OSDBUs in other federal agencies to provide training and share best practices for small businesses to navigate the federal acquisition process.

Through the **8(a) Business Development Program**, the SBA limits competition for certain contracts to SBA-certified small businesses owned by socially and economically disadvantaged individuals or entities. The SBA established an FY 2018–2019 Agency Priority Goal that seeks to increase the number of certified 8(a) firms with at least one federal contract.

Through the **7(j) Management and Technical Assistance Program**, the SBA provides eligible disadvantaged small businesses with assistance such as training, executive education, and one-to-many consulting in a wide range of business activities, including marketing, accounting, opportunity development and capture, contract management, compliance, and financial analysis.

The **HUBZone Program** promotes job growth, capital investment, and economic development in economically distressed areas designated as HUBZones by providing contracting assistance to small businesses located in these areas through federal procurement set-asides. HUBZone-certified businesses also receive a 10-percent price evaluation preference in full and open contract competitions.

Table 2.1c displays the cost to administer the programs. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 2.1c: 8(a), 7(j), and HUBZone Program Budgets – Total Administrative Resources (Thousands)**

Program	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
8(a)	\$ 53,824	\$ 55,600	\$ 47,281	\$ 54,099	\$ 71,456	\$ 63,117	\$ 65,125	\$ 68,457
7(j)	\$ 5,614	\$ 4,444	\$ 2,422	\$ 3,081	\$ 4,098	\$ 4,591	\$ 3,635	\$ 1,717
<b>HUBZone</b>	\$ 10,262	\$ 15,225	\$ 8,409	\$ 9,967	\$ 9,772	\$ 11,191	\$ 11,751	\$ 12,042

Table 2.1d shows progress toward the performance indicators tracking the number of small businesses assisted by 8(a), 7(j), and HUBZone Programs.

**Table 2.1d: 8(a), 7(j), and HUBZone Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Small Businesses Assisted by 8(a)</b>	<b>Target</b>	8,000	8,000	8,000	5,500	8,000	8,000	8,000	8,000
	<b>Actual</b>	6,660	6,948	8,010	6,655	6,789	7,958		
	<b>Variance</b>	-17%	-13%	0%	21%	-15%	-1%		
<b>Additional Information:</b> The SBA tracks the number of 8(a) firms the Agency assists through its business opportunity specialists located in SBA district offices. The deployment of the SBA’s unified contracting certification portal, Certify.sba.gov, impacted the initial incoming 8(a) applications numbers.									



		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Percent of Annual 8(a) Reviews Completed</b>	<b>Target</b>	100%	100%	100%	100%	100%	100%	100%	100%
	<b>Actual</b>	100%	100%	100%	100%	100%	100%		
	<b>Variance</b>	0%	0%	0%	0%	0%	0%		
<b>Additional Information:</b> Each active 8(a) Program participant is reviewed on an annual basis to determine continued compliance with the program's requirements and to measure the firm's progress in meeting the goals and objectives set forth in its business plan. Reviews are completed on a rolling basis and must occur within 60 days of the 1-year anniversary date from a firm's acceptance into the 8(a) Program. For example, a firm certified on January 1 of a given year would need the review completed by March 1 of the following calendar year.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Small Businesses Assisted by 7(j)</b>	<b>Target</b>	3,550	3,550	3,550	4,000	4,500	10,000	8,500	8,500
	<b>Actual</b>	4,104	5,360	5,245	4,100	6,483	8,032		
	<b>Variance</b>	16%	51%	48%	3%	44%	-20%		
<b>Additional Information:</b> The 7(j) Management and Technical Assistance Program was unable to meet its FY 2019 goal due to the lapse in funding, where 7(j) vendors were unable to provide assistance to eligible firms during this time.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Small Businesses Assisted by HUBZone</b>	<b>Target</b>	6,475	6,475	6,500	6,500	6,500	6,500	8,000	8,000
	<b>Actual</b>	6,339	8,106	6,431	6,563	14,042	7,310		
	<b>Variance</b>	-2%	25%	-1%	1%	116%	11%		
<b>Additional Information:</b> The data include initial applications received, protests, decertifications, recertifications, program exams, HUBZone office hours, participants, and emails. The increase in FY 2019 SB assisted is attributable to a growing portfolio of certified firms as well as an increase in helpdesk inquiries about topics such as the new program regulations.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of HUBZone Sites Visited</b>	<b>Target</b>	518	500	475	492	508	508	508	508
	<b>Actual</b>	569	518	515	505	529	507		
	<b>Variance</b>	10%	4%	8%	3%	4%	0%		
<b>Additional Information:</b> The SBA visits 10% of HUBZone sites in the portfolio from the previous fiscal year.									

### FY 2019 Accomplishments and Challenges

The SBA, through the 7(j) and 8(a) Programs, assisted 8,032 and 7,958 small businesses, respectively in FY 2019. The SBA identified and implemented improvements in the 8(a) Program for better execution and shared best practices with OSDBUs of other agencies.

The SBA also continued to offer 8(a) Program contracting officer flexibilities, allowing contract awards using competitive procedures for actions less than \$4 million and offering streamlined processes when agencies requested release of acquisitions from the program. This approach resulted in a significant increase in the total contract dollars obligated to 8(a) firms. In recent years, the use of 7(j) Program training expertise to assist small disadvantaged businesses increased 8(a) Program success. The 7(j)-training helped participating small businesses better prepare themselves for federal contracting opportunities.

The Agency continued recruiting and conducting outreach events that increased the number of firms in the HUBZone portfolio. The SBA maintained more than 6,000 HUBZone firms in the portfolio and assisted 7,310 small businesses. The SBA conducted training and webinars to educate small

businesses about HUBZone requirements. The SBA finalized a new rule, which included maintaining HUBZone status for re-designated areas until the release of 2020 Census data (mid-late 2021) and subsequent impacts to the HUBZone Program. The SBA anticipates that stabilization of the geographical area requirements will increase applications from small businesses investing in these areas.

The SBA completed an evaluation of the HUBZone Program to identify the factors and barriers in the contracting process that keep federal agencies from achieving their 3 percent statutory goal. The SBA has used the findings to support improvements to HUBZone processes and service delivery.

#### FY 2020 and FY 2021 Planned Performance

The SBA will support 7(j) Program business development through educational modules for delivery in the 68 district offices. The SBA will deploy an enhanced network of webinar education and online training in its transition from “one-to-one” individual counseling to a “one-to-many” method. This assistance is designed to reach 8,000 and 8,500 small businesses via the 7(j) Program in FY 2020 and FY 2021, respectively. The SBA will also use its broad network of district offices to raise awareness of the 8(a) Program and continue using the 7(j) Program in innovative ways to provide critical training for disadvantaged firms.

In FY 2020, the 7(j) Program will complete a program evaluation examining the relationship between firms who received training and successful outcomes. Insights and recommendations developed through the evaluation will be implemented in FY 2020 and FY 2021 to maximize the reach and effectiveness of the 7(j) Program.

The SBA will continue promoting outreach to resource partners to help increase participation in the 8(a) Program and encourage more disadvantaged small businesses to participate in federal contracting opportunities. The Agency will provide 8(a) Program training to the federal contracting force, with sessions that are vital for creating contract opportunities for 8(a) participants.

The SBA will modernize its HUBZone Program certification system, increase assistance to HUBZone small businesses, and help mitigate fraud, waste, and abuse. This initiative will improve processes for application, recertification, program examination, protests, material changes, and decertification. The HUBZone maps will have additional functionality enabling the user to view locations of HUBZone small business concerns, places of performance for HUBZone contracts, and commercial and residential real estate in HUBZones.

The SBA will develop and implement a plan to increase contract awards to HUBZone small businesses through proposed regulatory changes to clarify firm eligibility requirements. In addition, the SBA will implement other lessons learned from the HUBZone evaluation recommendations.

The SBA will implement changes to the HUBZone regulations to improve operations and enhance procurement opportunities for small businesses located in emerging markets. In FY 2020, the Agency will implement a final rule to allow governors to petition for additional HUBZone designated areas and will draft its first annual report to Congress on the impact of HUBZone Program. The SBA completed an evaluation of the HUBZone Program to identify the factors and barriers in the contracting process that keep federal agencies from achieving their 3 percent statutory goal and will use the findings to support improvements to HUBZone processes and service delivery.

The SBA will continue to provide training to its BOSs to ensure that they have the resources to help small businesses succeed. As the SBA continues to enhance Certify.sba.gov, BOSs will receive updates and training on the platform and identify ways to enhance interactions with small businesses applying for certification.

***Strategy 2: Provide individual, specialized support to small businesses to increase growth and build infrastructure***

The SBA ensures that qualified HUBZone firms, service-disabled veteran-owned businesses, and women-owned businesses seeking to create, develop, and expand their business have full access to business development and expansion tools available through the Agency's entrepreneurial development, training, and federal contracting programs. The SBA coordinates the development of policies for HUBZone firms, veteran-owned, and women-owned small businesses.

FY 2019 Accomplishments and Challenges

The SBA hosted an all-day meeting with the Women-Owned Small Business (WOSB) Program special focus groups and third-party certifiers to gather feedback on the draft proposed rule for WOSB certification that the Agency will be developing. The SBA partnered with Women Impacting Public Policy (WIPP) and AmEx to conduct outreach events, called "ChallengeHer," which focused solely on assisting women entrepreneurs aspiring to participate in, or already active in, federal small business procurement. The events are hosted across the country and have led to training thousands of women-owned businesses. The SBA also provided training at several veteran-focused small business initiatives, to include Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE) and the Veteran Institute for Procurement (VIP).

The SBA also completed a training module for its BOSs to educate them on processes and strengthen customer service for federal agencies and 8(a) small businesses. In addition, the training focused on core principles and demonstrated continued improvements in program performance.

The SBA First Wednesday Webinars and Government Contracting Classroom continued to grow, and offered free, self-paced, online learning to help small businesses and other stakeholders better understand the federal contracting marketplace. The Classroom launched new modules that focused on preparing small businesses to acquire Federal Government contracts. The First Wednesday Webinars invited contracting officers from across the country to scheduled monthly training on programs and policies to help them improve contracting opportunities for small business concerns.

The Agency collaborated with stakeholders to participate in outreach events to small businesses to increase awareness of the 8(a) Program. The SBA presented numerous trainings to diverse audiences to promote the program and its proper use. The SBA participated in a joint Department of Defense (DOD) small business conference to train, educate, and develop productive working relationships that benefit small businesses. The conference brought together more than 600 DOD small business professionals.

FY 2020 and FY 2021 Planned Performance

The 7(j) Program will continue to provide management and technical assistance to 8(a), HUBZone small businesses, economically disadvantaged women-owned small businesses, and small businesses owned by low income individuals and located in high unemployment areas. The SBA will also

develop targeted programs to better address growth and infrastructure for small businesses. The SBA’s targeted programs will deliver services to firms that are in developmental and transitional stages.

The SBA will increase awareness of contracting opportunities through a variety of forums. In order to improve online offerings, the Agency enables small businesses to access opportunities for federal assistance from wherever they engage with the SBA and its partners. The Agency will continue regular engagement with the OSDDBUs of other agencies to provide training and share best practices. The SBA continues to participate in a joint effort with the DOD to provide training to Procurement Center Representatives (PCRs), BOSs, and DOD small business professionals and contracting officers. The training will focus on small business contracting program regulatory changes and reviews the SBA and DOD collaborative responsibilities.

The SBA will continue developing and delivering BOS training and enhance the role with staff in the field, including the PCRs. Through learning modules and other forums, the SBA will provide enhanced communication for staff located across the country to continue supporting small businesses seeking to enter the federal contracting market.

**Strategy 3: Expand Mentor-Protégé Program support to connect businesses**

Through the **All Small Mentor-Protégé Program (ASMPP)**, the SBA encourages small businesses to gain valuable experience in and access to the federal acquisition marketplace by allowing them to enter into formal partnerships with experienced firms through approved Mentor-Protégé Agreements. The SBA also collaborates with federal agencies and other partners to promote 8(a), HUBZone, service-disabled veteran-owned, and women-owned small businesses interested in establishing mentor-protégé partnerships.

Table 2.1e displays the cost to administer the programs. It includes direct costs from the operating budget, including contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 2.1e: All Small Mentor-Protégé Program Budgets – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
N/A	N/A	N/A	N/A	\$ 2,178	\$ 2,063	\$ 2,091	\$ 2,189

Table 2.1f shows progress toward the performance indicators for the All Small Mentor-Protégé program.

**Table 2.1f: All Small Mentor-Protégé Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Approved Mentor-Protégé Agreements	Target	N/A	N/A	N/A	Baseline	345	345	345	345
	Actual	N/A	N/A	N/A	330	347	342		
	Variance	N/A	N/A	N/A	N/A	1%	-1%		
<b>Additional Information</b> This measure tracks the number of Mentor-Protégé Agreements approved in a given fiscal year, based on the date of acceptance into the program. Previously, this metric tracked cases based on the date a case was received; FY 2017 and FY 2018 results have been restated to reflect a consistent methodology based on approval dates.									

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Net Number of Full Time Equivalents in Protégé Firms	Target	N/A	N/A	N/A	N/A	Baseline	1,500	2,000	2,400
	Actual	N/A	N/A	N/A	N/A	1,415	2,464		
	Variance	N/A	N/A	N/A	N/A	N/A	60%		
<b>Additional Information:</b> This metric reports data from the annual reports submitted from protégés. This metric has been updated in FY 2019 to report the net increase or decrease of FTEs for protégé firms in the program from the total number of FTEs for protégé firms. The net increase of FTEs resulting from federal contracts awarded to program participants is a better indication of the ASMPP's impact than a grand total of FTEs across all protégé firms. The FY 2018 Baseline and subsequent FY Targets for this indicator have also been restated accordingly. As the number of incoming applications remains steady each year, the number of existing MPAs grows exponentially. The increase in FTEs from FY 2018 to FY 2019 reflects this exponential growth.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Success Rate of Protégé-Winning Bids	Target	N/A	N/A	N/A	N/A	Baseline	32%	50%	50%
	Actual	N/A	N/A	N/A	N/A	32%	50%		
	Variance	N/A	N/A	N/A	N/A	N/A	56%		
<b>Additional Information:</b> This metric reports data from the annual reports submitted from protégés. The percent is calculated as the number of independent offers submitted compared with the number of independent offers won by protégés, reported through the submission of annual reports.									

### FY 2019 Accomplishments and Challenges

The ASMPP allowed small businesses to team with more experienced firms to enhance small business capabilities, assist small businesses in meeting their goals, and improve the ability of the protégés to compete for contracts. The Mentor-Protégé program leveraged small business set-aside goals for service-disabled veterans, HUBZone, and women-owned small businesses. In FY 2019, applications increased by 6 percent from FY 2018 resulting in more than 1,000 approved partnerships. Information received from the first 2 cohorts indicates that the mentor-protégé relationship has helped protégé firms generate more than 2,700 jobs and obtain federal contracts. Significantly, in FY 2019, protégé firms won 50 percent of contracts offered independently from their mentor.

The SBA approved the U.S. Department of Transportation's proposal to re-establish a Mentor-Protégé Program and hosted three meetings of the government-wide Federal Mentor-Protégé Program Council (FMPPC) to share best practices. The SBA hosted the Fourth Annual Mentor-Protégé Conference, which brought together over 360 protégés, mentors, federal small business contracting professionals, and small business program managers to increase mentor-protégé knowledge of joint ventures, as well as rules and compliance requirements for agreements. A quarterly protégé community of practice provided a virtual forum for approved protégé firms to discuss best practices and resolve issues related to affiliation, joint ventures, and security clearance requirements.

The SBA conducted outreach to the acquisition community to expand the utilization of the ASMPP among government contracting officials and supported the federal acquisition community, increased the participation of 8(a), women-owned, veteran-owned, and HUBZone certified firms in the marketplace, and increased the number of set-aside awards.

### FY 2020 and FY 2021 Planned Performance

The SBA will continue to conduct marketing outreach and encourage federal acquisition professionals to learn more about how the ASMPP helps agencies meet their set-aside small business goals. The SBA will host a mentor-protégé conference and quarterly virtual forums that will bring together more than 600 protégés to expand their knowledge of federal contracting by connecting them with small business contracting professionals and successful mentor-protégé partners.

The SBA will continue updating processes and begin gathering public comments on a proposal to consolidate the 8(a) Business Development Mentor-Protégé Program and the ASMPP to support greater efficiencies. The SBA will convene the FMPPC and publish an annual report on the status of the Federal Mentor-Protégé Program.

The SBA will also complete a program evaluation for the ASMPP in FY 2020. The evaluation will seek to answer questions about successful partnerships and ways to share best practices.

## ***Strategic Goal Two – Build Healthy Entrepreneurial Ecosystems and Create Business Friendly Environments***

### **Strategic Objective 2.2: Build Healthy Entrepreneurial Ecosystems**

**Performance Goal:** Assist 989,000 entrepreneurs through partnerships, virtual resources, and targeted outreach in FY 2021

**Objective Leads:** Associate Administrator for Entrepreneurial Development, Associate Administrator for Veterans Business Development

**Objective Support:** Office of Field Operations, Office of Capital Access, Office of International Trade, Office of Investment and Innovation

**Programs/Activities:** Small Business Development Centers (SBDC), Women’s Business Centers (WBC), SCORE, SBA Learning Center, Veterans Business Outreach Centers (VBOC), Boots to Business (B2B), Native American Outreach

**Strategies:**

1. Deliver entrepreneurial services in collaboration with resource partners
2. Provide entrepreneurs with in-person and virtual resources
3. Empower veterans and military families who want to start or grow their business
4. Support Native American entrepreneurs through outreach

A healthy entrepreneurial ecosystem offers entrepreneurs access to a wide range of resources to help them succeed. Entrepreneurs and small business owners who receive training and mentoring increase sales, create more jobs, and have a greater economic impact on their communities. Research shows a direct positive correlation between the hours of business advising and related assistance a client receives to the amount of improvement in the longevity, profitability, and growth of their business. The evidence also shows that small businesses that receive more than 3 hours of counseling have higher 1-year survival rates than firms that receive fewer hours of counseling.<sup>24</sup> These findings demonstrate that counseling and training provide effective resources to entrepreneurs.

The SBA, through its resource partners and innovative programs, helps entrepreneurs seeking to start or grow their business. SBA strategies to build healthy entrepreneurial ecosystems provide a foundation for nationwide access to high-quality business assistance and resources for future entrepreneurs and current small business owners, particularly in communities where resources do not exist. Reducing duplicative services, coordinating best practices, and encouraging innovative partnerships to more efficiently and effectively serve small business entrepreneurs across the country strengthens these ecosystems.

**Progress Update:** The SBA provided mentoring, business advice, and training assistance to more than 1 million entrepreneurs and small business owners in FY 2019. The SBA clarified roles and responsibilities for resource partners through terms and conditions in the notice of awards and the implementation of newly developed performance metrics. The SBA’s veteran’s business outreach programs continued to grow in partnership with the U.S. Department of Defense’s (DOD) Transition Assistance Program (TAP), and Boots to Business (B2B) entrepreneurship training supported nearly 16,528 veterans, service members, and military spouses. The SBA leveraged public-private partnerships in order to deliver veteran entrepreneurship training programs.

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<sup>24</sup> *Impact Study of Entrepreneurial Dynamics: Office of Entrepreneurial Development Resource Partners Face-to-Face Counseling.* Concentrance Consulting Group, LLC, September 2013.



Current statutory restrictions prevent the Agency from collecting descriptive data on how small businesses receive training and mentoring. To better assess its programs' effectiveness and understand how they could be more impactful in local communities, the Agency requests authority to collect limited grantee data for internal program evaluation purposes. This data would help the SBA make evidence-based recommendations to improve its services and assist more entrepreneurs.

The SBA, in order to improve accountability and align with the Administrator's priorities, established new performance metrics in FY 2018, which were implemented in FY 2019. Specifically, the SBA reviewed program office and field metrics, received feedback from resource partners, and created a single set of metrics to highlight progress towards outcomes. These metrics create a direct line of sight between resource partners' activities and the Agency's strategic direction. These performance metrics focus on emerging markets, rural areas, and consistency in resource partner oversight. In addition, due to changes in measure methodology, historical data are not available for comparison.

Table 2.2a displays a new metric tracking the number of clients served.

**Table 2.2a: Entrepreneurial Ecosystems Performance Goal**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Unique Clients Served through Partnerships, Virtual Resources, and Targeted Outreach</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	Baseline	835,000	989,000
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	1,059,752		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, to improve accountability and encourage coordination, the SBA implemented a new entrepreneurial ecosystem performance goal aligning the efforts of field and headquarters offices and resource partners. The new performance goal tracks the number of unique clients served, trained, advised, and mentored through in-person and virtual resources by resource partners (e.g., SBDC, WBC, SCORE, and VBOC). The number of unique clients has decreased as resource partners focus on repeat consultations to better meet the evolving business needs of the clients. "Unique" clients can be identified by the programmatic resource partner, but clients using services between different resource partners (e.g., SBDC and SCORE) cannot be identified. With authority to collect this information, the SBA would be able to more efficiently manage entrepreneurial development programs.									

***Strategy 1: Deliver entrepreneurial services in collaboration with resource partners***

The SBA delivered core counseling and training services in communities across the country through its resource partners: SBDCs, WBCs, SCORE, and VBOCs. Through SBA cooperative agreements, resource partners trained, counseled, advised, and mentored entrepreneurs interested in starting or expanding a small business. The SBA's resource partners placed more emphasis on training and counseling in key areas related to rural entrepreneurship, disaster recovery in affected areas, women's business ownership, federal government contracting, emerging markets, cybersecurity, and collaborating with historically black colleges and universities (HBCUs) in areas where appropriate.

The **Small Business Development Centers (SBDCs)**, hosted by higher education institutions or state economic development organizations, are a vital part of the entrepreneurial ecosystem. SBDCs deliver counseling and training focused on strategic and financial planning, business development, and cash flow management to entrepreneurs across the country. They continuously assess counseling and training materials to meet client needs based on client requests, business trends, and individual business requirements.

Table 2.2b displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in 2018. Fiscal years prior to 2018 are not comparable and are provided here for presentation purposes only.

**Table 2.2b: SBDC Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 120,507	\$ 121,627	\$ 170,466	\$ 180,143	\$ 141,725	\$ 142,185	\$ 145,722	\$ 99,361

The SBA implemented new performance metrics for resource partners to improve efficiency, accountability, and improve alignment with the Administrator’s priorities. These metrics highlight progress towards balanced outcomes and create a direct line of sight between resource partner activities and the Agency’s strategic direction. The performance metrics include a focus on emerging markets and rural areas and improving consistency in resource partner oversight. In addition, due to changes in measurement methodology, historical data are not available for comparison.

Table 2.2c displays the SBDC performance indicators.

**Table 2.2c: SBDC Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Unique SBDC Clients Served</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	Baseline	214,000	214,000
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	254,821		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, the SBA implemented a new aggregated output metric that improves accountability and encourages coordination. The metric tracks both the number of clients trained and advised.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of New Business Starts from SBDCs</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	Baseline	14,000	14,000
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	17,810		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, the SBA implemented a new outcome-based goal that improves accountability and encourages coordination. The SBA will track the number of new businesses started as a result of SBDC training and counseling.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Jobs Supported from SBDCs</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	Baseline	772,000	772,000
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	981,274		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, the SBA implemented a new outcome-based goal that improves accountability and encourages coordination. The SBA will track the number of jobs supported as a result of SBDC training and counseling.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Billions of Dollars of Capital Infusion from SBDCs</b>	<b>Target</b>	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
	<b>Actual</b>	4.7	4.7	5.1	5.6	5.0	5.9		
	<b>Variance</b>	18%	18%	28%	40%	0%	18%		
<b>Additional Information:</b> This measure tracks financing provided to small business from various lenders, including the SBA, due to SBDC training and counseling.									

### FY 2019 Accomplishments and Challenges

SBDC professional business advisors helped clients start nearly 18,000 new businesses, trained and advised over 250,000 entrepreneurs, and helped clients obtain \$5.9 billion in capital for their businesses. The SBA completed over 30 financial examinations and nearly 30 programmatic reviews to ensure accountability. The SBA also contracted with America's SBDC to conduct 14 accreditation reviews.

The Agency implemented a Standard Operating Procedure (SOP) to improve efficiencies and further clarify roles, responsibilities, and processes. Two newly implemented performance metrics common to all three programs track the number of clients served and new business starts across the Agency's resource partners. The first metric measures the number of unique clients served, and the second measures the number of clients indicating that they have started a business after receiving entrepreneurial counseling or training services. The SBA is analyzing the baseline data and working with resource partners to validate the data to develop future targets.

Three new performance metrics supported each program's resource partners to improve outcomes. The new SBDC jobs supported metric quantifies the total number of workers employed by client businesses after receiving entrepreneurial services. SBDCs continue to measure capital infusion. These metrics strengthen the delivery of impactful entrepreneurial services in collaboration with resource partners and fulfill a critical component of the SBA's Strategic Plan.

### FY 2020 and FY 2021 Planned Performance

The SBA, through the SBDC Program, will continue to support more than 214,000 entrepreneurs who help create and retain more than 772,000 jobs. The program will help more than 14,000 entrepreneurs start new businesses and will assist clients to obtain more than \$5.0 billion in capital annually for their businesses. The SBDC network will continue to train resource partners and deliver export assistance.

Furthermore, the SBA requests authority to award grants to the most qualified entities and to increase accountability through effective performance management criteria to deliver more impactful results. In particular, the SBA requests authority to competitively award 10 percent of the SBDC appropriation. Thus, the SBA will award grants through increased competition that will reflect the removal of certain eligibility limitations, revise requirements for matching funds, and include the adoption of a performance-based funding component with input from the resource partner organizations.

The SBA also requests authority to collect data on clients that the SBDC serves for program evaluation purposes. With this information, the SBA will enhance its ability to have a 360-degree-view of its customers and help small businesses leverage additional agency services, track access and use of its services, and enable the Agency to conduct a meaningful impact and outcome study of its services on customers and their businesses.

In addition, the SBA will continue to improve collaboration and ensure accountability of its resources to provide the greatest impact for America's entrepreneurs. For example, the Office of Small Business Development Centers (OSBDC) will continue strengthening its internal procedures and processes to ensure publicly reported data are accurate, complete, and timely.

The **Women’s Business Center (WBC) Program** funds more than 100 nonprofit organizations that provide quality advising and training services primarily to women entrepreneurs, many of whom are socially and economically disadvantaged. Participating organizations must match the federal funding with 1 non-federal dollar for every 2 federal dollars during the first 2 years, and on a one-to-one basis thereafter. Many WBCs provide multilingual services, offer flexible hours (including evenings and weekends), and allow children to attend training classes with their mothers. These WBCs predominantly use long-term training courses to maximize the delivery of services to primarily emerging entrepreneurs. The Ascent Digital Learning Platform will augment these long-term training courses. Many of the training courses focus on business and financial planning to help women entrepreneurs gain financial literacy. The WBCs also provide direct advising to clients and help them access loans, federal contracts, and exporting opportunities.

Table 2.2d displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to FY 2018 are not comparable and are provided for presentation purposes only.

**Table 2.2d: Women’s Business Center Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 25,633	\$ 23,143	\$ 28,119	\$ 26,570	\$ 24,847	\$ 25,026	\$ 29,908	\$ 26,009

To improve efficiency, accountability, and alignment with the Administrator’s priorities, the SBA implemented updated performance metrics. Specifically, the SBA reviewed data to create a single set of metrics that highlight progress towards outcomes, while establishing a direct line of sight between resource partners’ activities and the Agency’s strategic direction. These performance metrics focus on emerging markets, rural areas, and consistency in resource partner oversight. Due to changes in measure methodology, historical data are not available for comparison.

Table 2.2e provides the targets and results for the WBC performance indicators.

**Table 2.2e: Women’s Business Center Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Unique WBC Clients Served	Target	N/A	N/A	N/A	N/A	N/A	Baseline	73,000	73,000
	Actual	N/A	N/A	N/A	N/A	N/A	64,527		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, the SBA implemented a new output metric that improves accountability and encourages coordination. The metric tracks both the number of clients trained and advised.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of WBC New Business Starts	Target	N/A	N/A	N/A	N/A	N/A	Baseline	2,000	2,000
	Actual	N/A	N/A	N/A	N/A	N/A	2,087		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, the SBA implemented a new outcome measure that improves accountability and encourages coordination. The SBA tracks the number of new businesses started after receiving WBC training and advising.									

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Transactions to Support Capital Infusion</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	Baseline	4,500	4,500
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	7,193		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA tracks the number of transactions (loans, equity, venture capital) to support capital infusion as a part of WBC training and advising services. These transactions will help entrepreneurs start and grow their business.									

FY 2019 Accomplishments and Challenges

The SBA, through its Women’s Business Centers, advised and trained over 64,000 entrepreneurs. The SBA completed 38 financial examinations to ensure accountability and transparency. In addition, the SBA awarded initial grants to open two WBCs to service the state of Idaho.

In addition to the common metrics aligned across all three programs, the SBA implemented a new outcome metric to track capital infusion, which is the number of transactions that clients report for all forms of capital debt used to assist their business. This metric will help resource partners monitor and understand their efforts to support women who have faced difficulties accessing capital.

FY 2020 and FY 2021 Planned Performance

The SBA, through its Women’s Business Centers, will advise and train more than 73,000 entrepreneurs and will use this funding to support a network of over 100 WBCs. Additionally, the implementation of updated performance indicators will improve the Agency’s ability to monitor the WBC network and ensure its effectiveness, efficiency, and impact on entrepreneurs. As the SBA matures its enterprise platform that enables a 360-degree view of the customer, it will more efficiently track the number of loans and equity capital transactions supported, which will allow the Agency to better analyze and assess how the program is making capital more accessible to women entrepreneurs.

The SBA also requests authority to collect data on clients that the WBC serves for program evaluation purposes. With this information, the SBA will enhance its ability to have a 360-degree-view of its customers and help small businesses leverage additional agency services, track access and use of its services, and enable the Agency to conduct a meaningful impact and outcome study of its services on customers and their businesses.

The Agency will further align field and headquarters activities by implementing SOPs and updating the WBC Program Guide to ensure that WBCs are compliant with the conditions of their cooperative agreements and realize positive outcomes for their clients. The Agency will balance an increased emphasis on compliance and accountability with enhanced technical assistance from the SBA to the WBC network. Technical assistance is critical to ensuring that the network of WBCs has the capacity to train and advise entrepreneurs and meet the requirements of their grant awards.

The SCORE Program is the largest volunteer business mentoring program in the Federal Government. SCORE has a volunteer network of more than 11,000 business professionals who donate more than 1.1 million hours of service each year to America’s entrepreneurs through online training and in-person counseling at more than 300 chapters in more than 800 locations nationwide. The SCORE cooperative agreement funds volunteer recruitment, training and support, marketing materials, and course development necessary for a successful volunteer provider network. Mentors in the SCORE Program

provide free mentoring and free or low-cost training to entrepreneurs in a wide range of settings. SCORE presents training in group settings or online to help an entrepreneur acquire knowledge, skills, and competencies on business-related subjects. Mentoring by means of personalized one-on-one advice or guidance helps entrepreneurs navigate through planning, starting, growing, or managing a business.

Table 2.2f displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 2.2f: SCORE Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 12,110	\$ 13,326	\$ 17,020	\$ 17,555	\$ 16,650	\$ 18,847	\$ 18,816	\$ 15,378

To improve efficiency, accountability, and alignment with the Administrator’s priorities, the SBA implemented new performance metrics. Specifically, the SBA reviewed data to create these metrics to highlight progress towards outcomes and create a direct line of sight between resource partners’ activities and the Agency’s strategic direction. These performance metrics include a focus on emerging markets, rural areas, and improving consistency in resource partner oversight. Due to changes in measure methodology, historical data are not available for comparison.

Table 2.2g provides the targets and results for SCORE performance indicators.

**Table 2.2g: SCORE Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Unique SCORE Clients Served	Target	N/A	N/A	N/A	N/A	N/A	Baseline	200,000	254,000
	Actual	N/A	N/A	N/A	N/A	N/A	195,242		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, the SBA implemented a new output metric that improves accountability and encourages coordination. This metric tracks the number of unique clients trained and advised. Note: The number of SCORE clients trained in 2017 (a previous metric retired in FY 2018) has been corrected (from 519,368 to 409,167). The number previously reported was miscalculated and resubmitted to the SBA by SCORE.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of SCORE New Business Starts	Target	N/A	N/A	N/A	N/A	N/A	Baseline	600	1,200
	Actual	N/A	N/A	N/A	N/A	N/A	480		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, the SBA implemented a new outcome-based goal that improves accountability and encourages coordination. The SBA tracks the number of new businesses started as a result of SCORE training and counseling.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percentage of SCORE Businesses Realizing Revenue Growth	Target	N/A	N/A	N/A	N/A	N/A	Baseline	2%	4%
	Actual	N/A	N/A	N/A	N/A	N/A	3%		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA tracks the percentage of SCORE businesses realizing revenue growth as a part of SCORE counseling and training services. As more businesses start and grow, revenue of the respective businesses should increase.									



### FY 2019 Accomplishments and Challenges

The SCORE Program mentored over 195,000 clients. The number of clients served is attributed to the opportunities available through virtual training conferences. Virtual conferences allowed SCORE to provide mentoring and training when convenient to the client. SCORE maintained its focus on using technology to connect to America's entrepreneurs in an efficient and cost-effective manner. Program digital services expanded with online mentoring, training conferences, and learning.

In addition to the common metrics aligned across all three programs, the new individualized SCORE program metric tracks the percentage of clients in businesses realizing revenue growth. The SBA developed this metric to closely track resource partner impact on business growth.

The SBA's Office of the Inspector General (OIG) conducted an audit of the SCORE Program. Significant findings were identified, and the program is currently undergoing major process improvements to address the findings.

### FY 2020 and FY 2021 Planned Performance

The SBA, through the SCORE program, will serve at least 200,000 clients in FY 2020 and 254,000 clients in FY 2021, including those in emerging markets. SCORE clients will continue to be advised by diverse and committed business mentors with industry experience who will receive additional support through its national infrastructure, continued innovation in service delivery, and constant engagement with financial, procurement, and startup communities.

The Agency will report data that capture the number of clients served, new businesses started, and the percent of small businesses with realized revenue growth. These metrics will be integrated into the cooperative agreement to ensure enhanced accountability and provide greater impact for small businesses. The SBA will continue to develop and implement significant program process improvements to address recent OIG audit findings.

### ***Strategy 2: Provide entrepreneurs with in-person and virtual resources***

The SBA will design and host a variety of educational online tools to promote active learning for aspiring entrepreneurs and existing small businesses. Online courses will focus on common business topics such as social media marketing, financing, and government procurement to explain business concepts to entrepreneurs. Through interactive learning worksheets, checklists, and other resources, entrepreneurs will be able to apply skills and improve the retention of core concepts. The SBA will also provide high-growth small businesses an opportunity to strengthen and enhance their local entrepreneurial ecosystem through intensive, cohort-based business education programs. Entrepreneurs will receive extensive specialized training, technical support, and other resources to develop strategic growth action plans and to develop a local professional networking system within each community to increase business prosperity and promote local economic development.

Table 2.2h displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.



**Table 2.2h: Entrepreneurship Education Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 9,532	\$ 12,811	\$ 20,956	\$ 13,222	\$ 15,332	\$ 12,873	\$ 8,810	\$ 9,752

The SBA’s primary online training service, the **SBA Learning Center**, offers free online courses on business planning, marketing, government contracting, accounting, and social media. Hundreds of thousands of aspiring or current business owners use these free online courses and tools each year. In addition, the SBA recently expanded the Learning Center to include a new online cloud-based learning platform, Ascent, which will focus initially on women entrepreneurship. Video tutorials, templates, and interactive assessments inform and equip entrepreneurs with valuable knowledge and tangible tools to assist their business planning. The SBA encourages its network of professional business mentors to use online learning for additional support.

Table 2.2i provides the targets and results for the online training performance indicator.

**Table 2.2i: SBA Learning Center Performance Indicator**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Clients Trained Online</b>	<b>Target</b>	225,000	250,000	220,000	200,000	225,000	Baseline	300,000	400,000
	<b>Actual</b>	182,002	154,132	187,162	206,172	N/A	486,774		
	<b>Variance</b>	-19%	-38%	-15%	3%	N/A	N/A		
<b>Additional Information:</b> This metric reports on the number of clients trained online. Due to changes in data collection, the SBA is revisiting reporting for this measure in FY 2019. Data is not available for FY 2018.									

FY 2019 Accomplishments and Challenges

The Agency updated its Learning Center to ensure consistency with the Agency’s updated branding guidelines. The SBA also updated Learning Center course content to prepare for upcoming technology changes. As part of the Learning Center, the Agency launched a new online cloud-based training platform, Ascent. This platform empowers the SBA to extend its reach by connecting women business owners online who may not be close to field offices and provides a wealth of research-backed resources for woman entrepreneurs who are ready to scale their businesses. As a result, Ascent enables the SBA to deliver more current and relevant entrepreneurship development information and services to more people at lower cost.

FY 2020 and FY 2021 Planned Performance

The SBA, through Entrepreneurship Education, comprised of Emerging Leaders, the SBA Learning Center, and Ascent, will produce training content and deploy course-sharing partnerships. Users will have the opportunity to access Entrepreneurship Education resources through toolkits, fact sheets, infographic tip sheets, instructor guides, and audio content. The SBA will support 300,000 clients through the Learning Center in FY 2020 and 400,000 clients in FY 2021. The Learning Center will ensure course content is current and reflects the knowledge needs of America’s small business owners.

In FY 2021, the SBA will continue to support the Learning Center and its newest training platform, Ascent. The SBA will explore opportunities for peer-to-peer collaboration and mentoring through the

online platform. This digital platform will provide entrepreneurs, especially those in rural and emerging markets, with a digital education resource. The platform is designed to support entrepreneurs seeking to scale businesses and eventually serve start-ups. The investment will leverage cloud computing consistent with the digital government strategy.

**Emerging Leaders** is a 7-month executive development program that elevates a business’s growth trajectory, creates jobs, and contributes to the economic well-being of communities. Participants of the Emerging Leaders executive series receive more than 100 hours of specialized training, technical support, access to a professional network, and other resources to strengthen their businesses and promote economic development. During the training, participants produce a 3-year strategic growth action plan. Each year for 3 years after completing the training curriculum, participants complete an evaluation that collects key outcomes. In addition, short assessments are conducted at the end of each module throughout the training delivery period to ensure quality and continuous improvement for both the instructors and curriculum. Approximately 65 percent of Emerging Leaders participants are from communities in emerging markets, which include women and minorities. Emerging Leaders is highly regarded among its alumni; 95 percent of participants would recommend the program to another business owner.

Table 2.2j shows Emerging Leaders performance indicators.

**Table 2.2j: Emerging Leaders Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Percent of Emerging Leaders Creating or Retaining Jobs</b>	<b>Target</b>	N/A	Baseline	81%	81%	81%	81%	81%	81%
	<b>Actual</b>	81%	81%	81%	65%	69%	65%		
	<b>Variance</b>	N/A	N/A	0%	-15%	-14%	-20%		
<b>Additional Information:</b> The SBA introduced this metric in FY 2016. Due to the nature of the initiative, the SBA surveys participants each year, for 3 years, following the completion of the initiative's curriculum. The SBA did not meet the target in FY 2019. Low unemployment may be a factor in creating and retaining employees through this program.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Percent of Emerging Leaders Obtaining Revenue Growth</b>	<b>Target</b>	N/A	Baseline	65%	67%	67%	67%	67%	67%
	<b>Actual</b>	66%	68%	70%	68%	69%	69%		
	<b>Variance</b>	N/A	N/A	8%	1%	3%	3%		
<b>Additional Information:</b> The SBA introduced this metric in FY 2016. Due to the nature of the initiative, for 3 years the SBA surveys participants each year following completion of the initiative's curriculum.									

FY 2019 Accomplishments and Challenges

The SBA delivered the Emerging Leaders executive training series to nearly 60 communities serving more than 800 mid-stage business owners. A survey conducted after the program’s completion indicated that 97 percent of participants were satisfied with the training and 80 percent indicated that they were very satisfied. The SBA’s evaluation of the initiative found that Emerging Leaders participants achieved positive business and community outcomes.

FY 2020 and FY 2021 Planned Performance

In FY 2020, the SBA will explore options to continue to improve the program and upgrade the experience for participants. In FY 2021, the Emerging Leaders Program will continue to work with

local partners and the alumni network while delivering an intensive education curriculum. The SBA will increase opportunities for collaboration between Emerging Leaders and SBA’s resource partners and further integrate SBA’s resources, such as the SBA Learning Center, into the program.

**Regional Innovation Clusters (RICs)** are geographic concentrations with a specific industry focus of interconnected companies, specialized suppliers, academic institutions, service providers, and associated organizations.

FY 2019 Accomplishments and Challenges

The SBA oversaw 14 RICs which continued to provide resources to businesses in high potential sectors across the county, ranging from marine science and technology in Mississippi to wood products in Appalachian Ohio. The SBA, through an increased focus on outreach to rural areas, awarded seven new cluster projects to support rural communities in leveraging a region’s unique competitive strengths and geographically-concentrated, interconnected network of complementary businesses, suppliers, and associated organizations that engage in a particular industry sector.

FY 2020 and FY 2021 Planned Performance

The RICs initiative duplicates other federal programs, and the SBA does not request funds for FY 2021.

***Strategy 3: Empower veterans and military families who want to start or grow their business***

The SBA is dedicated to serving aspiring and existing veteran business owners. Veterans are majority owners of approximately 2.5 million businesses, nearly all of which are small businesses.<sup>25</sup> Many veteran business owners have gained important skills and leadership abilities from their active duty, Reserve, and/or National Guard services that are often directly relevant to business ownership. The SBA administers programs, formulates policies, and administers grants to VBOCs and other partners to promote and support veteran small business ownership. The Agency ensures resources are accessible and available to active duty, National Guard and Reserve service members, veterans, and veteran or military spouses.

Table 2.2k displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 2.2k: Veteran’s Business Development Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 19,439	\$ 23,366	\$ 26,011	\$ 26,161	\$ 22,680	\$ 21,973	\$ 23,904	\$ 23,645

To improve efficiency, accountability, and alignment with the Administrator’s priorities, the SBA established new performance metrics. The SBA reviewed program office and field metrics, received feedback from resource partners, and created a single set of metrics that balance outcomes and outputs to

<sup>25</sup> 2012 Survey of Business Owners. U.S. Census Bureau.

create a direct connection between resource partners' activities and the Agency's strategic direction. The new performance metrics include a focus on emerging markets, consistency in resource partner oversight and communication, and relevant metrics to measure collective outcomes. In addition, due to changes in measurement methodology, historical data are not available for comparison.

The **Veterans Business Outreach Center Program** is designed to provide entrepreneurial development services such as business training, counseling, and resource partner referrals to transitioning service members, veterans, National Guard and Reserve service members, and military spouses interested in starting or growing a small business. The SBA has 22 VBOCs participating in this cooperative agreement.

Table 2.21 shows VBOC performance indicators.

**Table 2.21: Veterans Business Outreach Center Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of VBOC Clients Served</b>	<b>Target</b>	Baseline	64,000	79,000	81,000	48,000	48,000	48,000	48,000
	<b>Actual</b>	78,124	62,117	47,342	48,839	51,945	41,860		
	<b>Variance</b>	N/A	-3%	-40%	-40%	8%	-13%		
<b>Additional Information:</b> In FY 2019, the SBA established a new output metric that improves accountability and aligns entrepreneurial ecosystem program metrics. The SBA is providing historical numbers as a reference. In FY 2019, VBOCs assumed a larger role in the operational and instructional aspects of B2B and Reboot. In FY 2019, total training events and attendees decreased from FY 2018; however, Reboot sessions and modules instructed significantly increased from FY 2018 to FY 2019, impacting time and resources to conduct other trainings and in-person counseling sessions.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of VBOC Programmatic and Financial Reviews</b>	<b>Target</b>	N/A	N/A	Baseline	5	5	5	5	5
	<b>Actual</b>	N/A	N/A	0	3	5	5		
	<b>Variance</b>	N/A	N/A	N/A	-40%	0%	0%		
<b>Additional Information:</b> A VBOC Partner Review involves an analysis of internal procedures using SBDC procedures. The SBA plans to review 5 of the 22 VBOCs each annual period of performance (not fiscal year).									

### FY 2019 Accomplishments and Challenges

The VBOCs provided counseling and training to 41,860 veteran small business owners and entrepreneurs in FY 2019. The centers are unique in their ability to address veteran-specific challenges while integrating SBA services and referring clients to other organizations that provide specialized and needed offerings. The VBOCs brought together local and regional service networks that were effective in creating small business ecosystems and helping augment SBA district office support.

The 22 VBOCs provided client counseling and training services to all 50 states and territories. The SBA, through its VBOCs, participated in 659 B2B classes and provided B2B entrepreneurship training at more than 167 military installations and non-military locations with 16,528 students in FY 2019. The SBA provided national training to VBOC grantees, conducted VBOC instructor training (train-the-trainer), conducted five onsite program reviews and implemented VBOC standard operating procedures. The SBA provided transitioning service members consistent, meaningful services over vast geographic areas. The SBA continued to assist VBOCs by providing virtual counseling and navigation for SBA programs and resources.

VBOCs continued to experience capacity challenges. VBOCs have a limited number of staff who are required to deliver the B2B Program with 100 percent coverage in all 50 states and U.S. territories.

FY 2020 and FY 2021 Planned Performance

In FY 2020, VBOCs will continue to support veteran outreach initiatives and provide entrepreneurial training and counseling to veterans, transitioning service members, National Guard and Reserve component members of the U.S. Military as well as military spouses.

In FY 2020, VBOCs will be required to implement new requirements in the NDAA 2019, which requires future improvements to TAP that include providing a counseling pathway to entrepreneurship.<sup>26</sup> The SBA anticipates the NDAA 2019 TAP requirements will generate an increase in the annual number of B2B participants.

The SBA will continue to improve current virtual offerings and deliver counseling and training assistance via VBOCs. In FY 2021, the SBA will conduct comprehensive outreach to veterans (including National Guard and Reserve component members of the U.S. Military as well as military spouses) and will formulate, execute, and promote policies and programs that aid veteran-owned small businesses. The SBA will continue using multiple outreach channels and methods to sustain national awareness for its programs, policies, and services, and to generate feedback from its beneficiaries and stakeholders.

The SBA will continue to coordinate and conduct the B2B Program as an entrepreneurial training program within the DOD TAP. The curriculum will provide veterans with knowledge to explore business ownership and other self-employment opportunities, to evaluate business concepts, and to understand the market and where to go for start-up capital resources, technical assistance, and contracting opportunities.

The SBA implements **Boots to Business (B2B)** as an entrepreneurial training program within the DOD’s TAP. The SBA collaborates with resource partners, the DOD, other federal agencies, and local military installations to deliver introductory training for starting a business. The curriculum provides veterans with knowledge to explore business ownership and other self-employment opportunities, to evaluate business concepts, and understand the market and where to go for start-up capital resources, technical assistance, and contracting opportunities. Table 2.2m shows B2B performance indicators.

**Table 2.2m: Boots to Business Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of B2B Participants Trained</b>	<b>Target</b>	15,000	15,500	17,500	20,000	18,000	18,000	18,000	18,000
	<b>Actual</b>	14,684	14,457	17,966	17,320	17,167	16,528		
	<b>Variance</b>	-2%	-7%	3%	-13%	-5%	-8%		
<b>Additional Information:</b> In FY 2017, the SBA revised the methodology calculation to ensure consistency among the SBA’s other entrepreneurial development programs. In addition to the B2B entrepreneurship training track taught through TAP, the SBA offers entrepreneurship training, also known as Reboot, to veterans of all eras. In FY 2019, VBOCs assumed a larger role in the operational and instructional aspects of B2B and Reboot. In FY 2019, total training events and attendees decreased from FY 2018; however, Reboot sessions and modules instructed significantly increased from FY 2018 to FY 2019, impacting time and resources to conduct other trainings and in-person counseling sessions.									

<sup>26</sup> Public Law No. 115-232 section 552.



		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Small Businesses Formed by B2B Graduates</b>	<b>Target</b>	N/A	N/A	N/A	255	255	255		
	<b>Actual</b>	N/A	N/A	250	425	490	532		
	<b>Variance</b>	N/A	N/A	N/A	67%	92%	108%		
<b>Additional Information:</b> Baseline data are available via survey. The SBA conducts the survey annually on a rolling basis, based on participants' B2B graduation rate. The reported number is cumulative. The SBA is retiring this measure in FY 2019 and focusing on B2B participants using follow-on SBA resources.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Rate of B2B Participants Using Follow-on SBA Resources</b>	<b>Target</b>	N/A	N/A	N/A	N/A	Baseline	5%	5%	5%
	<b>Actual</b>	N/A	N/A	N/A	N/A	4.2%	4.0%		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	-20%		
<b>Additional Information:</b> Information is used to establish goals and monitor performance. The SBA is a member of an interagency initiative (along with DOD, DOL, and VA) that administers the DOD TAP. Follow-on resources are provided by SBA grantees.									

### FY 2019 Accomplishments and Challenges

In FY 2019, 16,528 veterans, service members, and military spouses stationed at military installations worldwide and at home participated in the B2B “Introduction to Entrepreneurship” course. Additionally, the B2B Program achieved a significant milestone of serving over 100,000 participants since its inception in FY 2013. The SBA finalized a formative evaluation of the B2B Program, which provided a better understanding of the factors influencing program participation by transitioning service members and guided the implementation of actionable recommendations for operational program improvements. As a result, the B2B Program coordinated with U.S. military base transition service managers to provide B2B Program updates, including a B2B Program marketing and outreach toolkit, and designed a new course quality assessment.

Challenges remain with data sharing between SBA resource partners and other federal agencies and with the longitudinal tracking required to measure outcomes in the entrepreneurship programs. The SBA continued to work with the DOD to refine a data-sharing business case with the Defense Manpower Data Center, seeking a unique identifier for individuals participating in SBA programs.

### FY 2020 and FY 2021 Planned Performance

The B2B Program will build upon the critical technology and data-sharing infrastructure necessary to meet MOU requirements to share data with interagency and external partners. Data sharing helps demonstrate the program's impact, informs outreach strategies, leads to more robust marketing and engagement in the field offices, and provides better access for National Guard and Reserve component members. Further, the data sharing will support a 360-degree view of the customer as the business moves through its life cycle.

The SBA forecasts that by the end of FY 2020, B2B participation will grow to more than 18,000 service members, veterans, and military spouses annually. The number of participants will depend on the



total number of service members separating or retiring from military service<sup>27</sup> and who are interested in exploring entrepreneurship as a pathway to employment.

In FY 2020, the SBA and its resource partners will provide B2B instruction to military personnel and their spouses in 167 installations across the United States and overseas. The B2B Program will be made available online at the DOD Joint Knowledge Online platform for service members who cannot attend an in-person B2B session.

Because of the changes to the TAP program as required by NDAA 2019, the SBA will closely monitor the anticipated increase in B2B Program activity and respond to the TAP Interagency Working Groups Action Plan to mitigate risks to B2B Program participants.

In FY 2021, to improve veterans' overall access to the SBA's programs and services, the SBA will continue to measure the rate of B2B participants using follow-on resources. Follow-on resources refer to a variety of entrepreneurial development services the SBA provides to customers, such as courses and resource partner counseling, mentoring, and training.

Veterans play an important role in stimulating economic growth in local communities. The SBA offers a variety of entrepreneurship training programs designed to assist service-disabled veterans, veterans, transitioning service members, Reserve and National Guard members, and military spouses with developing the skills and knowledge needed to start, grow, or succeed in business. The SBA manages three grant programs serving these designated population segments. The **Service-Disabled Veteran Entrepreneurship Training Program (SDVETP)** provides service-disabled veterans, military spouses, and caregivers, with entrepreneurial training, business development assistance, counseling, and management assistance. There are currently four grantees fulfilling the SDVETP grant. The **Veteran Federal Procurement Entrepreneurship Training Program (VFPETP)** is a vital component of the Agency's efforts to assist veteran and service-disabled veteran small business owners and entrepreneurs in getting "contract ready" and securing Federal Government contracts. One grantee provides federal procurement entrepreneurship training to veterans. The **Women Veteran Entrepreneurship Training Program (WVETP)** offers entrepreneurship training to women veterans, women service members, as well as women spouses of service members and veterans interested in starting, growing, and diversifying new and established small businesses

#### FY 2019 Accomplishments and Challenges

The SBA continued Veteran Entrepreneurship Training Program (VETP) option year grants during FY 2019, which resulted in eight grantees extending services to the veteran community. Participation in VETP Programs increased 34 percent from FY 2018. Approximately 1,700 participants received entrepreneurship training from SBA's veteran focused ETP grants in FY 2019.

The SDVETP grantees provided training to 386 service-disabled veterans in FY 2019. The SBA also re-competed and awarded the VFPETP grant. Approximately 190 veterans participated in Veteran Institute for Procurement (VIP). On average, VIP graduates attain a 60 percent increase in revenue post-graduation from VIP GROW (whose core curriculum assists companies in developing strategies to expand and operate within the federal marketplace) and, on average, VIP GROW graduates

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<sup>27</sup> 2018 Demographics, Profiles of the Military Community, U.S. Department of Defense. Available at: <http://download.militaryonesource.mil/12038/MOS/Reports/2018-demographics-report.pdf>



remain in business 8 or more years after graduating. In FY 2019, the WVETP grantees trained 1,104 women veterans, almost twice as many as in FY 2018.

National Veterans Small Business Week (NVSBW) reached 2.3 million people via social media channels. More than 9,800 veterans, service members, and military spouses participated in more than 200 entrepreneurial training via live events and other events led by the SBA's district offices and resource partners. During the week, the SBA employed a stakeholder outreach strategy that fostered productive engagements with targeted stakeholders, including interagency partners, veteran service organizations, and the U.S. Chamber of Commerce Foundation. In FY 2019, NVSBW saw a 33 percent increase in participation and a 25 percent increase in events offered from the prior year.

The President gifted the SBA his FY 2018 Quarter 2 salary (\$100,000) to help grow veteran-owned small businesses. The SBA made an award to the Veteran Entrepreneurial Training and Resource Network for a pilot training program to educate veteran small business owners on how to scale their business by competing for federal contracts and commercial supply chain opportunities, access to capital, adding employees, and expanding their market. The SBA partnered with the U.S. Department of Veterans Affairs (VA) to develop the Veteran Owned Small Business Growth Training Program (VOSB GTP) designed to offer a unique growth program for existing veteran-owned small businesses, adding the scale, resources, and expertise of the SBA and VA clinical staff who will use data-driven evaluation to determine the effectiveness of an all-veteran cohort.

In FY 2019, the SBA hosted an SBA Veteran Small Business summit which focused on collaboration with engaging, educating, and networking with corporate partners, veteran-owned small businesses, SBA stakeholders, and other resource partners. The SBA also worked with the Second Lady's office, the U.S. Chamber of Commerce Foundation's Hiring Our Heroes, the DOD Military Spouse Engagement Program (MSEP), the Department of Labor, and other Government and non-profit stakeholders who focus on military spouse entrepreneurship.

#### FY 2020 and FY 2021 Planned Performance

The SBA will continue to support entrepreneurship training programs designed to assist service-disabled veterans, veterans, transitioning service members, Reserve and National Guard members, and military spouses in developing the skills and knowledge needed to start, grow, or succeed in business. The SBA will host a second Veteran Small Business summit with rural veteran entrepreneurs and will continue to engage with the U.S. Chamber of Commerce Foundation and participate in Hiring Our Heroes events nationwide. Veteran participation options in NVSBW will broaden through robust social media engagement. The SBA will continue to provide meaningful outreach to military spouse entrepreneurs through its programs.

#### *Strategy 4: Support Native American entrepreneurs through outreach*

The SBA aids Native American communities that often do not have the same access to resources due to their remote locations through the **Native American Outreach Program**. The SBA ensures that American Indians, Alaska Natives, and Native Hawaiians can start, grow, and expand their small businesses through business development and expansion tools available through the Agency's programs. The SBA follows the guidelines, operational policies, and statutory requirements established by the National Policy of Self-Determination for Indian Tribes, Consultation and Coordination with Indian Tribal Governments, and American Indian and Alaska Native Education.

Table 2.2n displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 2.2n: Native American Assistance Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 3,387	\$ 4,787	\$ 2,963	\$ 2,623	\$ 1,139	\$ 2,648	\$ 2,196	\$ 2,029

Table 2.2o reflects the number of Native Americans assisted through the Office of Native American Affairs. This performance indicator mirrors other SBA assistance programs.

**Table 2.2o: Native American Assistance Performance Indicator**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Assisted in Native American Communities	Target	N/A	N/A	Baseline	2,000	3,000	3,000	3,000	3,000
	Actual	2,107	2,209	1,817	3,192	1,549	2,125		
	Variance	N/A	N/A	N/A	60%	-50%	-29%		
<b>Additional Information:</b> This measure tracks the number of small businesses assisted through training and technical assistance workshops. The SBA established this performance indicator in FY 2016 and has provided historical data for context. The SBA fell short of its FY 2019 target but increased results relative to FY 2018.									

#### FY 2019 Accomplishments and Challenges

The SBA provided training and educational outreach through business development workshops and entrepreneurial classes to individual and tribal-owned businesses. The Agency conducted 35 Native American entrepreneurial empowerment and technical assistance workshops attended by new and established firms and business development trainers. This training provided operational and leadership strategies to build capacity, foster growth and expansion, and ensure sustainability of Native American community-based businesses nationwide. The SBA’s entrepreneurial empowerment workshops take an experiential or “hands-on” approach to anchor learning and bring abstract principles to life. Instructors lead the participants through real-life case studies. The goal is to target economic and business development needs of various Native American communities. The business development workshops provide specialized training to new entrepreneurs and established Native American businesses that are positioned to grow. The technical assistance workshop focused on empowering Native American communities to implement financial counseling, business development and the importance of managing cash flow, credit reporting, banking services, and time management.

The SBA also anticipates additional tribal consultations in accordance with Executive Order 13175 to solicit input and provide interested parties an opportunity to discuss views on a final rule that modifies the 8(a) Program. The SBA seeks to reduce unnecessary or excessive regulatory burdens in these programs and to make them more attractive to procuring agencies and small businesses. Testimony during these tribal consultations are part of the administrative record.

### FY 2020 and FY 2021 Planned Performance

The SBA will support outreach to Native American small businesses to implement economic and business development strategies and actions to improve entrepreneurship and long-term job growth. The SBA will also continue providing business tools and resources to Native American entrepreneurs, tribal-owned corporations, Alaska Native Corporations (ANCs), and Native Hawaiian Organizations (NHOs). Additionally, the Agency will continue to focus on leadership development, economic development, job creation, and the delivery of 7(j) technical assistance programs in Native American communities. The SBA will work on business development by educating Native American small businesses about the Agency's counseling, contracting and lending programs, and provide technical assistance to individually and tribal-owned corporations, ANCs, and NHOs.

The SBA will continue interagency collaboration across Native American communities to develop world-class resources and tools for tribal entrepreneurs, tribal businesses, and tribal enterprises to aid them in creating sustainable markets. The Agency will continue providing strategic short-term and long-term community economic development planning and sector growth to offer customized support to enhance economic growth and development. Assistance will focus on international trade, manufacturing, business development training (enhanced business sector productivity), entrepreneurship development, innovative project financing, and community economic development strategies.

## *Strategic Goal Two – Build Healthy Entrepreneurial Ecosystems and Create Business Friendly Environments*

### **Strategic Objective 2.3: Create a Small Business Friendly Environment**

<p><b>Performance Goal:</b> Conduct 50 outreach events through partnerships with federal agencies, trade associations, and resource partners to reduce regulatory burdens on small businesses in FY 2021</p> <p><b>Objective Lead:</b> National Ombudsman and Assistant Administrator for Regulatory Fairness, Associate Administrator for Field Operations</p> <p><b>Objective Support:</b> Office of Advocacy, National Women’s Business Council, Office of Communications and Public Liaison</p> <p><b>Programs/Activities:</b> Regulatory Fairness Boards, Case Management, Communications and Outreach, Regulatory Advocacy, Economic Research, National Women’s Business Council</p> <p><b>Strategies:</b></p> <ol style="list-style-type: none"><li>1. Maintain a confidential, user-friendly ombudsman process to receive complaints from small businesses and advocate on behalf of small businesses to federal agencies to create a level playing field</li><li>2. Recommend policy and advocate for small businesses through research and engagement</li></ol>
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Small business owners can face many obstacles when starting or growing their business. The type of industry, location, and other factors can shape the environment for determining small business success. Small businesses in the United States have consistently ranked health insurance costs, regulations, and taxes as key issues that impact their growth.<sup>28</sup> These factors are also critical in determining whether an entrepreneur starts a business.

At the SBA, small businesses have their voices heard and are represented through the Office of the National Ombudsman (ONO), the Office of Communications and Public Liaison (OCPL), the Office of Advocacy, the Office of Field Operations (OFO), and the National Women’s Business Council (NWBC). The SBA, through its National Ombudsman, works with federal agencies to mitigate excessive fines, penalties, or unfair federal regulatory enforcement actions that hinder the growth and threaten the survival of small businesses. The NWBC is a non-partisan federal advisory council created to serve as an independent source of advice and counsel to the President, the Congress, and the SBA Administrator on issues of impact and importance to women business owners, leaders, and entrepreneurs.

The Office of Advocacy is an independent office within the SBA. It represents the interests of small businesses within the Federal Government by advancing their views and concerns before Congress, the White House, agencies, the courts, and state and local policymakers as appropriate. The Office of Advocacy is assisted in identifying issues of concern through economic research, policy analyses, and small business outreach. Advocacy develops a separate annual performance plan and annual performance report, which is included as an appendix in the Congressional Budget Justification.

The Office of Communications and Public Liaison works with media outlets, develops social media content, creates user-friendly online resources, crafts high quality marketing materials, organizes events to gain feedback from small businesses, and coordinates strategic partnerships in order to link the Agency’s programs and priorities to small businesses and the public at large. In addition, the office

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<sup>28</sup> *Small Business Problems and Priorities*. NFIB Research Foundation, August 2016.

coordinates the National Small Business Week (NSBW). The week is performed annually to recognize and honor the United States' top entrepreneurs.

The Office of the National Ombudsman helps small businesses when they experience excessive or unfair federal regulatory enforcement actions. Congress established the Office of the National Ombudsman in 1996 to assist small businesses, small government entities, and small nonprofits when they are subject to excessive enforcement by a federal agency.

The Office of Field Operations is primarily responsible for the direct execution of the Agency's products and services for America's small businesses. It is responsible for creating satisfied, successful customers for both SBA products and services, as well as those provided by SBA resource partners and SBA's state, federal, or local partners that support small business growth and development.

**Progress Update:** In FY 2019, the SBA helped reduce regulatory burdens on small businesses and removed roadblocks that threatened their survival and ability to thrive. The SBA raised awareness of its products and services to direct outreach to small business owners and entrepreneurs and established relationships with trade association leaders, resource partners, and other federal agencies. As the voice for small businesses, it brought attention to the adverse impact of regulatory enforcement actions on small businesses. Federal agencies have become more conscious of the need to balance regulations that protect the health and safety of American workers and consumers with the importance of creating a regulatory environment in which small businesses may grow and prosper.

Table 2.3a displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The Agency updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

**Table 2.3a: Ombudsman Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 1,804	\$ 1,804	\$ 1,309	\$ 967	\$ 1,313	\$ 1,511	\$ 1,638	\$ 1,712

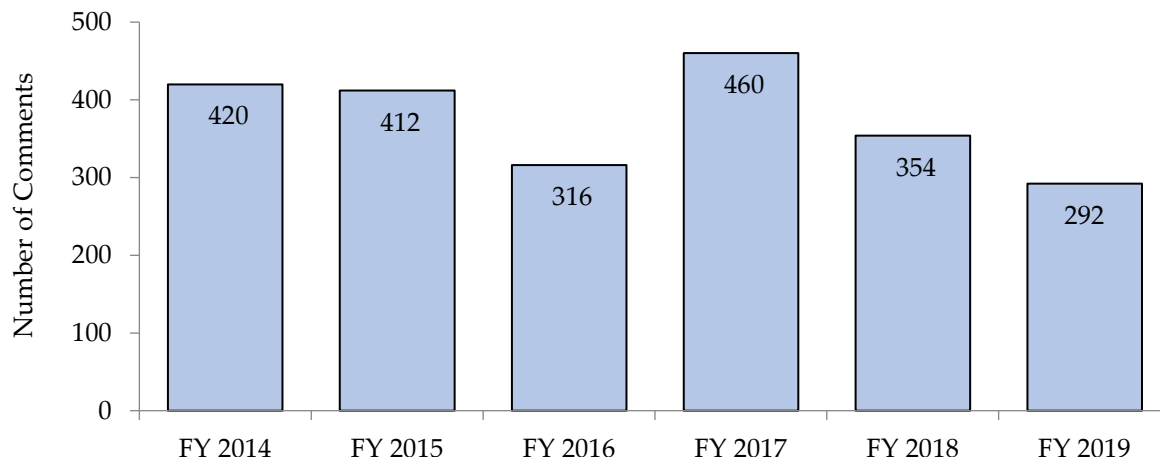
Table 2.3b shows the results and targets of the performance goal to measure the number of outreach events with federal agencies, trade associations, and the Agency's resource partners to reduce regulatory burdens on small businesses.

**Table 2.3b: Ombudsman Performance Goal**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Outreach Events through Federal Agencies, Trade Associations, and Resource Partners	Target	52	58	58	60	100	100	50	50
	Actual	64	66	102	134	118	45		
	Variance	23%	14%	76%	123%	18%	-55%		
<b>Additional Information:</b> The SBA, through its National Ombudsman, works steadily to establish new and strengthen existing relationships with federal agencies, trade associations, and resource partners. In FY 2019, ONO more thoroughly and accurately redefined what constitutes an outreach event. The event must be specific and directly related to small business. The number of outreach events for FY 2019 were more direct and concentrated.									

Chart 2.3a shows the number of comments received from small businesses.

**Chart 2.3a: SBA National Ombudsman Comments Received from Small Businesses**



**Strategy 1: Maintain a confidential, user-friendly ombudsman process to receive complaints from small businesses and advocate on behalf of small businesses to federal agencies to create a level playing field**

The SBA, through the **Office of the National Ombudsman**, helps small businesses seek relief from unfair regulatory enforcement through sustained outreach in the community by engagements with trade associations, federal agencies, and the Agency’s resource partners. The SBA leverages its Regional Regulatory Fairness Board by connecting its members with small businesses across the country. In addition, the SBA maintains an effective, efficient, and user-friendly process for small businesses to file complaints and work with federal agencies to resolve specific regulatory compliance and enforcement issues.

Table 2.3c shows the results and targets of the performance indicator tracking the number of board membership rates and the number of rules identified that burden small businesses.

**Table 2.3c: Ombudsman Performance Indicator**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Board Membership Rate</b>	<b>Target</b>	85%	85%	90%	85%	80%	80%	80%	80%
	<b>Actual</b>	80%	74%	76%	46%	50%	40%		
	<b>Variance</b>	-6%	-13%	-16%	-46%	-38%	-50%		
<b>Additional Information:</b> The board membership rate includes the SBA’s 10 regions. In FY 2019, the number of nominations submitted from qualified applicants did not allow the SBA to reach the target.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Number of Regulatory Compliance Concerns Impacted by National Ombudsman Interventions</b>	<b>Target</b>	2	5	6	8	7	7	6	5
	<b>Actual</b>	6	7	6	23	0	12		
	<b>Variance</b>	200%	40%	0%	188%	-100%	71%		
<b>Additional Information:</b> This measure tracks rules identified, escalated, and successfully resolved in collaboration with federal agency partners. In FY 2019, ONO was able to resolve cases with a higher number of rules affecting small business than originally anticipated, including resolving a significant number of IRS cases.									



### FY 2019 Accomplishments and Challenges

The SBA's outreach strategies centered around three areas: 1) innovation hubs that represent sources of job creation, 2) economically distressed regions, and 3) mid-tier cities with a high concentration of small businesses facing regulatory challenges. The Agency completed 45 outreach events and heard from small business owners, entrepreneurs, and lenders representing various industries. The SBA conducted seven Regional Regulatory Fairness Roundtables across four SBA regions. The Office of the National Ombudsman met with senior officials representing 25 federal agencies. The increased levels of engagement resulted in invitations from federal agencies for an ONO representative to serve as a keynote speaker and panelist at Industry Day events or for the SBA to have a presence at these events as an exhibitor. These forums enabled the SBA to raise awareness of its mission by outreach to 5,565 small business owners (e.g., federal contractors, innovators, and inventors).

The SBA established new relationships with national and local trade association leaders and leveraged the Agency's resource partners to communicate to small business owners with whom they interface. On average, the SBA has received nearly 400 complaints each year over the past 5 years. In FY 2019, the SBA intervened on behalf of 292 small businesses that had formally filed complaints.

Regional Regulatory Fairness Boards have been established in each of the SBA's 10 regions. Board members have remained keenly attuned to regulatory concerns that are unique to their specific industry and region. They listen to small business owner concerns, ask probing questions to identify the underlying issues and their root causes, and bring these issues to the attention of the National Ombudsman, who in turn, raises them to federal regulators. The SBA's board members also monitored trends associated with systemic issues that span across regional boundaries and impact small businesses across multiple states and industries. The Agency's board members joined the National Ombudsman to facilitate dialogue with small businesses and trade association leaders at regional roundtables. The Agency's board members also traveled to Washington, DC, for ONO's National Hearing and Annual Board Meeting in August 2019. The SBA is working to build a pipeline of candidates to fill current and projected board member vacancies.

In support of creating a small business-friendly environment, the SBA's Office of Communications and Public Liaison spearheaded National Small Business Week, consisting of more than 200 events nationwide. The Acting Administrator attended National Small Business Week events in Washington, DC, and Salt Lake City, with approximately 500 participants in attendance. More than 16,000 small business owners registered for the second-annual virtual conference. Nearly 6,000 small business owners attended the online conference, and the average time spent in the conference was 3.28 hours. Media coverage helped small business owners understand what the SBA can do to help them succeed. Social media reach for the week topped a potential 406 million followers, representing a 96 percent increase from 2018 (207 million in potential reach). In 2019, NSBW media coverage yielded a 60 percent increase with 438 top-tier articles and 130 top-tier headlines versus 278 top-tier articles and 78 top-tier headlines in 2018. Top-tier is defined as publications/outlets having over 1 million subscribers.

In FY 2019, the SBA's social media presence included Twitter, Facebook, Instagram, LinkedIn, and YouTube, which represented over 700,000 followers and 20,000 subscribers. In addition, the Agency supported over 60 local and regional Twitter accounts to communicate national and localized information related to the Agency, small business events, and announcements impacting the small businesses community.



The SBA began work to modernize SBA.gov and clean up outdated content via migrating from Drupal 7 to Drupal 8 architecture. This new and improved UI/UX platform will help mitigate security risks, improve site functionality, and allow for an updated, mobile-friendly design.

To enhance the SBA's reach with Spanish speaking audiences, the Agency translated its primary publication, *The Small Business Resource Guide*, and its core materials (i.e., the SBA overview brochure and three factsheets) into Spanish. To demonstrate its ongoing commitment to this audience, the SBA hired a full-time Bilingual Marketing Specialist to serve as editor for the Spanish national guide and to ensure 508 compliance of all Spanish-language materials.

To build on research findings of the previous year, the SBA developed a new advertising campaign to raise awareness of the Agency's programs and services for entrepreneurs at all stages of the business cycle. The new materials, comprising a 30-second video and several print, digital, and social media ads, will launch in FY 2020.

#### FY 2020 and FY 2021 Planned Performance

The SBA will target outreach activities to entrepreneurs in greatest need of assistance, with a focus on regions that have not recently been visited by the Office of the National Ombudsman. The Agency will also leverage technology to expand its influence to otherwise out-of-reach small business communities and to cultivate relationships with trade association leaders and SBA resource partners. Additionally, the Agency will deploy Regional Regulatory Fairness Board members to reach small businesses within their respective networks.

The SBA will remedy issues between small businesses and federal agencies at the preliminary stages of conflict. The SBA will continue bringing small businesses' regulatory enforcement concerns to the attention of federal agencies. The SBA will inform these agencies of systemic issues that adversely impact small businesses. This service will reduce the likelihood of costly litigation and settlements.

The SBA will underscore the need for federal agencies to provide compliance assistance to small businesses and for the compliance education materials to be informative, accessible, and user-friendly. Federal agencies self-certify that they are compliant with congressional reporting requirements in accordance with Section 212 of the Small Business Regulatory Enforcement Fairness Act. The SBA will assess the extent to which agencies are complying with these reporting requirements in forthcoming editions of its *Annual Report to Congress*.

The SBA will continue to leverage its Regional Regulatory Fairness Board members to expand to a greater number of small businesses. To fill the remaining board member vacancies, the SBA will continue to canvass for high-caliber candidates from the widest possible number of sources. The Agency will examine the nominee vetting process, identify ways to streamline and expedite the process to fill the vacancies, and accelerate the onboarding of selectees.

The SBA will continue expanding awareness of SBA's offerings through the development of new materials for the public and intermediary audiences. The Agency will incorporate the latest communication and marketing methods to reach stakeholders and targeted audiences.

The SBA will continue to invest in its digital assets like SBA.gov, which reach out to over 14 million unique visitors each year, helping augment the SBA's outreach, support, and engagement with small business owners and entrepreneurs. Given that the data suggest more small business owners and

entrepreneurs engage with the SBA through digital means before the face-to-face engagement, it is imperative that products like SBA.gov are continually supported and enhanced to help raise the “SBA IQ” among key stakeholders to help drive more productive face-to-face engagements at the right moment.

### ***Strategy 2: Recommend policy and advocate for small businesses through research and engagement***

The **National Women’s Business Council (NWBC)** is a non-partisan federal advisory council established to provide advice and policy recommendations to the President, Congress, and the SBA Administrator. The NWBC engages with women business owners and entrepreneurs across the country to convene panel sessions, workshops, and roundtables on practices, policies, and programs that have successfully aided women business owners and entrepreneurs. Through its annual report to Congress and the White House, the NWBC seeks to connect the voices of women entrepreneurs to federal policymakers.

Women-owned businesses comprise nearly one out of every three businesses in the United States. They generate over \$1.4 trillion in sales and sustain nearly 8 million jobs each year; however, only 2 percent of women-owned businesses have more than 10 employees, with many disparities in the market still apparent.<sup>29</sup> The NWBC is committed to providing advice and policy recommendations that support the growing success of women business owners.

#### FY 2019 Accomplishments and Challenges

In FY 2019, new business organizations were incorporated into the Council, and small business owners were appointed representing geographic, racial, economic, and sectoral diversity.

The Council convened stakeholders for its three public meetings. The first public meeting celebrated the 30<sup>th</sup> anniversary of the passage of the Women’s Business Ownership Act, which established the Council. The meeting provided more than 100 attendees with insight into the NWBC’s mission, its 30-year history, and the future of women’s entrepreneurship. The Council’s second public meeting of the year served to introduce the new Council to the public and unveil the Council’s strategic policy initiatives and priorities, including improving opportunities for women entrepreneurs in rural areas, for women in STEM, and renewing the Council’s commitment to increasing access to capital and opportunity for women business owners and entrepreneurs. The Council also announced its approach to maximizing its communications strategy to raise the visibility of women business owners and entrepreneurs and outlining the steps needed to increase their success. The Council’s third public meeting served to disclose the Council’s recommendations and reveal the Council’s strategic initiatives for FY 2020.

The Council also launched a series of roundtables across the country to convene women business owners, better understand the unique challenges they face, and identify opportunities for growth. To better engage with the local business community, the NWBC traveled to cities in which NWBC Council members live and grow their business, including Pella, Iowa; Baltimore, Maryland; Austin, Texas; St. Petersburg, Florida; and Los Angeles, California.

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<sup>29</sup> 2012 Survey of Business Owners. U.S. Census Bureau.

The Council’s three subcommittees worked diligently to understand the current landscape of women’s business ownership as it relates to their respective subject areas and formulate actionable policy recommendations for inclusion in the *NWBC Annual Report*. The Council also released its *Report on Rural Women Entrepreneurs: Challenges and Opportunities*, which served as a springboard for the Council’s recommendations on rural entrepreneurship.

FY 2020 and FY 2021 Planned Performance

The NWBC will strategically aim to communicate its policy proposals to audiences across the nation, connect a wide-range network of women’s business organizations and women entrepreneurs from across the country, and promote the exchange of relevant, actionable policy ideas by convening the business community and policymakers for public meetings, roundtables, panels and workshops. Through its annual report to Congress and the White House, the NWBC will continue to connect and elevate the voices of women entrepreneurs to federal policymakers.

The SBA, through its **Field Operations**, aids small businesses and aspiring entrepreneurs through its 68 district offices located across 10 regions in the United States. The services include training, counseling, government contracting assistance, and assistance accessing business capital. The Office of Field Operations serves as the SBA’s High Impact Service Provider (HISP). The SBA developed a customer experience metric to track interactions between customers and the SBA in several domains.<sup>30</sup>

Table 2.3d shows the results and targets of the performance indicator tracking overall customer experience

**Table 2.3d: Customer Experience Performance Indicator**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Field Customer Experience Score</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	N/A	Baseline	TBD
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	N/A		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA introduced this metric to track customer experience, i.e., interactions between individuals, businesses, or organizations and the SBA. Customer Experience factors include customer satisfaction, confidence/trust, service, process, and people.									

FY 2019 Accomplishments and Challenges

In FY 2019, the SBA created its customer experience action plan and deployed its survey into the field. The SBA is conducting an online survey of customer experience to measure the current state of customer satisfaction, identify areas for improvement, and to track changes over time. The SBA has developed an evidence-building project to analyze its customer survey data. The SBA rolled out the customer experience survey to the field in May, which was ahead of schedule, along with supporting guidance and materials. SBA field offices are requesting that customers provide feedback to the SBA via the survey instrument.

FY 2020 and FY 2021 Planned Performance

Initial data analysis from the surveys will begin in FY 2020, and the SBA will begin to baseline its customer experience metrics. The SBA will continue to refine its customer experience action plan in FY 2021 by including additional training and staffing. The SBA will conduct in-depth data analysis,

<sup>30</sup> The SBA field dashboard is available at: [www.performance.gov/cx/dashboard/sba/fo/](http://www.performance.gov/cx/dashboard/sba/fo/)



journey mapping, training to mitigate identified weaknesses, and staffing to support its customer experience plan. The SBA will provide in-depth analysis on the survey data and results that will be completed in FY 2020. Initial results will inform the next steps and may include additional data gathering through interviews. Customer experience training for SBA field staff is scheduled to begin in FY 2020, and the Agency has started coordination and cross-training between program offices. The SBA also is participating in cross-agency coordination in Customer Experience through the Cross-Agency Priority (CAP) goal strategies.

## *Strategic Goal Three – Restore Small Businesses and Communities after Disasters*

### **Strategic Objective 3.1: Deploy Disaster Assistance Effectively and Efficiently**

**Performance Goal:** Achieve a 77 percent customer satisfaction rate for disaster loan approvals in FY 2021

**FY 2018–2019 Agency Priority Goal:** By September 30, 2019, increase the average number of disaster loan applications processed from three to six applications per loan specialist per day

**Objective Lead:** Associate Administrator for Disaster Assistance

**Objective Support:** Office of Field Operations, Office of Capital Access, Office of Government Contracting and Business Development, Office of Entrepreneurial Development, and Office of Veterans Business Development

**Programs/Activities:** Disaster Preparedness, Response and Recovery

**Most Serious Management and Performance Challenge 7:** Disaster Assistance Must Balance Competing Priorities to Deliver Timely Assistance and Reduce Improper Payments

**Strategies:**

1. Promote disaster preparedness through pre-disaster outreach by region and type of disaster
2. Strengthen disaster operations to enhance effectiveness and efficiency
3. Capitalize on SBA's nationwide infrastructure for short- and long-term recovery

Returning businesses to normal operations, preserving jobs, and helping families rebuild their homes after a disaster are critical to ensuring that local economies recover as quickly as possible. In coordination with the Federal Emergency Management Agency (FEMA), other federal agencies, and state and local entities, the SBA helps small businesses prepare for disasters and provides affordable, timely, and accessible financial assistance to businesses of all sizes, nonprofit organizations, homeowners, and renters following a disaster. The SBA supports residents of disaster impacted communities, including homeowners and renters, to help them rebuild, thereby maintaining strong customer bases to allow businesses to recover quickly. In addition to providing loans for physical damage, the SBA provides small businesses, including small agricultural cooperatives, small businesses engaged in aquaculture, and certain private nonprofit organizations with working capital in the form of economic injury disaster loans (EIDLs).

**Progress Update:** In FY 2019, the SBA processed 95,626 loan applications, of which 81,676 were home loan applications and 13,950 were business disaster loan applications. The average processing time was 8 days for home loans and 12 days for business loans. Additionally, 93 percent of all disaster loan applications accepted were submitted using the SBA's electronic loan application (ELA). The SBA approved 42,375 disaster loans for a total of more than \$2.2 billion, which included activity from Hurricanes Florence and Michael. The FY 2019 total includes 38,492 home disaster loans for a total of \$1.8 billion and 3,883 business disaster loans for a total of \$391.8 million. The 2018 wildfire season was also the deadliest and most destructive wildfire season recorded in California. The Woolsey Fire and Camp Fire were declared under one disaster declaration on November 12, 2018 for Butte county in Northern California, and Ventura and Los Angeles in Southern California. The SBA approved 3,844 disaster loans for a total of \$427.5 million for the 2018 California Wildfires.

**Most Serious Management and Performance Challenges:** The SBA Inspector General annually reports on the top management and performance challenges that pose significant risks to the programs and

activities that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The challenges are not presented in order of priority. Within each management challenge is a series of recommended actions to resolve the challenge.<sup>31</sup> The SBA annually responds to each action. The completion date represents when the SBA completes the action.

**Figure 3.1: Most Serious Management and Performance Challenge 7**

<b>Challenge 7: Disaster Assistance Must Balance Competing Priorities to Deliver Timely Assistance and Reduce Improper Payments</b>	
Recommended Actions	Completion Date
<p>1. Promulgate regulations for the new guaranteed disaster loan programs mandated by Congress in 2008.</p> <p>2019 Achievement: The Appropriations Act of 2018 included permanent cancellation of \$2.6 million in unobligated funding for the Immediate Disaster Assistance Program (IDAP) and Expedited Disaster Assistance Program (EDAP), and the Appropriations Act of 2019 rescinded the statutory authority for EDAP. In the SBA FY 2020 Congressional Justification, the SBA requested repeal of IDAP and the Private Disaster Assistance Program (PDAP) (see page 117 of the FY 2020 Congressional Justification and FY 2018 Annual Performance Report).</p> <p>These programs were not implemented due to lack of interest by lenders. The SBA anticipates the repeal of IDAP and PDAP Program authority in the Appropriations Act of 2021.</p>	September 30, 2020
<p>2. Promulgate regulations for the Express Recovery Opportunity Loan Program provided by the RISE After Disaster Act.</p> <p>2019 Achievement: In the SBA FY 2020 Congressional Justification, the Agency requested repeal of the RISE After Disaster Act Express Recovery Opportunity Loan Program because it duplicates the existing SBA Express Disaster Bridge Loan Pilot Program and cannot be delivered as designed without subsidy costs (see page 117 of the FY 2020 Congressional Justification and FY 2018 Annual Performance Report).</p>	September 30, 2020
<p>3. Strengthen internal controls to minimize the risk of charge-offs associated with the increased MAFD (monthly allowable fixed debt) threshold.</p> <p>2019 Achievement: The SBA worked with a third-party data analytics firm to create an econometric model identifying the variables of data input against the charge-off rate. Specifically, the firm developed a regression analysis to understand how the charge-off rate is expected to react when the independent variable (income, credit score, loss, insurance, etc.) changes. The analysis determined that the credit score is the greatest predictor of a loan’s likelihood of charge off, followed by whether the loan is secured, and then the applicant’s income level. The remaining variables were not considered significant enough</p>	September 30, 2020

<sup>31</sup> For more information on the OIG Management Challenges, visit <http://www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges>.

<p>to add relevance to the model. The MAFD was not considered to be a major factor in the likelihood of charge off.</p> <p>After careful consideration, the data supports decreasing emphasis on MAFD as it relates to the disaster loan decisioning process. The SBA now considers credit score and income as the primary factors in determining repayment, which is consistent with the private sector shift to these factors. When those two factors are not sufficient enough to make a decision, the SBA will use a debt-to-income calculation, allowing up to 75 percent MAFD.</p> <p>The SBA’s disaster loan portfolio continues to maintain low default rates. Payment history under the new credit model is in line with projections which estimated a less than 1 percent change in the charge-off rate, which includes 9 months of payment history in FY 2018.</p>	
<p>4. Reduce the improper payment rate to meet the reduction targets in FY 2018, in accordance with the FY 2017 Agency Financial Report, to comply with the Improper Payments Elimination and Recovery Improvement Act of 2012.</p> <p>2019 Achievement: In FY 2017, the improper payment (IP) rate increased to 13.65 percent, which exceeded the projected target of 4.78 percent. The FY 2018 target was 9 percent and the actual rate was 8.91 percent. The SBA continued to implement process improvements, review internal controls, and address quality control in order to achieve its improper payment targets. These changes helped the SBA lower the FY 2019 IP rate to 6.3 percent, which is below the 8.91 percent goal.</p>	Implemented
<p>5. Strengthen internal controls to mitigate the risk of fraud and ensure program integrity for the loss verification process.</p> <p>2019 Achievement: This recommendation is new.</p>	September 30, 2020

Table 3.1a displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable but are provided for presentation purposes only.

**Table 3.1a: Disaster Assistance Program Budget – Total Administrative Resources (Thousands)**

FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
\$ 337,144	\$ 246,358	\$ 218,406	\$ 237,171	\$ 562,521	\$ 356,935	\$ 177,727	\$ 239,676

Table 3.1b shows progress on the FY 2018–2019 Agency Priority Goal (APG) that tracks the number of cases that a disaster loan specialist processes per day. The SBA retired this goal upon completion of DCMS 2.0 upgrades.



**Table 3.1b: Disaster Assistance Priority Goal**

FY 2018–2019 Priority Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Average Number of Disaster Loan Applications Processed per Loan Specialist per Day	Target	N/A	N/A	N/A	3	4	6		
	Actual	N/A	N/A	N/A	3	4	4		
	Variance	N/A	N/A	N/A	0%	0%	33%		
<b>Additional Information:</b> The SBA processed 4 disaster loan applications per loan specialist per day because there was insufficient disaster activity throughout the year to collect adequate data. The SBA, however, did meet the target (6 loan applications per specialist per day) where there was sufficient loan activity, such as the California wildfires (November 2018 – January 2019) and flooding in the Midwest (July 2019). The SBA is dedicated to increasing the number of applications that loan specialists can process and has deployed new disaster loan system modernization technology to better respond to large-scale disasters through efficient loan processing. Beginning in FY 2020, this metric will no longer be applicable.									

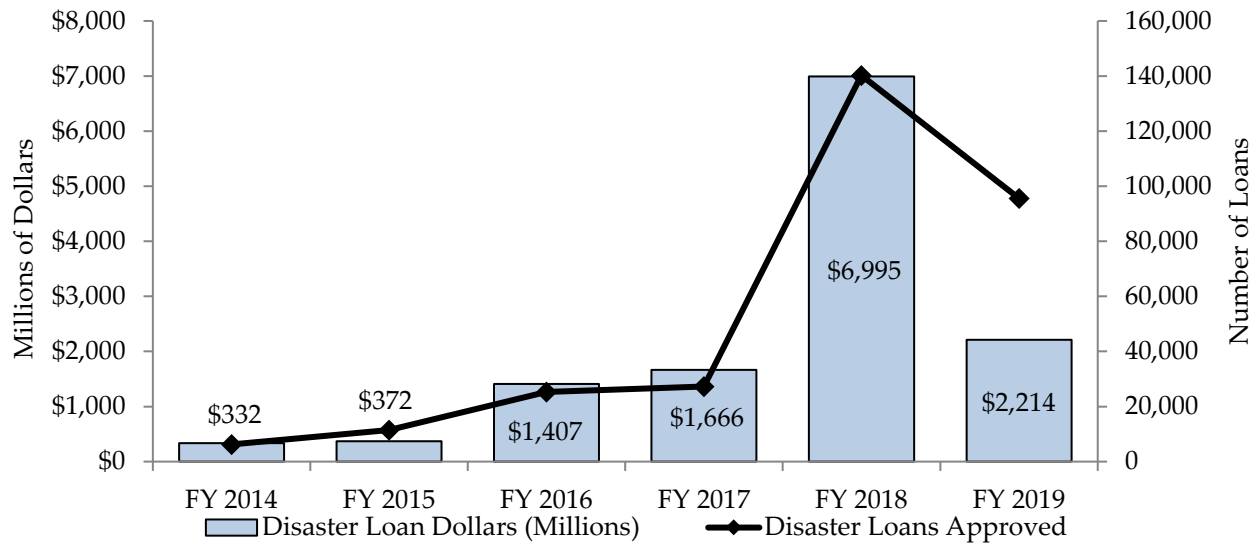
Table 3.1c shows progress on the performance goal that tracks customer satisfaction of disaster loan approvals. This goal aligns with the President’s Management Agenda for improving customer experience with federal services.

**Table 3.1c: Disaster Assistance Performance Goal**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Customer Satisfaction Rate for Disaster Loan Approvals	Target	71%	71%	71%	71%	71%	77%	77%	77%
	Actual	80%	80%	84%	85%	78%	83%		
	Variance	13%	13%	18%	20%	10%	8%		
<b>Additional Information:</b> The SBA conducts an annual customer satisfaction study on its Disaster Assistance Program using the American Customer Satisfaction Index (ACSI) methodology. The Agency uses the survey data to identify and target areas for improvement that have the greatest impact on customer satisfaction scores. The SBA continued to improve its loan application processes (e.g., ELA, in-person in disaster recovery centers, and by mail upon request), and enhance features of the disaster loan assistance portal and other technology tools.									

Chart 3.1 shows the total dollar (millions) and number of disaster assistance loans approved. Because Hurricanes Harvey, Irma, and Maria struck land in August and September 2017, applications surged in the final 2 months of FY 2017. Since the disasters occurred at the end of the fiscal year, most of the approved loan activity for Hurricanes Harvey, Irma, and Maria are reflected in FY 2018. Hurricanes Florence and Michael, and the 2018 California Wildfires loan activity appeared in FY 2019.

**Chart 3.1: Disaster Loans Approved (Dollars in Millions and Number of Loans)**



**Strategy 1: Promote disaster preparedness through pre-disaster outreach by region and type of disaster**

Small business owners invest time and money to make their ventures successful, but many of them do not prepare for disasters. Countless small businesses never reopen their doors following a disaster; however, planning and preparedness can help prevent this risk. The SBA partners with a nationwide network of resource partners and business counseling, in coordination with the SBA field offices, to prepare businesses for disasters and assist them with recovery needs after a disaster occurs.

Table 3.1d displays a new performance indicator that will help the Agency monitor the speed with which SBA opens disaster centers (e.g., disaster loan outreach centers and business recovery centers) in the field.

**Table 3.1d: Disaster Assistance Performance Indicator**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Percent of Disasters Having a Disaster Loan Outreach Center (DLOC) or Business Recovery Center (BRC) Open Within 10 Days</b>	<b>Target</b>	N/A	N/A	N/A	N/A	95%	95%	95%	95%
	<b>Actual</b>	N/A	N/A	N/A	N/A	100%	100%		
	<b>Variance</b>	N/A	N/A	N/A	N/A	5%	5%		
<b>Additional Information:</b> "Open" is defined as assembling at least one SBA disaster loan outreach center or business recovery center within 7 days of all major presidential disaster declarations for individual assistance and Agency disaster declarations. For FY 2020, the SBA updated the target for opening a DLOC or BRC from 7 to 10 days. Regional, state, and local stakeholders advised the SBA's Field Operations Centers to open DLOCs or BRCs within 7 to 10 days of a disaster declaration to best support the unique needs of disaster survivors. In the initial days after a disaster, many survivors are responding to initial impacts and are focused on meeting immediate needs. The additional time also assists SBA field operations and resource partners to optimize the strategic location of BRCs and DLOCs, helping to ensure that the center is best positioned to support business owners recovering from a disaster. Disaster survivors may still access the disaster online application portal immediately following a disaster declaration, which should not impede timeliness of disaster assistance.									

### FY 2019 Accomplishments and Challenges

The SBA recognized that preparedness is a shared responsibility and continues to encourage and support emergency readiness both at home and at work. Since FY 2013, the SBA has continually exceeded the customer satisfaction rate for disaster loan approvals. This success is attributed to committed disaster relief staff, improved technology in loan processing, and customer-friendly loan portal enhancements.

Ensuring consistent messaging for disasters across the country is challenging. The SBA tailored key messages on disaster preparation to different regions of the country. The SBA worked to ensure that every part of the country had information prepared for various types of disasters to get small businesses and communities back to normal operations. Following declared disaster events, the SBA used its network of SBA field offices and resource partners to open new disaster business recovery centers and disaster loan outreach centers quickly and efficiently.

The SBA collaborated with interagency partners, including FEMA and the U.S. Department of Commerce, to improve national readiness in core preparedness capabilities identified for improvement in the “National Preparedness Report,” including the economic recovery core capability. Based on the SBA’s Disaster Preparedness and Recovery Plan, Agency district directors, Disaster Assistance Loan Program experts, and SBA resource partners engaged with interagency teams led by the U.S. Department of Commerce’s Economic Development Administration to assist communities recovering from disasters. The SBA’s district offices provided additional staff training and checklist tools for better disaster response locally. This includes improved communication and alignment between district offices and headquarters in support of response activities when a disaster strikes.

The SBA implemented an Outreach and Marketing Plan to promote disaster preparedness and inform stakeholders about the SBA’s Disaster Loan Program. The Agency also reached out to state, local, and tribal leadership and emergency personnel to build relationships and increase readiness in post-event coordination. The Agency participated in several federal Interagency Leadership Groups, including the Recovery Support Function Leadership Group (RSFLG) and the Mitigation Framework Leadership Group (MitFLG). As a member of these groups, the SBA increased interagency awareness of disaster assistance and preparedness.

The SBA participated in both the response and recovery phases of the 2019 National Level Exercise Tabletop Exercise (TTX) entitled Shaken Fury. During this exercise, the SBA led discussions on economic recovery. Numerous federal agencies participated in the economic recovery discussions which resulted in courses of action that may be incorporated into future events to help prepare the SBA to respond with more coordinated and effective disaster assistance.

In coordination with expanded outreach efforts, the SBA presented at multiple national and regional forums with a special focus on the SBA’s disaster preparedness efforts and mitigation loans. The Agency gave presentations at national conferences for industry leaders, states, local leaders, and emergency managers. These forums were critical for disaster responders at all levels to participate in disaster preparedness discussions and planning, build coalitions with disaster recovery stakeholders, and promote awareness with partners about the SBA Disaster Loan Program.

In August 2018, the SBA signed a 2-year agreement with the Institute for Business and Home Safety (IBHS) to work jointly on a Disaster Preparedness Campaign and distribute materials focused on

disaster preparedness, business continuity, and structural mitigation resources. This co-sponsorship has successfully increased cobranded marketing materials and information sharing available on the Agency's website. Additionally, in June 2019, the SBA presented at the IBHS Hurricane Symposium Facing the Storm: The Case for Business Resilience, which brought together IBHS commercial lines members, policyholders, designers, manufacturers, and public policy experts to focus on an approach to making businesses more resilient when disaster strikes. For National Preparedness Month in September, the SBA and IBHS conducted a webinar to educate business owners on risks in the event of a disaster, and on developing business continuity plans to support rebuilding and recovery of operations.

#### FY 2020 and FY 2021 Planned Performance

The SBA will continue to encourage disaster preparedness to mitigate and minimize disaster damage for small businesses and communities. Resources on [www.SBA.gov](http://www.SBA.gov) will help small businesses plan for emergencies. Resource partners will continue to educate individuals and small businesses on disaster response and recovery best practices. The Agency will continue to improve collaboration between disaster preparedness and operations teams, supporting its district offices and resource partners to ensure clear and consistent guidance on how to access local and federal aid following a major disaster.

The SBA recognizes the potential for resource partners to assume a larger role supporting disaster assistance and will continue to engage Small Business Development Centers, Women's Business Centers, and SCORE partners in recovery efforts. Through coordinated efforts with resource partners, the SBA will provide assistance to businesses seeking reconsideration or reacceptance requests for declined or withdrawn disaster loan applications. The Agency's resource partners will provide consultations in developing or adapting a business plan, financial planning, marketing, and general business management and technical assistance.

The SBA will continue supporting local stakeholder outreach efforts through workshops and other events to encourage disaster preparedness. The Agency will continue emphasizing the SBA Disaster Loan Assistance Portal and other direct links to high-risk regions to market the Disaster Assistance Loan Program. The Agency will continue supporting regional, district, and area offices to enhance messaging to disaster survivors and strengthen disaster assistance preparation.

The SBA will continue to implement the Outreach and Marketing Plan for State, Local, and Tribal Leadership and Emergency Personnel to build relationships to improve readiness and post-event coordination and increase awareness of disaster risk, the need to be prepared, and the SBA's role in disaster recovery. Targeted outreach will continue in FY 2021 to focus on specific disaster risks based on region (i.e., hurricanes and storm surge, seismic activity, wildfires, tornadoes, severe storms, and flooding). The SBA will also continue to partner with IBHS on co-branded preparedness materials and a joint Disaster Preparedness Campaign.

### ***Strategy 2: Strengthen disaster operations to enhance effectiveness and efficiency***

The SBA continually reviews and implements process improvements to enhance program delivery. The development of [www.DisasterAssistance.gov](http://www.DisasterAssistance.gov) has made disaster assistance responsive, consistent, and easy for disaster survivors to find resources. The SBA enhanced the online system for disaster survivors to check the status of their disaster loan applications. With new technology, SBA loan specialists can

process more applications faster, which improved the SBA’s ability to respond more quickly to large scale disasters.

Table 3.1e shows progress toward the disaster assistance efficiency performance indicators, including the initial disbursement rates and time to process business, home, and economic injury disaster loans.

**Table 3.1e: Disaster Assistance Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Percent of Loans With Initial Disbursements Within 5 Days of Loan Closing</b>	<b>Target</b>	95%	95%	95%	95%	95%	95%	95%	95%
	<b>Actual</b>	100%	98%	96%	99%	97%	99%		
	<b>Variance</b>	5%	3%	1%	4%	2%	4%		
<b>Additional Information:</b> Disbursement refers to the last step of a 3-step disaster loan process where a loan is closed, and funds are disbursed to the customer for an approved loan amount.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Percent of Disaster Loans Processed Within Standard</b>	<b>Target</b>	85%	85%	85%	85%	85%	85%	85%	85%
	<b>Actual</b>	100%	100%	99%	99%	96%	93%		
	<b>Variance</b>	18%	18%	16%	16%	13%	9%		
<b>Additional Information:</b> A streamlined approval process and digital service improvements have allowed the SBA to process a higher volume of loans in a more efficient and timely manner. The standard number of days corresponds to the volume of disaster loan activity received in that fiscal year, i.e., Level I—up to 50,000 applications; Level II—50,000 to 250,000 applications; Level III—250,000 to 500,000 applications; and Level IV—more than 500,000 applications.									

FY 2019 Accomplishments and Challenges

The SBA closed 99 percent of loans with initial disbursements within 5 days of SBA receiving the signed loan closing documents, and 93 percent of the loans were processed within standard in FY 2019. The SBA approved 42,375 disaster loans for over \$2.2 billion following the hurricane season. The average processing time was 8 days for home loans and 12 days for business loans.

The SBA continued to use desktop verification (damage estimates) for all home disaster loan applications and business disaster loan applications for 1-4 residential unit properties. The Agency expanded the use of desktop verifications to include all business disaster loan applications except for the most complex applications such as businesses with multiple damaged properties (e.g., condo associations). To complete a desktop verification for damaged property, the SBA used third-party data and information provided from the loan applicant through a phone interview. The SBA’s use of desktop verifications in place of onsite inspections provided multiple benefits, including speed of service, convenience to the disaster survivor, and improvement to the Agency’s efficiency and effectiveness.

The SBA implemented the DCMS 2.0 Modernization for loan application processes in FY 2018. The modernization project reached full operating capability on June 30, 2019. These improvements streamlined institutional processes that were cumbersome, maximizing the impacts of modern technology on the SBA business processes and supporting volume processing functions such as exception processing, parallel processing, and improved workload management. The overall system redesign has enhanced service to disaster survivors.

### FY 2020 and FY 2021 Planned Performance

Building on lessons learned from past disasters is a routine practice and part of the SBA's mission-driven culture. The Agency will continue to reevaluate and reengineer business processes to meet the ever-changing needs of disaster survivors. The continued implementation of process improvements is expected to result in a more efficient operation that responds to disaster declarations and enhances customer service.

The SBA plans to continue enhancing DCMS 2.0 in FY 2020, which will further streamline internal disaster loan application processes. The Agency will integrate the loss verification application into DCMS 2.0, which will increase quality and value in the Federal Government's core administrative functions, enhance productivity, achieve long-term cost savings, and result in higher customer satisfaction scores in the ACSI survey. The SBA will assess policy/data activities in conjunction with DCMS 2.0 processing to manage risk effectively and to develop a plan strengthening disaster operations and enhancing effectiveness and efficiency. The Agency will also implement loan decisioning software to improve efficiency.

To continue providing expedited service, the SBA requests authority to permanently increase the unsecured threshold on physical damage loans in Agency declarations from \$14,000 to \$25,000 to allow the SBA to disburse the first \$25,000 more expeditiously and allow the borrower to make crucial repairs faster. The unsecured threshold for physical damage loans in Agency declarations will revert to \$14,000 for disasters declared on or after November 24, 2022. The unsecured threshold amount determines when collateral will be required, when proof of insurance (except flood by law) will be required, and when some other loan conditions are triggered by the secured level.

In addition, the SBA requests the repeal of the Immediate Disaster Assistance Program (IDAP) and the Private Disaster Assistance Program (PDAP) due to lack of interest from private sector lenders. The SBA also requests repeal of the Recovery Opportunity Loan Program because it duplicates the existing SBA Express Bridge Loan Pilot Program and cannot be delivered as designed without subsidy costs.

The SBA will invest \$1 million to migrate its Disaster Loan Assistance Portal (DLAP) to the cloud to improve the user experience by making it more user-friendly, accessible, and intuitive. DLAP is an independent system that allows disaster survivors to submit a loan application for assistance and is currently an on-premise platform. The SBA would conduct a detailed user experience assessment and redesign the system to offer the best experience for disaster survivors. These system upgrades will also leverage cloud-based solutions to improve scalability and business continuity, and potentially reduce IT systems operations and maintenance costs in support of the tens of thousands of disaster survivors supported each year.

The SBA will complete and present the results of its disaster loan program evaluation, which will be used to provide a greater understanding of how the program supports communities and businesses recovering from disasters.



### ***Strategy 3: Capitalize on SBA's nationwide infrastructure for short- and long-term recovery***

The SBA provides short- and long-term assistance in the aftermath of disasters. The SBA engages regularly with district offices and resource partners so they can continue aiding their communities even after the disaster declaration deadlines have closed. The SBA will implement its plan to build relationships with leadership and emergency management personnel at the state, local, and tribal levels to improve readiness and post-event coordination. The SBA raises awareness of its preparedness and disaster resources through outreach efforts that target seasonal risk. These activities include: coordinating with state emergency management agencies to promote both state and SBA preparedness resources; participation in disaster preparedness and mitigation conferences that convene nationally representative bodies of state, local, and tribal leaders; entering 24 MOUs through which the SBA may share disaster loan application data with state and local counterparts; and educating state, local, tribal, and other resource partners on SBA disaster assistance program eligibility, including mitigation funds, through briefings and quarterly calls.

#### FY 2019 Accomplishments and Challenges

The SBA continued leveraging three-step communications processes that provided messaging to the public and strengthened awareness of the disaster loan application process. The disaster loan process includes: 1) applying for a loan, 2) estimating the cost of disaster damages and making credit decisions, and 3) closing and disbursing loan funds.

Additionally, in June 2019, the SBA conducted its biannual Disaster Media Training held in Orlando, Florida. This training convened and trained 125 SBA employees, including regional administrators, regional communications directors, public affairs specialists, and public information officers from across the country to ensure their understanding of the Agency's Disaster Loan Program, and short- and long-term recovery.

The coordinated effort leveraging the SBA's resources, including regional, district, and area offices, resulted in the successful response to Hurricanes Harvey, Irma, and Maria in 2017, and Hurricanes Florence and Michael in 2018. The SBA's non-disaster program offices provided staff, office space, and resources to help disaster recovery efforts in a variety of functional areas.

#### FY 2020 and FY 2021 Planned Performance

In FY 2020, the SBA will continue providing long-term outreach efforts with its district offices and resource partners in disaster-damaged areas. Outreach efforts continue for the Outreach and Marketing Plan for State, Local, and Tribal Leadership and Recovery Personnel to support economic recovery of communities after a disaster. The SBA will provide more detailed information about disaster loan activity with its resource partners through data sharing agreements to provide disaster survivors with greater customer service, case management, and technical assistance. The SBA plans to update its disaster assistance loan program training materials and information for SBA district offices and resource partners to better prepare for disasters, and implement a plan to build relationships with leadership and emergency management personnel at the state, local, and tribal levels to improve readiness and post-event coordination.

In FY 2021, the SBA will work with its district offices and resource partners in disaster-damaged areas to continue outreach activities and significant long-term recovery plan efforts for disaster area



homeowners and businesses. The SBA will conduct timely training for newly on-boarded disaster reservists, allowing the reservists to begin work faster than previous cohorts.

## *Strategic Goal Four – Strengthen SBA’s Ability to Serve Small Businesses*

### **Strategic Objective 4.1: Ensure Effective and Efficient Management of Agency Resources**

<p><b>Performance Goal:</b> Achieve a 4.0 customer satisfaction rate for financial management, acquisition management, and performance management services for SBA employees in FY 2021</p> <p><b>Objective Leads:</b> Chief Financial Officer and Associate Administrator for Performance Management and Director of Executive Management, Installation and Support Services</p> <p><b>Programs/Activities:</b> Financial Management, Grants Management, Performance Management, Program Evaluation, Regulatory Impact Analysis, Internal Controls, Acquisition Management, Administrative Services, Facilities</p> <p><b>Strategies:</b></p> <ol style="list-style-type: none"><li>1. Provide stewardship over financial resources and promote a robust performance management culture</li><li>2. Implement process and operational improvements to simplify and enhance service delivery</li></ol>
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The SBA has a great responsibility to taxpayers to ensure the effective and efficient use of its resources. The SBA works continuously to strengthen and streamline its programs to meet the needs of small businesses and continues to improve processes to mitigate fraud, waste, and abuse, and improve service delivery to provide better customer service support.

Through the Office of Performance Management and the Chief Financial Officer, the SBA leads oversight of its financial and performance management activities. Through the Office of Executive Management, Installation and Support Services, the SBA manages its facilities, security, and grants management processes. The Agency provides the resources and support necessary for its employees to better serve small businesses and to be effective financial stewards of taxpayer dollars.

The SBA supports the CAP Goal on data, accountability, and transparency through streamlining resource management activities, monitoring program performance, integrating risk management techniques, and sharing data. Evidence-based decision-making and learning are embedded in program evaluations and quarterly executive meetings.

**Progress Update:** The SBA surpassed its FY 2019 prime small business utilization target (71 percent) by reaching 80.7 percent, the highest target achieved in the Federal Government, and exceeded each of the four subgoals for HUBZone (7 percent); women-owned (24 percent), service-disabled veteran-owned (24 percent), and disadvantaged small businesses (56 percent). The SBA published its FY 2019 Enterprise Learning Agenda (ELA) and has established a framework that aligns with the Foundations for Evidence-based Policymaking Act (2019). The SBA received a Certificate of Excellence in Accountability Reporting (CEAR) award with special recognition for its FY 2018 Agency Financial Report. After completing all Digital Accountability and Transparency (DATA) Act requirements last year ahead of schedule, the SBA focused on improving data quality and analyzing submission data to help management make informed decisions.

The SBA established a baseline measure to track financial assistance closeouts, and hosted Agency-wide grants management training and certification training on closeout requirements for Grants Officer Technical Representatives (GOTR). In FY 2019, the Agency approved an investment to acquire the OMB Grant Center of Excellence grants management solution system to ensure compliance with federal

reporting and grant management protocols. The SBA incorporated grants management processes, procedures, standard terms and conditions, and forms on the SBA website for compliance with OMB regulations and external audit recommendations. Through FY 2019, the SBA will implement corrective actions for the external audit recommendations from the Office of Inspector General (OIG) and Government Accountability Office (GAO).

**Most Serious Management and Performance Challenges:** The SBA Inspector General annually reports on the most serious management and performance challenges that pose significant risks to the programs and activities that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The challenges are not presented in order of priority. Within each management challenge is a series of recommended actions to resolve it.<sup>32</sup> As noted in Figure 4.1, the SBA took action to address Agency Management Challenge 8 and completed three of four recommendations in the first year of its publishing, with the fourth recommendation being recognized as having made significant progress toward completion. One recommendation was completed a full year before its due date. The SBA has addressed the actions for each challenge this year and the completion date represents when recommendations will be closed.

**Figure 4.1: Most Serious Management and Performance Challenge 8**

<b>Challenge 8: SBA Needs Robust Oversight of Its Grants Management</b>	
Recommended Actions	Completion Date
<p>1. Conduct an overall evaluation of its grants management organizational structure with an emphasis on centralizing the oversight of these programs in order to reduce and ultimately eliminate systemic issues for maximum program success.</p> <p>2019 Achievement: The SBA completed this evaluation.</p>	Implemented
<p>2. Implement a system to effectively manage and monitor grant awards, to include a process for ensuring the data submitted to USASpending.gov complies with DATA Act requirements.</p> <p>2019 Achievement: The SBA invested \$2.5 million to leverage a federal shared service used by other federal agencies. It is scheduled for implementation in FY 2020.</p>	September 30, 2020
<p>3. Update grant management policies and procedures to ensure grant officers enforce grant recipients comply with financial and performance requirements, verify that reported information is accurate and complete, and ensure applicants' proposals include plans to measure performance in a way that will help SBA achieve program outcomes</p> <p>2019 Achievement: The SBA updated its Standard Operating Procedure (SOP) 18-01 governing grants management to the OIG.</p>	Implemented

<sup>32</sup> For more information on the OIG Management Challenge, visit [www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges](http://www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges).

<p>4. Establish training requirements for all grants officers and program personnel responsible for monitoring grant recipients' performance to enforce compliance with the SBA's established procedures for grant management and best practices for administering grant awards and monitoring performance. The training should address the systemic issues we identified in this summary report.</p> <p>2019 Achievement: The SBA developed and implemented a comprehensive training plan.</p>	<p>Implemented</p>
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**Strategy 1: Provide stewardship over financial resources and promote a robust performance management culture**

The SBA ensures that all employees have the tools to make effective and efficient decisions in managing resources. Through newly developed policies, the use of advanced data analytics, evidence-based decisions, and strong internal controls, the SBA's employees provide outstanding program oversight. A well-formulated and executed budget, in addition to an effective acquisition process, ensures that every employee is equipped to manage resources. Well-managed financial systems and new technology help automate processes and reduce error. The SBA strives to exceed its small business acquisition goals and reduce improper payments. Evidence is used to drive decisions, and continuous learning serves as a foundation for performance improvement.

Table 4.1a displays the metric tracking progress toward the SBA's financial management customer service performance goal.

**Table 4.1a: Financial Management Customer Service Performance Goal**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Customer Satisfaction Rate of Financial Management Services for SBA Employees</b>	<b>Target</b>	N/A	N/A	N/A	N/A	Baseline	4.0	4.0	4.0
	<b>Actual</b>	N/A	N/A	N/A	N/A	4.0	4.4		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	10%		
<p><b>Additional Information:</b> The SBA developed an internal customer satisfaction baseline in FY 2018. The SBA rates customer satisfaction on a scale from one to five with five being the highest. A score of four or higher indicates superior satisfaction with financial and performance management services.</p>									

Table 4.1b shows progress toward the SBA's acquisition performance indicator.

**Table 4.1b: Acquisition Performance Indicator**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>SBA Small Business Utilization Rate</b>	<b>Target</b>	68%	69%	72.75%	72.75%	73%	71%	73%	TBD
	<b>Actual</b>	77%	78%	74%	80%	80%	81%		
	<b>Variance</b>	14%	13%	1%	10%	10%	14%		
<p><b>Additional Information:</b> The SBA tracks small business contracts and has the highest small business contracting goal in the Federal Government. The SBA continues to provide preference to small businesses in awarding contracts. SBA Utilization Rate targets are negotiated annually and therefore are not yet established for future fiscal years.</p>									

Chart 4.1 shows the amount of SBA contract dollars awarded to small businesses. The number and dollar value of contracts increased substantially after FY 2013, during which time the SBA exceeded its prime small business utilization target of 73 percent.

**Chart 4.1: SBA Contracts Awarded to Small Businesses (Millions of Dollars)**

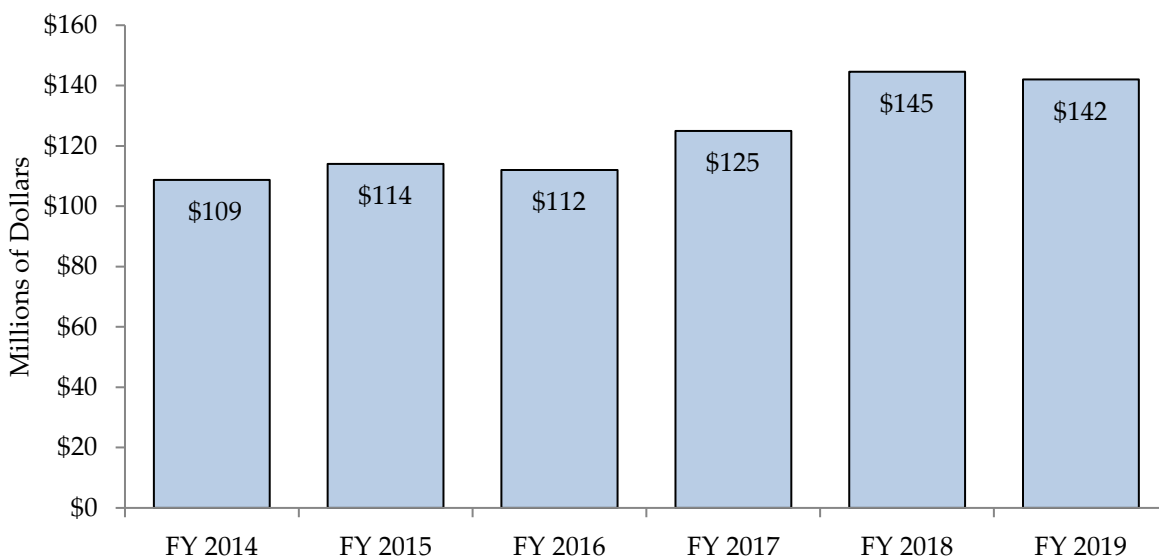


Table 4.1c shows progress toward the SBA’s priority project milestones indicator.

**Table 4.1c: Priority Projects Performance Indicator**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of PMIAA Priority Projects Completed on Time	Target	N/A	N/A	N/A	N/A	N/A	N/A	Baseline	TBD
	Actual	N/A	N/A	N/A	N/A	N/A	N/A		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA established this measure to track improvements in the SBA’s program and project management capabilities as part of the implementation of the Program Management Improvement Accountability Act (PMIAA). The Act requires an assessment of the SBA’s program and project management capacity to ensure that programs and projects are managed efficiently and effectively.									

**FY 2019 Accomplishments and Challenges**

The SBA implemented several data quality improvement initiatives in alignment with the DATA Act. The Agency researched, documented, and categorized each DATA Act broker warning message to perform a root cause analysis. The SBA also added additional data validation checks in source systems fields identified through this analysis, identified high risk data elements, and implemented quality assurance procedures throughout the data submission and reporting process. The SBA updated its Data Quality Plan to include roles and responsibilities, data element mapping from source to submission, and data quality monitoring procedures in accordance with the DATA Act playbook and Data Quality Plan guidance.

The SBA continued IT-related contract reviews in collaboration with the Chief Information Officer (CIO) under the Federal IT Acquisition Reform Act (FITARA). All contract actions (new and option

renewals) greater than \$50,000 were reviewed and approved throughout the fiscal year by the CIO. In addition, the CIO participated in all Advanced Acquisition Strategy planning sessions, which ensured oversight of IT-related projects and resources. In FY 2019, the SBA was granted the authority to create an IT WCF to finance a long-term cycle of IT modernization projects and has established the necessary accounts with the U.S. Department of the Treasury.

The SBA completed three program evaluations and is currently managing four evaluations initiated in FY 2019. The SBA has used the findings from the evaluations to support program improvements. For example, the SBA has used the results from the Boots to Business evaluation to improve its survey tool to improve service delivery. The SBA will continue to promote evidence and evaluation tools and leverage its program evaluation framework and guidelines to ensure that program managers have timely evidence to support decisions.

The SBA implemented the Program Management Improvement and Accountability Act (PMIAA) in accordance with OMB guidance. The Agency updated its Program Management Improvement Plan and collaborated with the Chief Human Capital Officer to establish training and mentoring for program and project management. In alignment with the FY 2019 SBA annual strategic objective review, the SBA conducted its first assessment of program portfolios. The SBA also established a new metric in Table 4.1c that tracks the percent of priority projects completed on time.

The Agency continued to evaluate business processes impacting financial operations to comply with *OMB Circular A-123, Appendix A*. As part of the implementation of the Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017, the SBA tested payroll and travel for improper payments and also coordinated reporting of 7(a) and 504 loan guaranty and disaster direct loan improper payments in compliance with *OMB Circular A-123, Appendix C*. These accomplishments helped address Management Challenge Six identified by the SBA Inspector General, which focuses on accurately reporting, significantly reducing, and strengthening efforts to recover improper payments in the 7(a) Loan Program.

The SBA revised and implemented the Financial Assistance Standard Operating Policies (SOP) and developed the Grants Management Procedural Guide to ensure that grants officers and program staff comply with Federal statute, regulation and policies in support of the Agency's mission.

The Agency further developed and implemented a Grants Management Training Plan for all grants officers and program staff to ensure appropriate training is adhered to maintain warrant authority and programmatic certification. This includes training at the senior executive level.

The SBA invested in the Office of Management Budget/Grant Center of Excellence solution system (Grants Solutions) to ensure systematic compliance within the lifecycle of a Federal Financial Assistance grant tool.

As a key success, the SBA received its final FY 2018 Procurement Scorecard grade of "A+" and met its prime- and sub-goal contracting targets for disadvantaged, women-owned, HUBZone, and service-disabled veteran-owned small businesses. Following an internal review, the SBA implemented an updated review process to mitigate against protest and claims risks. Several tailored templates and forms were updated and posted to the Acquisition SharePoint site. A total revision of the Acquisition and a revision to the Purchase Card SOP have been developed. These updates streamline the processes while maintaining compliance. The SBA has the highest small business utilization target

and is on track to meet or exceed all small business and socio-economic goals. In FY 2019, the SBA initiated a process evaluation for the acquisition program to further identify efficiencies and strategies to improve support for SBA program offices.

The SBA established an enterprise solution to provide program offices with a consolidated financial workflow management environment with integrated budget formulation and execution data, enabling business process automation. This solution establishes a standardized data model for all funding requests to reduce duplication and increase data integrity across the organization.

#### FY 2020 and FY 2021 Planned Performance

The SBA's financial management processes will be conducted according to strictly observed time schedules in compliance with federal guidelines for budget, acquisition, accounting, and reporting activities. Action on audit findings will be taken on each item and completed as soon as possible. Improvements to the financial systems will continue as the OCFO, in collaboration with OCIO, creates a modernization roadmap for transitioning the financial system to the cloud.

The SBA will use the newly established IT Working Capital Fund to finance a long-term cycle of IT modernization projects including centralized management of systems, equipment, services and maintenance. The projects will support strategic progress in technology modernization with an enterprise approach through the adoption of cloud-based solutions, building an enterprise data capability, driving innovation through pilots and prototypes, making significant cybersecurity improvements, and continuing to build the foundation for a zero trust network. The SBA's digital transformation is a multi-year effort necessary to enable a digital workforce and support 30 million entrepreneurs and small businesses that rely on digital engagement.

While building on improvements in financial management, performance management, and data quality, the SBA will pursue activities to improve efficiency. The SBA will finalize and publish an SOP on financial management, budget processes, loan accounting, internal controls, and financial systems. The SBA will implement phase II of the Workforce Planning initiative following the initial internal skills assessment and plan that was developed to address skills gaps in the workforce.

The SBA will continue to implement PMIAA in accordance with OMB guidance. The Agency will update its Program Management Improvement Plan and collaborate with the Chief Human Capital Officer, Chief Information Officer, and other mission support senior leaders to ensure that program and project managers have the tools they need. In alignment with the FY 2020 SBA annual strategic objective review, the SBA will assess its program portfolios that contribute to the progress of the SBA's strategic objectives in the *FY 2018-2022 Strategic Plan*.

The SBA will continue to implement the new Grants Management System. The system is designed to provide Agency-wide common grant terminology, documentation and reporting for financial federal assistance recipients to facilitate support of performance management and data integrity.

The SBA places a high priority on providing high-quality, transparent federal spending information to the public and using this data to achieve more effective and efficient allocation of resources to improve Agency performance. The SBA plans to use newly acquired enterprise-wide data visualization and analytics software to augment the Agency's reporting capabilities and make federal spending and SBA program performance data more accessible.



The SBA will invest \$0.7 million to implement the Foundations for Evidence-based Policymaking Act and Federal Data Strategy. The SBA will build a data inventory that tracks both the data it currently captures and who manages the respective datasets. In addition, the SBA will complete a skill-based assessment to manage data resources. The SBA has developed its Enterprise Learning Agenda and Annual Evaluation Plan, and further investments in program evaluations will help the SBA understand ways to improve program efficiency and outcomes.

The SBA will continue to perform on-site internal control assessments of various field and program offices and provide internal controls training to improve procedures and reduce costs. The SBA will incorporate evaluations of data integrity while implementing the revised *OMB Circular A-123, Appendix A*. Through the strength of its internal control practices, the SBA will strive to maintain an unqualified audit opinion with no material weaknesses on its annual financial statements. The SBA will continue to assess and report improper payments in accordance with *OMB Circular A-123, Appendix C*, to enhance its payment integrity program.

The SBA will continue to champion additional program evaluations to better assess and modernize operations to ensure that small businesses are receiving effective and efficient services from the Agency. In FY 2020, the SBA will complete new program evaluations for the following programs and activities: Acquisition Management, Field Customer Experience, All Small Mentor-Protégé, SBIC Rural evaluability assessment, and the State Trade Expansion Program. In FY 2021, the SBA will solicit additional program evaluation proposals and begin a new round of evidence-building projects to promote an effective and efficient operations.

***Strategy 2: Implement process and operational improvements to simplify and enhance service delivery***

The SBA is optimizing core administrative functions—its real estate portfolio, space utilization, and physical security and grants management operations—to contribute to effective federal-wide resource management. The SBA will improve service delivery to its internal customers to ensure a high-performing organization.

Table 4.1d displays the metric tracking progress towards the total amount of square feet of real estate eliminated from the Agency's inventory.

**Table 4.1d: Real Estate Footprint Reduction Performance Indicator**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SBA Real Estate Footprint Reduction Rate	Target	N/A	Baseline	2%	1%	1%	1%	1%	1%
	Actual	2%	2%	5%	4%	-0.4%	Data Lag		
	Variance	N/A	N/A	150%	300%	-150%	N/A		
<b>Additional Information:</b> The SBA tracks the square footage of its facilities and continues to reduce the amount of space for operations through consolidations, co-locating, and returns of excess space in accordance with the <i>OMB Memorandum M-12-12, Section 3: Reduce the Footprint</i> . The SBA will not receive FY 2019 results for Real Estate Footprint Reduction from GSA until February 2020. Future targets reflect a 1% reduction based on the SBA Real Property Efficiency Plan submitted to GSA through FY 2023.									

Table 4.1e displays a new measure that tracks the rate to close grant agreements.

**Table 4.1e Financial Assistance (Grants) Management Closeout Rate Performance Indicator**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SBA Financial Assistance Closure Rate	Target	N/A	N/A	N/A	N/A	N/A	Baseline	100%	100%
	Actual	N/A	N/A	N/A	N/A	N/A	100%		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> This new measure supports both the GONE and DATA Acts. The closure rate is calculated by dividing the number of grants closed by the number awarded.									

FY 2019 Accomplishments and Challenges

The SBA increased its real estate footprint in FY 2018 relative to its FY 2017 total. Because of hurricanes Harvey, Irma, and Maria, the Agency acquired temporary space to support its disaster assistance mission, which resulted in a net increase as reflected in Table 4.1d. However, the Agency has continued to reduce its permanent space holdings by eliminating leases for unused, alternative worksites and parking locations around the country, downsizing some field offices, and collaborating to transfer independent SCORE locations to SCORE, as appropriate. Records management staff proactively worked with field offices to implement policies to reduce paper records maintained in new office spaces, and this initiative will yield additional reductions in the future. The U.S. General Services Administration (GSA) has not released the final updated reduced FY 2019 total square footage. The Agency continues to be actively engaged with GSA on the lease renewal process.

The Agency implemented a cloud-based space-management application to aid in more accurate space data management and the identification of underutilized facilities throughout the Agency’s real estate portfolio. Reporting occupancy and vacancy data will provide senior leadership with information to make strategic footprint reductions and other space-saving opportunities to reduce rent costs. Space data management has previously been a manual process with data stored in and managed with spreadsheets and emails.

The SBA established a new metric to track the closeout of grants in alignment with the Grants Oversight and New Efficiency (GONE) Act. The SBA’s Office of Grants Management (OGM) conducted Agency-wide training on program office financial assistance management designed to update grant staff on financial assistance compliance and the new grants management policy, the Federal Assistance Policy Directive (formally known as the *Management of Grants and Cooperative Agreements Policy*). Regulations require the timely closeout of financial assistance awards and proper closeout functions reflect efficient management of the program. For reference, the SBA made 915 federal assistance awards including award modifications in FY 2018. The SBA also submitted its 2019 BAHA Act requirements.

The SBA collaborated in several OMB federal assistance inter-agency working groups to define standard data elements as part of the Federal Integrated Business Framework (FIBF) effort, the federal assistance pre-awarding system, and the Financial Assistance Committee for E-Government (FACE) interagency working group. The FACE working group derived data taxonomy and grants reporting.

To ensure that grant office stakeholders receive competent, efficient, and responsive services, SBA’s OGM conducted a customer service survey to assess outward services and evaluate performance. The survey identified training as a key area for improvement, which is consistent with recommendations

from the SBA's Office of Inspector General (OIG). In response, the SBA developed and implemented a comprehensive training plan for all personnel and senior executives with grant management responsibilities in FY 2019.

#### FY 2020 and FY 2021 Planned Performance

The SBA's headquarters lease expires in November 2020, and GSA will finalize its cost-benefit analysis to determine the most cost-effective option. Also, per Executive Order 13327, the Federal Real Property Management Act of 2016 and *OMB Memo M-18-21*, federal agencies must reduce the footprint of the real property portfolio. As leases expire for various field offices, the SBA will pursue opportunities to further reduce the real estate footprint to meet stated objectives. The Agency will develop office space standards for both headquarters and field operations and use GSA standards as a model to implement new office space plans to encourage programs to use open-office floor plans and hoteling/telework for greater space savings. The vehicle fleet will not exceed the FY 2011 baseline of 170 vehicles. The Agency currently manages 162 vehicles and will continue to procure new vehicles when necessary. The Agency will replace all retiring gas-powered vehicles with alternative-fuel vehicles when available.

The SBA plans to consolidate technical support help-desk functions within a public-facing call center. One help desk at the enterprise level will streamline and standardize functions throughout the Agency. A single intake portal allows for greater accountability and increases efficiency and effectiveness.

## *Strategic Goal Four – Strengthen SBA’s Ability to Serve Small Business*

### **Strategic Objective 4.2: Build a High-performing Workforce**

<p><b>Performance Goal:</b> Achieve a 69 percent SBA employee satisfaction scores through the Federal Employee Viewpoint Survey in FY 2021</p> <p><b>Objective Lead:</b> Chief Human Capital Officer</p> <p><b>Objective Support:</b> Office of Diversity, Inclusion, and Civil Rights</p> <p><b>Programs/Activities:</b> Recruitment, Training, Diversity and Inclusion, Workplace Conflict Resolution, Disability Employment, Structured Action Planning</p> <p><b>Most Serious Management and Performance Challenge 3:</b> The SBA Needs Effective Human Capital Strategies to Carry Out Its Mission Successfully and Become a High-Performing Organization</p> <p><b>Strategies:</b></p> <ol style="list-style-type: none"><li>1. Recruit and retain an inclusive workforce</li><li>2. Deliver a comprehensive, mission-focused, talent development strategy to foster professional development and continuous learning</li><li>3. Build a high-performing culture that maximizes workforce performance and drives accountability</li></ol>
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The SBA recognizes that employees are critical to achieving its mission and continues to make investments in its workforce a top priority. An engaged, high-performing workforce is vital to meeting organizational goals and preparing for the future.<sup>33</sup> The President’s initiative to create a lean, accountable, and more efficient government is achieved through changes in strategies on hiring, training, employee engagement, communication, and performance management. In addition, the SBA continues to work with the U.S. Office of Personnel Management (OPM) and the U.S. General Services Administration (GSA) to identify cost savings and mature the human resource service delivery model to ensure that the Agency is poised to deliver on the President’s Management Agenda (PMA), civil service reforms, and any future government-wide reorganizations. This strategic objective supports the Cross-Agency Priority (CAP) Goal in realigning human capital to serve America’s priorities by using strategic workforce management in identifying and training SBA mission-critical occupations and actively managing the workforce with leading human capital practices that assess capabilities, reinforce results and accountability, and improve performance of the SBA workforce.

The SBA has defined specific and measurable human capital management strategies that address efforts to build an inclusive workforce, proactively respond to current and anticipated skills gaps and changes in Agency priorities, and transform human resource service delivery to provide employees with the tools they need to increase efficiency, effectiveness, and accountability.

**Progress Update:** The SBA, in consultation with OMB, has highlighted this objective as a focus area to strengthen the SBA’s workforce planning processes. The SBA continues to improve and modernize its human resource capacity and capabilities. In FY 2019, the SBA moved to an automated time and attendance system and fully deployed a new Automated Senior Executive Performance Management System. The SBA will continue to make IT investments to upgrade the Agency’s Talent Management and Performance System as well as invest in an automated Standard Form 52 (SF-52) System. The new systems and upgrades will produce efficiency gains as the Agency progresses towards the goal of automating all employee resource services. The SBA filled critical executive leadership positions,

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<sup>33</sup> U.S. Federal Employee Viewpoint Survey. U.S. Office of Personnel Management, October 2018.

implemented its Human Capital Operating Plan (HCOP) outlining how the SBA will execute the human capital elements within the Agency Strategic Plan and Annual Performance Plan (APP), and leveraged technology and partnerships to strategically enhance the SBA’s recruitment of high-quality applicants. The Agency continued to exceed the 100-day average time-to-hire target with an FY 2019 average hiring cycle of 95 days. The SBA also increased the Federal Employee Viewpoint Survey (FEVS) employee engagement index score from 69 percent in FY 2018 to 70 percent in FY 2019. In addition, the Agency is developing an approach that integrates the CAP Goal of reskilling and redeploying human capital resources. The Agency will continue to align its activities to the CAP goal strategies of improving mission critical skills and customer service through competency assessments.

**Most Serious Management and Performance Challenges:** The SBA Inspector General annually reports on the most serious management and performance challenges that pose significant risks to programs and activities that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. Within the management challenge is a series of recommended actions to resolve it.<sup>34</sup> The SBA has addressed the actions for the challenge this year, and the completion date represents when recommendations will be closed.

**Figure 4.2: Most Serious Management and Performance Challenge 3**

<b>Challenge 3: SBA Needs Effective Human Capital Strategies to Carry Out Its Mission Successfully and Become a High-Performing Organization</b>	
<b>Recommended Actions</b>	<b>Completion Date</b>
<p>1. Ensure that human capital management SOPs are updated and appropriately structured to support the Agency’s long-term goals and objectives and government-wide human capital management initiatives.</p> <p>2019 Achievement: The SBA published several critical human resource policies, including Classification, Drug Testing, Probationary Periods for New Employees and Supervisors, Career Transition Assistance Program/Interagency Career Transition Assistance Program, Business and Professionals Distinguished Fellowship Program, Discipline and Adverse Actions, and Nepotism. Policies identified for development or revision in FY 2020 include Overtime and Premium Pay, Employee Dispute Resolution, Personnel Management Authorities, Attendance and Leave, Work Schedules, SES/SL Performance Management, Performance Management, Discipline and Adverse Action, Phased Retirement, and Human Capital Evaluations:</p>	Implemented

Table 4.2a shows progress toward the performance goal which tracks the results of FEVS Job Satisfaction index.

<sup>34</sup> For more information on the OIG Management Challenge, visit [www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges](http://www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges).

**Table 4.2a: Employee Performance Goal**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Federal Employee Viewpoint Survey Job Satisfaction Rate	Target	71%	71%	64%	67%	67%	67%	68%	69%
	Actual	65%	62%	64%	67%	68%	70%		
	Variance	-6%	-9%	0%	0%	1%	3%		
<b>Additional Information:</b> The satisfaction rate is the Human Capital Assessment and Accountability Framework (HCAAF) Trends—Job Satisfaction Index, which indicates the extent to which employees are satisfied with their jobs.									

**Strategy 1: Recruit and retain an inclusive workforce**

The SBA continues to build an inclusive organization valuing and leveraging the backgrounds, life experiences, and attributes of all employees. In addition to internal partners, the SBA collaborates with the OPM’s Office of Diversity and Inclusion to identify and implement government-wide best practices. By deploying reforms that ensure the efficiency and effectiveness of the Agency’s hiring process, SBA program offices can access a high-quality workforce that have the capabilities required to set conditions for small businesses to grow and thrive.

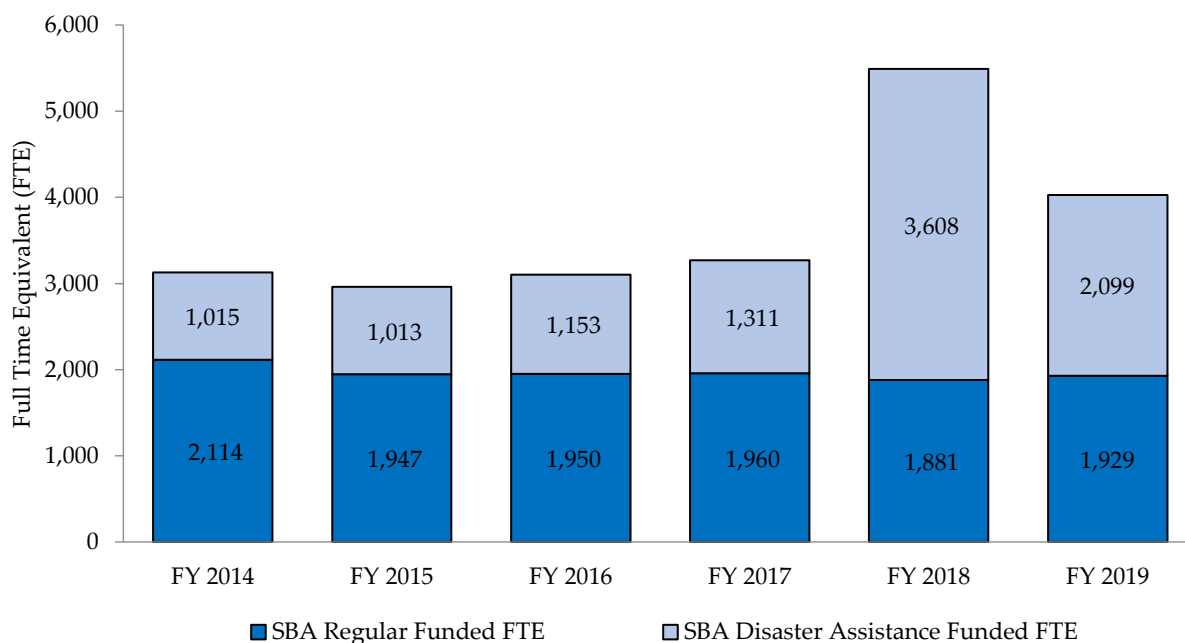
Table 4.2b displays the metrics on the retention rate of new hires and the average number of days to hire.

**Table 4.2b Retention Rate for New Hires and Average Number of Days to Hire Performance Indicators**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Retention Rate for New Hires	Target	88%	93%	93%	93%	93%	80%	80%	80%
	Actual	74%	79%	92%	89%	80%	82%		
	Variance	-16%	-15%	-1%	-4%	-14%	2%		
<b>Additional Information:</b> The retention rate is defined as an employee remaining in a position for a minimum of 2 years within the Agency. The SBA has examined its methodology and recalculated the retention rates from FY 2013 to FY 2016.									
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Average Number of Days to Hire	Target	100	100	100	100	100	100	100	100
	Actual	85	97	98	76	98	95		
	Variance	15%	3%	2%	24%	2%	5%		
<b>Additional Information:</b> Time to hire includes the time a completed recruit action is received until the job offer is accepted. In FY 2017 and FY 2018, OHRS collaborated with the SBA’s executives and hiring managers to use expanded federal hiring flexibilities. The SBA provided targeted job analysis training to hiring managers to enhance their effectiveness and efficiency in assessing and selecting the best candidates. The SBA has removed the dates of the December 2018–January 2019 lapse in appropriation for those offices impacted by the lapse in the actual results.									

Chart 4.2 displays the number of regular SBA full-time employees: non-disaster and disaster funds. The SBA disaster staffing increased in FY 2018 in response to Hurricanes Harvey, Irma, and Maria.

**Chart 4.2: SBA Regular (Non-Disaster) Full-Time and SBA Disaster Full-Time Employees**



FY 2019 Accomplishments and Challenges

The SBA exceeded its time-to-hire goal by achieving a hiring rate of 95 days in FY 2019. To increase the effectiveness and efficiency of the talent acquisition process, the SBA developed and deployed the Hiring Manager’s toolkit and trained hiring managers on various hiring flexibilities (e.g., Cybersecurity direct-hire authority, Schedule A, Veterans Programs). Additionally, the Agency began using the SBA’s Direct Hire Appointing Authority for IT and contracting positions, and onboarded 17 of its critical senior executive positions, improving organizational readiness.

The SBA conducted strategic outreach to diverse groups to broaden candidate pools and ensure a workforce that reflects the population served. The Agency continued to expand opportunities to hire and retain veterans by leveraging a variety of veteran-focused recruitment and retention strategies, such as the Wounded Warriors/Operations Warfighter Program, the Veterans Affairs (VA) Non-paid Work Experience Programs, and targeted recruitment fairs. The Agency supported outreach to Historically Black Colleges and Universities (HBCU). In addition, the Agency continued to meet its 2-percent goal for hiring employees with targeted disabilities and was within 1.5 percentage points of its 12 percent goal for hiring employees with disabilities. Through its recruitment and retention efforts, the SBA achieved a 2-percentage point increase in its new hire retention rate in FY 2019.

In support of the PMA CAP goal to improve employee engagement, the Agency targeted support to program offices with work units having Employee Engagement Index (EEI) scores in the bottom 20 percent. The SBA provided trend analysis and facilitated bimonthly meetings with work units to identify actions for improving these scores. The Agency plans to improve the FEVS EEI score of the lowest scoring work units by 20 percent by FY 2020. With these efforts, the SBA reached a historical high for its FEVS results with an employee engagement score of 70 percent and a job satisfaction index score of 70 percent (1 percentage point and 3 percentage point increases, respectively, over FY 2018). To promote FEVS EEI improvement at the Agency leadership level, Senior Executive Service (SES) performance plans included an employee engagement sub-element. The SBA strives to improve



these scores Agency-wide through its Action Planning Committee (APC). The APC hosted a 3-day summit targeting employee engagement with employees and Agency leaders. Employees marketed engagement ideas directly to leaders and received immediate feedback. The summit also held sessions for employee mentoring, high-functioning teams, and shared APC plans for FY 2020. The SBA launched an Agency-wide Work-Life Engagement Advocate Network to increase awareness of the SBA's work-life program in the field. In addition, the SBA expanded utilization of the automated Time and Attendance system by successfully implementing automated telework agreements, significantly improving efficiency for managers and employees.

#### FY 2020 and FY 2021 Planned Performance

In support of the requirement to streamline mission-support functions and to improve processes specified in OMB Memo M-17-22 ("Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce"), the SBA will assess staffing costs against mission critical priorities. The SBA will continue to standardize position descriptions to ensure greater efficiency and better utilization of resources to create upward mobility for employees. The Agency will implement a process to better control costs to allow program offices to manage compensation and benefit budgets by evaluating mission needs. The Agency will provide tools and templates to program managers to create and maintain workforce plans and will provide human capital management support to achieve a higher-level of maturity to manages resources. The SBA will implement and evaluate strategies to support workforce plans in the Office of Chief Information Officer and the Office of Veterans Business Development and create a workforce plan for the Office of Government Contracting and Business Development.

The SBA will expand use of the Pathways program to bring new talent into the Agency to help attain a diverse workforce that includes students and recent graduates who infuse the workplace with their enthusiasm, talents, and unique perspectives. The Agency will also expand the use of non-competitive hiring of military spouses. To improve candidate pools when filling supervisory vacancies and in support of the PMA milestones, the SBA will implement USA Hire. USA Hire measures general competencies and soft skills critical to a job, providing hiring managers with a more complete assessment of candidates. The assessments will provide managers with a more comprehensive analysis of job candidates and increase the quality and efficiency of hiring. The Agency will improve the New Employee Orientation program and onboarding of employees to improve retention and engagement.

To support SBA IT modernization priorities and the PMA, the Agency will continue to utilize OPM's government-wide hiring authorities such as the Direct Hire Appointing Authority for IT Positions. The Agency will execute the National Strategic Recruitment Plan to promote the use of a variety of hiring authorities and flexibilities, to include Direct Hire and Schedule A authorities. The National Strategic Recruitment Plan describes strategies that will assist Agency hiring managers to fill mission critical vacancies quickly and build a diverse, qualified, and inclusive workforce.

### ***Strategy 2: Deliver a comprehensive, mission-focused, talent development strategy to foster professional development and continuous learning***

The SBA uses its talent development plan to support professional and technical development needs for mission-critical occupations so that it can equip its workforce with the knowledge and skills needed for success. Mission critical occupations account for approximately 68 percent of the workforce. The SBA

continues to expand educational offerings and increase training, certification, cross-training, rotational opportunities, leadership development programs, coaching, and mentoring, thereby providing opportunities for employees to enhance their learning and development goals.

#### FY 2019 Accomplishments and Challenges

In support of OMB Memo M-17-22, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, and requirements related to maximizing employee performance, the SBA conducted an Agency-wide talent development needs survey. Results provided information to develop strategic talent development plans and programs to address skills gaps in mission critical occupations and organizational needs. Using the survey results, the Agency developed and administered training and development programs to managers and supervisors on ways to manage employee performance, deal with unacceptable performance, and recognize high performers. In addition, the Agency offered courses addressing competencies identified by the survey including strategic thinking and planning, technology, team building, and data analytics.

In support of the PMIAA, the Agency completed competency assessments for supervisors in the program management occupation series. The SBA also completed competency assessments for all mission critical occupations (MCOs), and supervisors completed a separate competency assessment outside the program management occupation series. The Agency also established a new mentoring program with more than 50 participants to prepare future leaders and improve knowledge transfer. The mentoring program supports PMIAA implementation by pairing program and project managers together to share institutional knowledge.

To support succession planning, the Agency supported a multifaceted workforce development program, including the President's Management Council Interagency Rotation program, Excellence in Government Fellows program, Treasury Executive Institute, CXO Fellows, and the White House Leadership Development program, to provide developmental opportunities to more than 70 future leaders as a means to execute the priorities and goals detailed in the SBA Strategic Plan.

#### FY 2020 and FY 2021 Planned Performance

A core competency assessment will be administered to all employees in FY 2020. The SBA uses the core competency assessment to help identify skills gaps and training needs. The results of this assessment will be compared to the prior assessment conducted in FY 2018 to determine if skills gaps have been closed and what additional efforts are needed.

The Agency will create a strategic succession planning program that aligns with the Agency Strategic Plan to address organizational needs and better identify talent pools. As a part of the program, the SBA will continue to support various leadership development programs, including supervisory training, coaching, and mentoring.

The SBA will upgrade its talent management system to automate and increase data accuracy by interfacing directly with the Agency's HR/payroll provider. Also, performance appraisal data will be updated more quickly and efficiently to the HR/payroll system via a new data interface.

**Strategy 3: Build a high-performing culture that maximizes workforce performance and drives accountability**

The SBA will implement its plan for maximizing employee performance to promote a high-performing culture. Implementation of this plan will improve performance processes; ensure managers, human resource staff, and the workforce are appropriately trained; ensure accountability in manager performance plans; and provide real-time manager support through the implementation of performance management liaisons within each program office.

Table 4.2c displays the metric tracking progress on the SBA’s employee engagement index score.

**Table 4.2c Federal Employee Viewpoint Engagement Index Performance Indicator**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Federal Employee Viewpoint Survey Engagement Index</b>	<b>Target</b>	N/A	Baseline	64%	67%	67%	68%	68%	69%
	<b>Actual</b>	62%	60%	63%	67%	69%	70%		
	<b>Variance</b>	N/A	N/A	-2%	0%	3%	2%		
<b>Additional Information:</b> The index comprises three sub-categories: Leaders Lead, Supervisors, and Intrinsic Work Experience. The SBA established this measure in FY 2016. Historical data are provided for context.									

FY 2019 Accomplishments and Challenges

To maximize performance and accountability guidance outlined in OMB Memo M-17-22, the SBA used Town Hall meetings, communities of practice, and HR cafes. The Agency also provided supervisors and program office performance management liaisons (PMLs) with training and guidance to create and modify elements within employee performance plans. The Agency reviewed its performance plans to ensure they met the requirements and, where necessary, added or changed performance elements to increase accountability and maximize employee performance. To meet the requirements of M-17-22, the SBA aligned supervisor performance plans with the Agency strategic initiatives and modified them to include an element for conflict management.

As part of the Agency’s commitment to modernize its technology, the SBA implemented a new employee time and attendance system (WebTA) to provide more efficient and effective HR services. The new system has significantly reduced the reliance on paper and manual processes. In addition, the SBA automated its Senior Executive Performance Management System and received full certification of its SES and SL performance management systems.

FY 2020 and FY 2021 Planned Performance

The Agency will continue to modernize and automate various human capital management processes to eliminate paper and manual processes, with the goal to automate all standard HR services. The Agency will partner with OPM and GSA to leverage quality shared services and seek to modernize critical mission support systems. The Agency will acquire an automated Standard Form 52 (SF-52) “Request for Personnel Action” system. The system will allow the Agency to create electronic forms and track them as they progress through the approval process. The Agency will also upgrade the Training and Performance System, focusing on automating manual processes and improving data accuracy. In FY 2020, the Agency will also implement the Employee Relations (ER)/Labor Relations (LR) Case Management System to simplify and streamline the organization’s employee and labor relations processes.

The SBA will continue initiatives to address gaps and support outcomes of root-cause analyses and multiple government-wide strategic initiatives (Agency Reform, PMIAA, President's Management Agenda, Cross-Agency Priority Goals, Closing Skills Gaps, etc.). These efforts include succession management, performance management training, supervisory training, leadership journeys, mentoring, and career and leadership development job rotational opportunities.

The SBA has incorporated several strategies to promote performance management excellence and accountability across the Agency. To support the SBA's emphasis on performance management, the Agency will continue to engage its supervisors and managers in quarterly performance management town halls to provide skills building and promote accountability among the Agency's supervisory corps. These efforts will improve the quality, consistency, and timeliness of performance management activities.

## *Strategic Goal Four – Strengthen SBA’s Ability to Serve Small Businesses*

### **Strategic Objective 4.3: Implement Enterprise-wide Information System Modernization and Cost-effective Technology**

**Performance Goal:** Achieve \$14.7 million in IT cost savings/avoidance through the streamlining of contracting, category management, and cloud computing in FY 2021

**Objective Lead:** Chief Information Officer

**Most Serious Management and Performance Challenge 2:** SBA’s IT Leadership Capabilities Need Strengthening to Address Operational Risks and Challenges

**Programs/Activities:** Information Systems, Technology, Digital Services, Information Security

**Strategies:**

1. Provide the balance between stable, secure, well-run operations and innovative new strategic contributions
2. Drive value and focus on the consistent use of information and technology as strategic business assets
3. Mature SBA’s approach to information technology governance to ensure the best possible technology decisions to effectively drive results
4. Improve information technology organizational and workforce functions through workforce planning and competency development

A digital business strategy is vital to the success of the SBA and its programs. Building digital products and services that include a reliable, secure, and high-performing computing environment is necessary for ensuring that the SBA’s program offices achieve business outcomes and deliver on their goals both efficiently and effectively. The SBA is aligning information and technology with the enterprise operating model with agility, speed, and innovation to address digital business needs. With an enterprise-level IT portfolio and platforms, the SBA embraces digital business and leverages data to enhance the customer experience, deliver products, make informed decisions, and achieve cost savings.

The Office of the Chief Information Officer (OCIO) leads the design, engineering, and management of information and technology across the enterprise, provides governance and oversight of information and technology capabilities throughout the SBA, and builds them into the enterprise offerings. The OCIO delivers enterprise-level cost-effective technology solutions to deliver business outcomes and reduce duplication of products and services. The OCIO collaborates with business owners and stakeholders to identify enterprise-wide business objectives and priorities to jointly develop solutions that embrace continuous delivery to ensure an optimal return on investments. This objective supports the Cross-Agency Priority Goal for IT Modernization.

**Progress Update:** The SBA repositioned itself as a leader in modernization and innovation, and its Federal Information Technology and Acquisition Reform Act (FITARA) score increased from a D+ (May 2018) to a B+ (June 2019). The SBA continues to make significant progress in technology modernization with an enterprise approach through the adoption of cloud-based solutions, building an enterprise data capability, driving innovation through pilots and prototypes, significant cybersecurity improvements, and building the foundation for a zero-trust network. The SBA’s backbone infrastructure upgrade to ethernet, completed in FY 2018, is enabling new capabilities for end-user productivity improvements, software-defined networking, increased collaboration, and reduced costs. These improvements continue to enhance the user experience for the SBA’s small business customers.

The SBA is executing its Enterprise Cybersecurity and Privacy Strategy (FY 2018-2021) to establish and institutionalize enterprise cybersecurity services to close Inspector General recommendations, support the Presidents Management Agenda (PMA) Cross-Agency Priority (CAP) goals, and respond to risk management assessment (RMA) ratings. The Agency is leading enterprise transformation through strategic alignment with SBA program offices and implementing cross-agency capabilities to support mission requirements that will ultimately result in a 360-degree view of its small business and entrepreneur customers. These capabilities include the establishment of a target enterprise data architecture for a unified ecosystem for SBA data, offering advanced capabilities such as big data storage/analytics and business intelligence applications, and establishing standardized interfaces for linking and processing information.

The Agency is driving value and focusing on the consistent use of information and technology as strategic business assets through the implementation of cloud-based solutions including Customer Relationship Management (CRM), Funds of Funds, and Entrepreneurial Learning. The SBA was the first federal agency to deploy DHS's Continuous Diagnostic and Mitigation (CDM) requirements using cloud-based tools to monitor and manage both on-premise (including mobile) and a hybrid cloud environment. The Agency demonstrated the use of cloud-native tools to implement CDM to meet the objectives of CDM Phases 1-4, and applied business intelligence capabilities to create an alternate dashboard. This effort resulted in the completion of a 90-day CDM pilot with Department of Homeland Security (DHS) to demonstrate situational awareness and robust protection of SBA assets and collect and report on CDM data sets and capabilities using cloud-native tools.

The SBA shaped and informed OMB's guidance for federal-wide changes in the Trusted Internet Connection (TIC) architecture and policy. The SBA was the first federal agency to demonstrate a cloud-based network architecture alternative to the traditional DHS-mandated (TIC) architecture. The Agency was selected by OMB, in partnership with General Services Administration (GSA) and DHS, to be 1 of 3 agencies to conduct a 90-day pilot to examine the use of cloud-based cyber security tools to protect the SBA's IT assets and provide situational awareness that is equal to or better than that provided by the traditional DHS TIC. The SBA's successful pilot demonstrated significantly enhanced enterprise cybersecurity visibility while doing so at a reduced cost, improving network performance for all users, and demonstrating applicability federal-wide.

With its migration to the cloud, [www.SBA.gov](http://www.SBA.gov) is now a digital platform capable of supporting new technologies, one that drives value for employees, customers, and partners. The SBA is leading the implementation of Technology Business Management (TBM), and in FY 2019 completed the on-boarding of four major program offices. The Agency began implementation of CRM capability that will sustain the management of and facilitate a 360-degree view of the SBA's customer base.

**Most Serious Management and Performance Challenges:** The SBA Inspector General annually reports on the top management and performance challenges that pose significant risks to the programs and activities that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The challenges are not presented in order of priority. Within each management challenge is a series of recommended actions to resolve the challenge.<sup>35</sup> The SBA annually responds to each action. The completion date represents when the SBA completes the action.

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<sup>35</sup> For more information on the OIG Management Challenges, visit [www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges](http://www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges).



**Figure 4.3: Most Serious Management and Performance Challenge 2**

<b>Challenge 2: Information Technology Controls Need Improvements to Address Cybersecurity Risks</b>	
<b>Recommended Actions</b>	<b>Completion Date</b>
<p>1. Establish an OCIO human resource planning process that allows full deployment of FITARA.</p> <p>2019 Achievement: The OCIO continues to drive the execution of the FY 2018-2020 IT Workforce Strategic Plan and ensure compliance with FITARA requirements. FITARA requires that the CIO and CHCO develop a set of competency requirements for IT staff and IT leadership positions, and develop and maintain a current workforce planning process to ensure the Agency can:</p> <ul style="list-style-type: none"> <li>• <i>Anticipate and respond to changing mission requirements.</i> The CIO established an IT Career Manager, and with support from the CHCO, completed the Agency-wide IT competency model and a 2210 series workforce assessment. The CIO developed a job/skills matrix to identify baseline training for key roles and inform individual development plans (IDP).</li> <li>• <i>Maintain workforce skills in a rapidly developing IT environment.</i> For a third year, the CIO maintained continuous communication with the IT workforce through monthly forums, internal social media (e.g., Yammer), on-site and Skype meetings, and continuous outreach with program offices. During monthly forums, special events, and Communities of Practice, the CIO engaged the IT workforce by sharing of knowledge, capabilities, and best practices resulting in a more informed and less isolated workforce that is aware, trained, and ready to support rapid technology changes.</li> </ul> <p>The OCIO and OHRS offered training courses on cloud, data analytics, and agile (118 participants), and the CIO hosted Gartner for sessions on Software Defined Networks, robotic process automation, artificial intelligence, and vendor-specific training. These training courses enable the IT workforce to shift from low-value to high-value work, support cloud-based solutions and software-define wide area-network implementation and use software tools with Artificial Intelligence (AI) and advanced analytical capabilities for monitoring and managing the SBA's technology stack.</p> <ul style="list-style-type: none"> <li>• <i>Recruit and retain the IT talent needed to accomplish the mission.</i> OCIO and OHRS continued to recruit top IT talent, including notification to OPM for CIO Direct Hire Authority for critical IT positions. The CIO, coordinating with CHCO, is leading an extensive review and upgrade to the recruiting process. In addition, OCIO is leading a talent pool assessment moving forward.</li> </ul> <p>The OCIO hosted an IT Summit in July 2019 in Washington, DC, to engage IT staff across the SBA to move the culture forward and drive modernization efforts to shift from low- to high-value work. Keynote speakers, workshops, and facilitated sessions will directly impact the IT workforce strategies and engage staff in the change process. The summit exposed staff to new technologies that are part of the SBA's future and will result in an IDP for all employees.</p>	<p>Implemented</p>



<p>2. The OCIO performs independent oversight of IT investments consistent with guidance.</p> <p>2019 Achievement: Since FY 2017, the OCIO continues to improve its governance maturity capabilities by performing independent oversight of IT investments. This maturity is reflected in the FITARA 8.0 scorecard which showed improvements from a D+ (May 2018) to a B+ (June 2019), and specifically improved the FITARA Transparency and Risk Management score from a D to a B by conducting monthly IT investment evaluations using OMB's CIO evaluation criteria and identifying additional investment risks.</p> <p>The CIO identified areas for efficiencies within IT, reduced commodity IT spend, and demonstrated alignment of investments to mission and business functions. These actions resulted in an FY 2019 cost savings and avoidance of \$1.82 million and a cumulative total of \$13.73 million since FY 2016, exceeding OMB's SBA target of \$10.8 million.</p> <p>The CIO, in partnership with the CFO, continues to drive the adoption and implementation of the TBM taxonomy for greater insight and tracking of all IT spend to help identify areas of duplication and waste and help increase efficiencies across IT resources. The OCIO completed TBM onboarding for ODA, OCA, OCFO, and OHRS and incorporated planned IT spend, developed cost models, and identified IT services and cost pools. The OCIO TBM includes data between FY 2017-2019.</p> <p>Since FY 2018, the OCIO uses the IT Acquisition Review Tracker (ITART) to review and approve all IT spending greater than \$50,000, including verifying alignment with the associated Advanced Acquisition Strategy. The CIO prepares monthly IT investment evaluations for submission to the federal IT Dashboard. In FY 2019, OCIO updated the Investment Review Board (IRB) SOP, Investment Re-baseline Policy and created the SBA's Capital Planning Investment Control (CPIC) SOP to support OMB's IT governance oversight.</p> <p>The Business Technology Investment Council (BTIC), co-chaired by the CIO and CFO, conducted investment reviews for the entire IT portfolio, which consists of nine major investments. Furthermore, the CIO is actively engaged with the SBA's program offices to review all major IT projects to include DCMS 2.0, Certify.sba.gov, Ascent Digital Learning Platform, and Funds to Funds. The CIO reviewed 77 IT acquisition requests totaling \$65 million.</p>	<p>September 30, 2020</p>
<p>3. The OCIO facilitates enterprise architecture and demonstrates accountability for IT investments.</p> <p>2019 Achievement: The OCIO enhanced elements of its Enterprise Architecture (EA) Program such that EA informs the governance process ensuring appropriate level of decision-making as related to the IT investment portfolio, and that analysis and information is provided to support strategic decision-making. The SBA completed the following:</p>	<p>September 30, 2020</p>

<ul style="list-style-type: none"> <li>• Modified the SBA’s Architecture Review Board (ARB) charter to simplify governance resulting in improved review and approval process, streamlined artifact submission, and increased stakeholder engagement. Further, the ARB is used to convey enterprise technical direction to key stakeholders.</li> <li>• Developed a new Publication of Standards internal website to advertise standards and guide architectural principles for all SBA IT projects. Artifacts inform Federal IT project managers on the basic prerequisite requirements for all IT projects, thus driving accountability.</li> <li>• Standardized the EA model to present business impact changes to the ARB to reduce complexity, increase understanding, and create a simplified assessment of alternatives template to assist IT project managers to develop the Alternative Analysis Assessment. The new template guides project managers through a model assessment and ensures they are aware of how an assessment should be conducted.</li> <li>• Captured pre-select and post-selection project data from various stakeholders within the Agency. Each office is asked to provide the OCIO EA team with updated technology roadmaps that clearly tie to the SBA’s strategic objectives. This information is published to ARB stakeholders.</li> <li>• Developed a Target Data Architecture Environment unified ecosystem for SBA data, established standardized interfaces for linking and processing information, and offered advanced capabilities such as Big Data Storage/Analytics and Business Intelligence applications as part of T-EDE common services that is based on the execution of an architectural roadmap designed to improve business services provided to program offices.</li> </ul> <p>The OCIO conducts regular monthly IT project reviews to ensure program/project alignment with enterprise architectural standards, reflect milestone completion, and identify risks and resource activities.</p>	
<p>4. The OCIO establishes and implements information security, continuous monitoring practices and contractor systems policies and standards to ensure ongoing effectiveness of information systems.</p> <p>2019 Achievement: The OCIO leveraged next generation cloud services to modernize configuration management and identity and access management across the enterprise.</p> <p>The scope and maturity of configuration management, asset management, and change management capabilities increased substantially in FY 2019. The OCIO strengthened patch management, maintaining overall compliance above 90 percent across all managed devices. The OCIO adopted the Defense Information Systems Agency (DISA) Security Technical Implementation Guide (STIG) to serve as the security baseline for applicable devices and automated the implementation through group policy and validation through automated scanning. The documented software approval process ensures complete accountability and security validation of all software running in the SBA</p>	<p>September 30, 2020</p>

<p>environment. Advanced tools ensure full visibility of user devices and provides for a complete list of software and configurations.</p> <p>Identity and access management at the SBA is accomplished through a zero-trust model allowing granular control based on real-time factors. Cloud services and applications leverage a single sign on (SSO) model provided by the enterprise Active Directory Federated Services (ADFS). Specifically, the OCIO can allow access to a range of user devices creating a different user experience based on trust. A valid SBA user accessing email from an unknown device has a restricted view-only experience, while a known and trusted device enables the full range of features, like email forwarding and downloading attachments. Legacy authentication protocols are disabled. The OCIO also implemented "SBA Connect," a unified authentication for public facing services and applications. This approach provides strong multi-factor authentication and integrates seamlessly into the enterprise security monitoring strategy, eliminating complexities of siloed approaches. A web portal enables seamless access to Agency services and applications while eliminating legacy approaches. Numerous cloud services leverage SSO to strengthen enterprise security and improve user experience. "SBA Connect" provides multi-factor authentication via Login.gov for external users and supports PIV card authentication for internal users. "SBA Connect" fortifies the human side of security by mitigating phishing attacks and reducing the burden on users to remember multiple passwords.</p>	
<p>5. The OCIO maintains effective risk management, contingency planning, and incident response practices to minimize vulnerabilities.</p> <p>2019 Achievement: The OCIO's focus on cybersecurity risk management practices remained high in FY 2019. Building on prior accomplishments and maturing at an enterprise level enabled the Agency to lead federal modernization pilots that positively impacted OMB IT policy updates. The OCIO achieved and maintained a B+ on the federal FITARA scorecard, which increased from a prior grade of D+.</p> <p>Cybersecurity risks identified and tracked by the SBA Enterprise Risk Management (ERM) Board were sufficiently addressed. The success achieved by establishing an enterprise cybersecurity program involved building and deploying cybersecurity services capable of meeting the needs of IT staff and management across all Agency program offices while unifying security monitoring, visibility, and incident response capabilities. The OCIO penetration testing team is another critical component of risk management. The team impersonated known threat actors and conducted active attacks based on advanced techniques and validated that IT systems can withstand the stresses imposed by cyber criminals. Penetration testing enables the security team to continually tune monitoring activities as nefarious tactics evolve.</p> <p>The OCIO modernized Agency contingency planning by using cloud native availability zones to achieve redundancy and resilience for mission-critical services. Cyber injections were included in the national Eagle Horizons continuity of operations exercise that simulated real-world cyber-attacks. For critical legacy IT systems, the SBA added resilience capabilities in the form of</p>	<p>September 30, 2020</p>

<p>backup sites able to reconstitute within a week. All accomplishments are underpinned by the Agency’s mature risk management framework based on NIST contingency planning requirements that apply to every agency IT system.</p> <p>The implementation of next generation tools and services that natively leverage artificial intelligence (AI) and machine learning (ML) are a key ingredient to rapidly accelerating cybersecurity maturity at scale, which includes the improved and comprehensive incident response actions of ever evolving cyber threats. As a result, the OCIO now identifies, responds to, and reports cybersecurity incidents with email attacks representing the top cyber threat to the Agency. The SBA decreases cyber risks for all organizations and individuals targeted in numerous cyber campaigns through the removal malicious websites. Conducting tabletop exercises that simulate known cyber-attacks reinforces required processes and procedures between the OCIO and every program office’s IT staff. The exercise ensures that the teams have accurate contacts and escalation procedures that reduce the duration and harm caused by cyber incidents. Through continued maturation, the OCIO is providing the most effective and efficient cybersecurity services that positively impact and enable the SBA mission.</p>	
<p>6. The OCIO establishes configuration management and identity and access management controls and procedures.</p> <p>2019 Achievement: The OCIO leveraged next generation cloud services to modernize configuration management and identity and access management across the enterprise.</p> <p>The OCIO strengthened patch management maintaining overall compliance above 90 percent across all managed devices. The OCIO adopted the Defense Information Systems Agency (DISA) Security Technical Implementation Guide to serve as the security baseline for applicable devices and automated the implementation through group policy and validation through automated scanning. The documented software approval process ensures complete accountability and security validation of all software running in the SBA environment. Advanced tools ensure full visibility of user devices and provide for a complete list of software and configurations.</p> <p>Identity and access management at SBA is accomplished through a zero-trust model allowing granular control based on real-time factors. Cloud services and applications leverage a single sign on (SSO) model provided by the enterprise Active Directory Federated Services (ADFS). Specifically, the OCIO can allow access to a range of user devices creating a different user experience based on trust. A valid SBA user accessing email from an unknown device has a restricted view-only experience, while a known and trusted device enables the full range of features, like email forwarding and downloading attachments. Legacy authentication protocols are disabled. The OCIO also implemented "SBA Connect" a unified authentication for public facing services and applications. This approach provides strong multi-factor authentication and integrates seamlessly into the enterprise security monitoring strategy eliminating complexities of siloed approaches. A web portal enables seamless access to Agency services and</p>	<p>September 30, 2020</p>

<p>applications while eliminating legacy approaches. Numerous cloud services leverage SSO to strengthen enterprise security and improve user experience. “SBA Connect” provides multi-factor authentication via Login.gov for external users and supports PIV card authentication for internal users. “SBA Connect” fortifies the human side of security by mitigating phishing attacks and reducing the burden on users to remember multiple passwords.</p>	
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**Strategy 1: Provide the balance between stable, secure, well-run operations and innovative new strategic contributions**

The SBA is executing a digital business vision that empowers the SBA’s mission through agility, speed and innovation. The SBA continues to make significant progress in technology modernization with an enterprise approach to digital business through the adoption of cloud-based solutions, building an enterprise data capability, driving innovation through pilots and prototypes, making significant cybersecurity improvements, and building the foundation for a zero trust network. The SBA delivered several foundational services that enable delivery of modern enterprise IT services such as Customer Relationship Management, Data Management, and cybersecurity services. The SBA has adopted an aggressive pace to modernize IT so that SBA employees, partners, and customers (small businesses, entrepreneurs, etc.) can benefit from the use of modern digital technologies.

Table 4.3a displays the metric tracking the IT cost savings and avoidance.

**Table 4.3a: Information Technology Cost Savings and Avoidance Performance Goal**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
IT Cost Savings/Avoidance (Millions)	Target	N/A	N/A	N/A	N/A	10.5	10.8	14.0	14.7
	Actual	N/A	N/A	N/A	8.3	11.9	13.7		
	Variance	N/A	N/A	N/A	N/A	13%	27%		
<p><b>Additional Information:</b> The metric reports the cumulative cost savings/avoidance related to OMB initiatives such as Data Center Optimization Initiative (DCOI), commodity IT, migration to the cloud, software license management, and PortfolioStat.<sup>[1]</sup> The SBA exceeded its FY 2019 targets by identifying additional IT savings for commodity IT and Software Licenses.</p>									

FY 2019 Accomplishments and Challenges

The SBA’s Office of the Chief Information Officer partnered with the Office of Disaster Assistance (ODA) to leverage Skype (Voice and Video Collaboration Software) for online training in lieu of on-site training, resulting in significant travel costs reduction for 100 Loss Verifiers. Skype for Business helped the SBA avoid approximately \$192,000 in travel, to include airfare and hotel costs, enabling Loan Verification training for 100 attendees. This action further reduced the need for additional logistical resources and contributed to cost avoidance.

Significant technology modernization processes led to the adoption of cloud-based solutions; consolidation and the elimination of duplicative hardware, software, and services; and innovation through pilots and prototypes. The SBA is rapidly repositioning itself from an agency lagging in technology capabilities to a leader in modernization and innovation by deploying technologies such as Skype Unified Communications and O365 cloud-based suite of applications. The SBA’s backbone

[1] Data are reported via Integrated Data Collection (IDC) Quarterly Submission.

infrastructure upgrade is 95 percent complete, enabling new capabilities to improve collaboration and reduce costs. Windows 10 is fully deployed across the SBA.

The SBA significantly improved its FITARA grade from a D+ to a B+ in FY 2019. This upward trend resulted from efforts such as implementing software management policies as set forth in *OMB Memo M-16-12*, establishing a comprehensive regularly updated inventory of software licenses, and the CIO certifying that IT Investments are adequately implementing incremental development.

The SBA made upgrades to its cybersecurity profile with the establishment of continuous security operations. The Agency also introduced new penetration testing cybersecurity services. The SBA was 1 of 3 agencies that OMB selected for a 90-day pilot for TIC Modernization. The pilot demonstrated an approach and implementation that meets and/or exceeds the security requirements of situational awareness, protection of the SBA's IT assets, and incident response without using the standard TIC architecture. The SBA's pilot informed the federal strategy. Annual goals and priorities needed to achieve the strategy are now clearly defined and published in the FY 2019 Cybersecurity Program Plan. Through the establishment and institutionalization of enterprise Cybersecurity services, the SBA has achieved progress in its response to and closure of IG recommendations, President's Management Agenda (PMA) Cross-Agency Priority (CAP) Goals, and Risk Management Assessment (RMA) rating.

The SBA completed an IT Workforce Strategic Plan. This effort identified the Agency's IT skills gaps, developed a holistic approach to determine IT personnel requirements, and recommended a plan of action to satisfy these requirements. The SBA facilitated 2,464 hours of technical training and hosted the first IT Summit for IT Specialists across the Agency. The SBA also completed Technology Business Management (TBM) baseline models for OCFO, ODA, OCA, and OHRS.

The SBA closed 38 Office of Inspector General IT security audit findings and closed FY 2019 with zero open recommendations. This success was accomplished through the institutionalization of repeatable processes and sound cybersecurity practices.

#### FY 2020 and FY 2021 Planned Performance

In FY 2020, the SBA will continue to consolidate data centers and integrate to the cloud. Continued cybersecurity operational maturity and execution of the Cybersecurity Strategic Plan will reduce the SBA's exposure and improve its risk posture.

The maturing of the SBA's Strategic Elements of Enterprise Data Management is enabling data visualization and data integration, resulting in better data interpretation, solution consolidation and supports evidence-based decision-making. Enabling open data through the implementation of Comprehensive Knowledge Archive Network (CKAN) supports the Open Data Act, improves the ability to search and aggregate data across varied file types, and provides for machine readable formats. Training on data analytics, data cleaning, and loading is increasing self-service capabilities and enabling sustainable improvements.

The SBA will further grow and mature its enterprise service offerings, resulting in tangible cost-savings through the deployment of enterprise platforms, server virtualization, continued migration to the cloud and full Skype for Business implementation. Enterprise Single Sign-on – "SBA Connect" - using Login.gov and improvements in IT services such as SBA-wide IT service desk consolidation will improve end-user satisfaction.



In FY 2021, the SBA will continue building digital products and services, maturing its enterprise service offerings and improving its customer experience. The SBA initiated an enterprise CRM solution — “SBA Insights.” SBA Insights is data-driven and the foundation for a 360-degree view of the customer that enables seamless integration and customer experience and reduces the interaction channels.

In FY 2021, the SBA will invest \$2 million to develop next generation cloud services and modernize legacy enterprise applications to include configuration management and the implementation of Identity, Credential and Access Management (ICAM) requirements. Significant technology modernization benefits the SBA by consolidating and eliminating duplicative hardware, software, and services resulting in overall IT cost savings.

***Strategy 2: Drive value and focus on the consistent use of information and technology as strategic business assets***

The SBA recognizes the need to align information and technology with the enterprise operating model that uses agility, speed, and innovation to address digital business needs. There is an increased need for IT functions within the organization to better collaborate and identify efficiencies to create a better experience for the SBA’s customers. The Agency will build and deliver digital products and services, eliminate duplicative products and services, and combine multiple instances into the enterprise architecture to achieve greater efficiency. Through IT management, enterprise data management, and shared government services, the SBA will achieve a greater ability to meet its customer needs. To better serve the workforce and its customers, the SBA will upgrade technology and promote agile methodologies for all software development projects. These features will allow the SBA to achieve greater communication, collaboration, and responsiveness to customer-driven deadlines, and provide opportunities for a greater return on investment.

Table 4.3b is a new efficiency measure tracking the percent of IT projects completed within schedule.

**Table 4.3b: IT Projects Completed Within Schedule Performance Indicator**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of IT Projects Completed Within Schedule	Target	N/A	N/A	N/A	N/A	N/A	Baseline	95%	95%
	Actual	N/A	N/A	N/A	N/A	N/A	97%		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The metric reports the top five OCIO IT projects within schedule, including the SBA IT investment portfolio.									

**FY 2019 Accomplishments and Challenges**

Continued assessment of enterprise-wide technology strategies led to improved response and support to small business owners’ needs. The TBM and CRM initiatives are underway and TBM baseline models have been completed for ODA, OCFO, OCIO, OHRS, and OCA. OCIO in partnership with the SBA’s program offices supported the Ascent Digital Learning Platform, SBIC Funds of Funds, EDMIS, and DCMS 2.0 Strategic projects.



The Data Community of Practice resulted in improved data sharing, cross-agency exchange of ideas and information, and standardization of business intelligence tools. Power BI has been distributed across the enterprise enabling advanced visualization, simplified report development, organizational sharing, and data integration across program offices. Additionally, various data sets have been shared with the Data Management Community of Practice to provide teams a head start when developing maps and integrating data. Monthly developer “meet-ups” facilitated an exchange of ideas among the SBA developer community. An innovation call for ideas resulted in a myriad of recommendations for direct business impact through technology innovations and improvements. IT personnel completed nearly 2,500 hours of technology training in FY 2019 to address skill gaps in data, cloud, and cybersecurity.

The SBA exercised its new authority to establish and operate an IT Working Capital Fund to modernize or replace legacy systems and facilitate transition to the cloud and innovative technologies and support application modernization. The IT WCF enables the SBA to set aside resources for longer term investments that support strategic agency efforts to provide risk-based and cost-effective cloud-based information technology capabilities.

#### FY 2020 and FY 2021 Planned Performance

In FY 2020, the SBA will continue to implement SBA Insights, Technology Business Management, and assess and consolidate duplicative capabilities, such as IT service desks. The SBA will consolidate IT Service Desks, transition the Network Operations Center to a new customer-driven contract, and complete the migration to the Enterprise Infrastructure Solution (EIS). The SBA will continue implementation of enterprise services for security, data, and identity management. Migration to GSA’s Login.gov — “SBA Connect” — a shared service, will eliminate legacy login services, incorporating single sign-on functionality to SBA systems for small business owners and stakeholders.

In FY 2021, the SBA will further grow and mature its enterprise service offerings, resulting in tangible cost-savings through implementation of enterprise-wide technology solutions. Data management, cybersecurity, and identity management initiatives and www.SBA.gov will incorporate enhancements and innovative solutions. Cloud migration, IT modernization, and digital transformation will continue.

### ***Strategy 3: Mature SBA’s approach to IT governance to ensure the best possible technology decisions to effectively drive results***

The SBA is maturing its IT governance capability to align information and technology with the enterprise operating model and ensure adaptive decision-making that responds to opportunities and supports digital innovation while continuously addressing investments, risk and value. The Agency involves all stakeholders in mission alignment, sets priorities for technology spending, and ensures integration with enterprise-wide processes. The SBA identifies cost savings and uses its investment oversight framework to demonstrate accountability, business value creation, and delivery on business outcomes. The SBA identified IT acquisition cost savings opportunities with the full implementation of FITARA.

Table 4.3c displays a new metric tracking the percentage of the SBA’s enterprise-wide cloud applications.

**Table 4.3c: SBA Enterprise-Wide Cloud-Based Applications Performance Indicator**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percentage of SBA Enterprise-Wide Cloud Applications	Target	N/A	N/A	N/A	N/A	N/A	Baseline	60%	70%
	Actual	N/A	N/A	N/A	N/A	N/A	40%		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The metric reports the percentage of the SBA’s enterprise-wide cloud applications completed compared to those applications still needing cloud migration.									

FY 2019 Accomplishments and Challenges

The CIO played an active role on the SBA’s governance boards, specifically as the co-chair of the BTIC, a member of the Enterprise Risk Management Board, co-chair of SBA’s Inter/Intranet Steering Committee, and as a member of the Security Coordinating Council. Co-chaired by the CIO and CFO, the BTIC conducted investment reviews for the SBA IT Portfolio, which consists of nine major investments. Furthermore, maturing IT governance across the Agency improved the FITARA scorecard from a D+ to a B+ and improved the Transparency and Risk Management score from a D to a B. The CIO conducted monthly IT investment evaluations using OMB’s CIO evaluation criteria and identified additional investment risks. The CIO actively engaged with the SBA’s program offices and evaluated all major IT projects to include DCMS 2.0, Certify.sba.gov, Ascent Digital Learning Platform and Funds of Funds. The CIO reviewed 77 IT acquisition requests totaling \$65 million in funding.

FY 2020 and FY 2021 Planned Performance

In FY 2020, the SBA will improve the strategic vision and alignment for IT investment management and performance monitoring and update the Agency’s IT Strategic Plan to reflect the alignment of information and technology across the enterprise. The SBA continues to provide enterprise architecture guidance to programs consistent with the President’s Management Agenda, Federal Enterprise Architecture Framework, and OMB requirements. The SBA will ensure portfolio strategies are governed by executives who are in the best position to identify existing capability gaps, set priorities for IT spending and investment, and adapt quickly to evolving strategic priorities and business challenges.

In FY 2021, the SBA will continue maturing linkages from Enterprise Governance to Portfolio and Program Governance to enable visibility into the portfolio strategies, requirements, and success metrics. The SBA will implement initiatives from the SBA’s IT Strategic Plan and map capabilities to business outcomes. These actions will use enterprise architecture to deliver business value and inform the governance process.

***Strategy 4: Improve information technology organizational and workforce functions through workforce planning and competency development***

The SBA adequately prepares IT staff to support and provide technology solutions for the Agency’s programs. The SBA’s information technology staff designs and delivers solutions leveraging modern technologies. The CIO and the CHCO collect capability requirements, facilitate a holistic approach to determine personnel requirements, and create a competency and workforce plan around information technology. As part of its FITARA Implementation Plan, the SBA is committed to developing a set of competency requirements, as well as developing and maintaining an IT workforce planning process.

Table 4.3d displays a new metric tracking the percent of IT staff using the formal SBA IT workforce training plan or curriculum.

**Table 4.3d: IT Workforce Formal Training Performance Indicator**

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Percent of IT Workforce Participating in Formal IT Training Plans</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	Baseline	100%	100%
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	60%		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> This metric reports the percent of IT staff utilizing the formal SBA IT workforce training plan. The IT Strategic Workforce Plan will identify a competency model for the 2210 workforce job series. The SBA will identify the total number of staff with training gaps and monitor the number of staff using the IT workforce training plan. In FY 2019, 118 out of 186 2210s (2210 Series- Information Technology Management occupational series) attended workforce-related training.									

FY 2019 Accomplishments and Challenges

The OCIO continues to drive the execution of the FY 2018-2020 IT Workforce Strategic Plan and ensure compliance with FITARA requirements. The CIO established an IT Career Manager, and with support from the CHCO, completed the Agency-wide IT competency model and a 2210 workforce assessment. The CIO developed a job/skills matrix to identify baseline training for key roles and inform individual development plans (IDP). During monthly forums, special events, and Communities of Practice sessions, the CIO engaged the federated IT Workforce by sharing of knowledge, capabilities, and best practices resulting in a more informed and less isolated workforce that is aware of, trained on, and getting ready to support rapid technology changes. OCIO and OHRS continued to recruit top IT talent, including notification to OPM for CIO Direct Hire Authority for critical IT positions. The CIO, coordinating with CHCO, is leading an extensive review and upgrade to the recruiting process, and OCIO is leading a talent pool assessment moving forward.

FY 2020 and FY 2021 Planned Performance

In FY 2020, the SBA will continue executing the *FY 2018-2020 IT Workforce Strategic Plan* as outlined in the Supplemental IT Workforce Implementation Plan. Key milestones and timelines provide expected implementation completion dates. Formal Agency-wide training plans and/or curriculum for developing a federated IT workforce will be the focus. The SBA will continue to use internal social media (e.g. blogs), monthly CIO forums, and other venues to communicate with the SBA IT community.

The SBA will update its IT Workforce Strategic Plan for future years which will build upon the programs implemented in FY 2018-2020, including the employee engagement program and Agency-wide training efforts.

# Appendices

## Appendix 1 — Appropriations Language

### SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the Small Business Administration, including hire of passenger motor vehicles as authorized by sections 1343 and 1344 of title 31, United States Code, and not to exceed \$3,500 for official reception and representation expenses, \$287,947,000, of which not less than \$12,000,000 shall be available for examinations, reviews, and other lender oversight activities:

*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 the Small Business Administration may accept gifts in an amount not to exceed \$4,000,000 and may co-sponsor activities, each in accordance with section 132(a) of division K of Public Law 108-447, during fiscal year 2021:

*Provided further*, That \$6,100,000 shall be available for the Loan Modernization and Accounting System, to be available until September 30, 2022.

### 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, \$22,011,000.

### OFFICE OF ADVOCACY

For necessary expenses of the Office of Advocacy in carrying out the provisions of title II of Public Law 94-305 (15 U.S.C. 634a et seq.) and the Regulatory Flexibility Act of 1980 (5 U.S.C. 601 et seq.), \$9,190,000, to remain available until expended.

### ENTREPRENEURIAL DEVELOPMENT PROGRAMS

For necessary expenses of programs supporting entrepreneurial and small business development, \$167,600,000 to remain available until September 30, 2022: *Provided*, That \$87,860,000 shall be available to fund grants for performance in fiscal year 2021 or fiscal year 2022 as authorized by section 21 of the Small Business Act: *Provided further*, That not more than 10 percent of the amounts made available in the preceding proviso shall be available for the Administration to award grants (including contracts and cooperative agreements) to entities described in 15 U.S.C § 648 (a)(1) if such entities submit proposals that meet criteria established by the Administration: *Provided further*, That the grants (including contracts and cooperative agreements) described in the preceding proviso shall be exempt from the requirements of 15 U.S.C § 648 (a)(4): *Provided further*, That \$25,000,000 shall be 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 \$8,000,000 shall be available for grants to States to carry out export programs that assist small business concerns authorized under section 22(l) of the Small Business Act (15 U.S.C. 649(l)).

### DISASTER LOANS PROGRAM ACCOUNT (INCLUDING TRANSFERS OF FUNDS)

For administrative expenses to carry out the direct loan program authorized by section 7(b) of the Small Business Act, \$168,075,000, to be available until expended, of which \$1,600,000 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 the appropriations for the Office of Inspector General; of which \$158,075,000 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 the appropriations for Salaries and Expenses; and of which \$8,400,000 is for indirect administrative expenses for the direct loan program, which may be transferred to and merged with the appropriations for Salaries and Expenses.

#### BUSINESS LOANS PROGRAM ACCOUNT (INCLUDING TRANSFERS OF FUNDS)

For the cost of direct loans, \$4,000,000, 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 2021 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 2021 commitments for general business loans authorized under section 7(a) of the Small Business Act shall not exceed \$30,000,000,000 for a combination of amortizing term loans and the aggregated maximum line of credit provided by revolving loans: *Provided further*, That during fiscal year 2021 commitments for loans authorized under subparagraph (C) of section 502(7) of the Small Business Investment Act of 1958 (15 U.S.C. 696(7)) shall not exceed \$1,000,000,000: *Provided further*, That during fiscal year 2021 commitments to guarantee loans for debentures under section 303(b) of the Small Business Investment Act of 1958 shall not exceed \$4,000,000,000: *Provided further*, That during fiscal year 2021, guarantees of trust certificates authorized by section 5(g) of the Small Business Act shall not exceed a principal amount of \$13,000,000,000. In addition, for administrative expenses to carry out the direct and guaranteed loan programs, \$160,300,000, which may be transferred to and merged with the appropriations for Salaries and Expenses.

#### ADMINISTRATIVE PROVISIONS (INCLUDING TRANSFER OF FUNDS)

Sec. 540 Not to exceed 5 percent of any appropriation made available in this title for the Small Business Administration may be transferred between such appropriations upon the advance notification to the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That no transfer under this section may increase any such appropriation by more than 10 percent.

Sec. 541 Not to exceed 3 percent of any appropriation made available in this Act for the Small Business Administration under the headings "Salaries and Expenses" and "Business Loans Program Account" may be transferred to the Administration's information technology system modernization and working capital fund (IT WCF), as authorized by section 1077(b)(1) of title X of division A of the National Defense Authorization Act for Fiscal Year 2018, for the purposes specified in section 1077(b)(3) of such Act, upon the advance notification of the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That amounts transferred to the IT WCF under this section shall remain available for obligation through September 30, 2024.

#### Sec. 542. ADMINISTRATIVE FEE AUTHORITY FOR THE 7(a), 504, 504 DEBT REFINANCING, AND SMALL BUSINESS INVESTMENT COMPANY PROGRAMS

Section 5(b) of the Small Business Act (15 U.S.C. 634(b)) is amended—

- (1) in paragraph (13) striking "and" at the end;
- (2) in paragraph (14) striking the period at the end and inserting "; and"; and
- (3) adding new paragraph (b)(15):

"(15) collect, retain, and utilize, subject to approval in appropriations Acts, an administrative fee collected from participants in the programs authorized by section 7(a) of the Small Business Act (15 U.S.C. 636(a)), section 503 of the Small Business Investment Act of 1958 (15 U.S.C. 697), subparagraph (C) of section 502(7) of the Small Business Investment Act of 1958 (15 U.S.C. 696(7)(C)), and part A of Title III



of the Small Business Investment Act of 1958 (15 U.S.C. 681-687m), respectively. The fees shall be available for the administrative costs of each respective program, and may be deposited with amounts appropriated for administrative expenses in the Business Loans Program Account of the Administration. The amounts of the fees will be determined annually in the discretion of the Administrator not to exceed the amount of offsetting collections for loan program administrative expenses in the annual appropriations act.”

Sec. 543. REPEAL OF CERTAIN DISASTER AND BUSINESS LOAN PROGRAM AUTHORITIES

- (a) Section 42 of the Small Business Act (15 U.S.C. 657n) is repealed.
- (b) Section 7(c) of the Small Business Act (15 U.S.C. 636(c)) is repealed.
- (c) Section 7(a)(31)(H) of the Small Business Act (15 U.S.C. 636(a)(31)(H)) is repealed.

Sec. 544. PERMANENT INCREASE TO THE UNSECURED THRESHOLD ON PHYSICAL DISASTER LOANS

Section 2102(b) of the RISE After Disaster Act of 2015 (Public Law 114-88) is repealed.

Sec. 545. EXPRESS LOAN PROGRAM INCREASE IN LOAN LIMIT

Section 7(a)(31)(D) of the Small Business Act (15 U.S.C. 636(a)(31)(D)) is amended by striking “\$350,000” and inserting in its place “\$1,000,000”.

Sec. 546. 7(A) GUARANTEE FEE INCREASE TO MAINTAIN ZERO SUBSIDY

Section 7(a)(18)(A)(iii) of the Small Business Act (15 U.S.C. 636(a)(18)(A)(iii)) is amended by striking “3.5 percent” and inserting “3.64 percent”.

Sec. 547. DEVELOPMENT COMPANY LOANS TO SMALL MANUFACTURERS

Section 502(2)(A)(iii) of the Small Business Investment Act of 1958 (15 U.S.C. 696(2)(A)(iii)) is amended by striking “\$5,500,000” and inserting “\$6,500,000.”

Sec. 548. MICROLOAN PROGRAM FUNDING LEVEL CHANGE

Section 7(m)(7)(B)(i)(I)(bb) of the Small Business Act (15 U.S.C. 636(m)(7)(B)(i)(I)(bb)) is amended by striking “1/55” and inserting “1/25”.

Sec. 549. CHANGES TO 7(a) SECONDARY MARKET FEE PROVISIONS

Section 5(g)(2) of the Small Business Act is amended—

- (1) by re-designating the current paragraph as subparagraph (A); and
- (2) by adding a new subparagraph (B) to read as follows:

“(B) With respect to the Administration's guarantee of the payment of the principal of and interest on the trust certificates issued under this subsection, the Administration may assess, collect, and retain an annual fee, in an amount established once annually by the Administration in the Administration's budget request to Congress, not to exceed 0.05 percent per year of the outstanding balance of such trust certificates. The fee shall, at a minimum, offset the cost (as that term is defined in section 502 of the Federal Credit Reform Act of 1990) to the Administration of such guarantee, and any amounts received that exceed the cost of the payment guarantee shall be maintained in accordance with the Federal Credit Reform Act. The fee shall be payable solely by the holders of such trust certificates and shall not be charged to any borrower whose loan is part of such trust or pool. The Administration may contract with an agent to carry out, on behalf of the Administration, the assessment and collection of this fee. The fee shall be deducted from the amounts otherwise payable to such holders of the trust certificates.”.



Sec. 550. SECONDARY MARKET PROGRAM AMENDMENT

(a) Section 5(g)(2)(A) (as redesignated above) of the Small Business Act (15 U.S.C. 634(g)(2)(A)) is amended—

- (1) by amending the first sentence to read as follows: "(A) The Administration is authorized, upon such terms and conditions as are deemed appropriate, to guarantee—
  - "(i) the payment of the principal of (or, in the discretion of the Administration, the timely payment of such principal); and
  - "(ii) the timely payment of the interest on "trust certificates issued by the Administration or its agent for purposes of this subsection."; and
- (2) striking the phrase "timely" in the third sentence.

(b) Subsection (a) of this section shall become effective upon the effective date of final regulations implementing this section. Trust certificates issued prior to such effective date are not affected by this amendment.

Sec. 551. SMALL BUSINESS DEVELOPMENT CENTER AND WOMEN'S BUSINESS CENTER PROGRAM EVALUATIONS

(a) Section 21(a)(7)(A) of the Small Business Act (15 U.S.C. 648(a)(7)(A)) is amended by—

- (1) striking the word "or" at the end of clause (i);
- (2) striking the period at the end of clause (ii) and inserting "; or"; and
- (3) adding the following new clause: "(iii) the Administrator considers such a disclosure to be necessary for the purpose of conducting a program evaluation."

(b) Section 29(n)(1) of the Small Business Act (15 U.S.C. 656(n)(1)) is amended by—

- (1) striking the word "or" at the end of subparagraph (A);
- (2) striking the period at the end of subparagraph (B) and inserting "; or"; and
- (3) adding the following new subparagraph: "(C) the Administrator considers such a disclosure to be necessary for the purpose of conducting a program evaluation."

LEGISLATIVE PROPOSAL

Contingent upon the enactment of legislation authorizing an administrative fee for Small Business Administration loan guarantee programs, such fees shall be deposited as offsetting collections and credited to the appropriation for administrative expenses for fiscal year 2021 under this heading: *Provided*, That the total amount appropriated under this heading from the general fund for administrative expenses for fiscal year 2021 shall be reduced as such offsetting collections are received so as to result in a final total fiscal year 2021 appropriation from the general fund for administrative expenses estimated at not more than \$80,150,000.

## Appendix 2 — Data Validation and Verification

Managing for results and integrating performance with budget information requires valid, reliable, and high-quality performance measures and data. The SBA conducts data validation as a means of determining if data that are being used are appropriate for the outcome that is being pursued. As a result, data collected and measured truly reflect the performance being evaluated and have a clear relationship to the mission of the organization. In accordance with the GPRA Modernization Act of 2010, the SBA aligns its annual performance measures with its mission and four strategic goals within the Agency's *FY 2018-2022 Strategic Plan*. The SBA determines the overall reliability of its processes by verification procedures that assess data accuracy, completeness, consistency, availability, and internal control practices.

The SBA framework for verifying and validating the data include the following actions:

### Data Analytics

- *Responding to data limitations.* It is not enough to identify data quality problems. The SBA recognizes where there are data limitations and is working on specific steps to improve data quality.
- *Reconciling finances and performance.* The SBA continues to reconcile its performance data with its financial statements, which strengthens the integration of its financial and performance information.

### Accountability

- *Fostering organizational commitment and capacity for data quality.* The SBA achieves data quality through 1) training managers to ensure they understand the need for quality data for developing valid performance measures, and 2) having managers attest to the quality of the data for which they are responsible.
- *Coordinating with a variety of data sources to evaluate performance.* In addition to using output data internally from its own systems, the SBA relies on data from resource partners and other federal agencies and local governments to assess its accomplishments and effectiveness.

### Quality Control

- *Assessing the quality of existing data.* Audits and reviews ensure the quality of the SBA's financial data systems. However, the SBA must also assess the quality of program data provided by its resource partners and include data verification in its oversight of lenders and resource partners. SBA management reviews and approves data validation and certification forms for all performance indicators. This information is published on [www.sba.gov/performance](http://www.sba.gov/performance).

## Appendix 3 — SBA Program Offices

**Office of Advocacy.** The Office of Advocacy is an independent voice for small business within the Federal Government, the Regulatory Flexibility Act (RFA) watchdog, and the source of small business statistics. Advocacy advances the views and concerns of small businesses before Congress, the White House, federal agencies, the federal courts, and state policy makers.

**Office of Capital Access.** The Office of Capital Access (OCA) assists small businesses in obtaining capital through the 7(a) Loan, 504 Certified Development Company Loan, and Microloan Programs, and obtaining bonds through the Surety Bond Guaranty Program.

**Office of the Chief Information Officer.** The Office of the Chief Information Officer (OCIO) is responsible for strategic execution and management of enterprise-wide information technology as outlined in the Clinger-Cohen Act (also referred to as the Information Technology Management Reform Act), *OMB Circular A-130, "Management of Federal Information Resources,"* the Paperwork Reduction Act of 1995, and subsequent regulatory and policy guidance.

**Office of Communications and Public Liaison.** The Office of Communications and Public Liaison (OCPL) communicates the Agency's programs and priorities to small businesses, resource partners, and the public at large. It works with media outlets, develops social media content, creates user-friendly online resources, crafts high-quality marketing materials, organizes events to gain feedback from small businesses, and coordinates strategic partnerships.

**Office of Congressional and Legislative Affairs.** The Office of Congressional and Legislative Affairs (OCLA) assists in the development of SBA legislative programs and serves as the focal point on legislation and congressional activity. OCLA monitors legislation and policies introduced by Congress and government agencies to determine their effects on the SBA and small businesses and serves as liaison with legislative personnel at the White House, the Office of Management and Budget, and other federal agencies.

**Office of Continuous Operations and Risk Management.** The Office of Continuous Operations and Risk Management (OCORM) is responsible for the development and production of Agency-wide safety and security protocols. OCORM ensures that all SBA employees are aware of the various safety, security, and program procedures in place that help to minimize and mitigate the risk of insider threats.

**Office of Disaster Assistance.** The Office of Disaster Assistance (ODA) is responsible for providing affordable, timely, and accessible financial assistance following a disaster to businesses of all sizes, private nonprofit organizations, homeowners, and renters. Financial assistance is available in the form of low-interest, long-term loans. The SBA's disaster loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private-sector disaster losses.

**Office of Diversity, Inclusion, and Civil Rights.** The Office of Diversity, Inclusion, and Civil Rights (ODICR) champions a diverse workforce and inclusive culture throughout the SBA and its programs by ensuring equal access and equitable treatment regarding employment and entrepreneurial endeavors. The office oversees matters of equal employment opportunities, civil rights, workforce diversity, and workplace inclusion matters.

**Office of Entrepreneurial Development.** The Office of Entrepreneurial Development (OED) provides business advising, mentoring, and training assistance through its resource partner network composed of Small Business Development Centers, Women’s Business Centers, and SCORE, as well as Entrepreneurship Education, including the Learning Center and the Emerging Leaders Programs.

**Office of Executive Management, Installation and Support Services.** The Office of Executive Management, Installation and Support Services (OEMISS) leads SBA operations to achieve Agency mission requirements. OEMISS ensures that program offices can meet their goals and are supported through transparent coordination of facilities, security, and grants management.

**Office of Field Operations.** The Office Field Operations (OFO) is the SBA’s front-line operating team and represents the district offices at headquarters. Most SBA programs and services are executed when small businesses connect with their district offices located in each state and territory.

**Office of General Counsel.** The Office of General Counsel (OGC) provides comprehensive legal services to the Administrator and all Agency offices. These legal services include advising, analyzing, and interpreting statutes, regulations, and other sources of law, as well as drafting legislative, regulatory, and other types of materials.

**Office of Government Contracting and Business Development.** The Office of Government Contracting and Business Development (OGCBD) provides assistance to small businesses competing for federal contracting opportunities through government-wide prime and subcontracting programs. The SBA assists through HUBZone, 8(a) Business Development, 7(j) Management and Technical Assistance, and All Small Mentor-Protégé Program, as well as programs dedicated to women-owned and veteran-owned small businesses. It also sets standards for small businesses, which determine the size a business must be to be considered eligible for assistance.

**Office of Hearings and Appeals.** The Office of Hearings and Appeals (OHA) provides an independent, quasi-judicial appeal of certain SBA program decisions. OHA formally adjudicates disputes in numerous jurisdictional areas.

**Office of Human Resources Solutions.** The Office of Human Resources Solutions (OHRS), under the leadership of the Chief Human Capital Officer, provides human capital services to meet the dynamic needs of the SBA senior leadership, program offices, and employees. OHRS works in partnership with SBA leaders to build a high-quality workforce and sustain an optimally performing organization.

**Office of Inspector General.** The Office of Inspector General (OIG), an independent office within the SBA, conducts and supervises audits, investigations, and other reviews relating to the Agency’s programs and supporting operations; detects and prevents waste, fraud, and abuse; and promotes economy, efficiency, and effectiveness in the administration and management of SBA programs. The Inspector General informs the SBA Administrator and Congress of any problems, recommends corrective actions, and monitors progress in the implementation of such actions.

**Office of International Trade.** The Office of International Trade (OIT) enhances the ability of small businesses to export and compete in the global marketplace by facilitating access to capital, providing technical assistance, ensuring the consideration of small business interests in trade negotiations, and contributing to the U.S. Government’s international commercial and economic agenda.

**Office of Investment and Innovation.** The Office of Investment and Innovation (OII) drives innovation and competitiveness by assisting high-growth small businesses through Small Business Investment Companies Program (SBIC), Small Business Innovation Research Program (SBIR), and Small Business Technology Transfer Program (STTR).

**Office of National Ombudsman.** The Office of National Ombudsman (ONO) works with all federal agencies that regulate small business to provide a means for businesses to comment on Federal Government enforcement activity. This includes support on audits, onsite inspections, compliance assistance efforts, and other enforcement efforts. ONO also maintains a 5-member Regulatory Fairness Board in each of the SBA's 10 regions to hold public hearings on small business concerns.

**Office of Performance Management and Chief Financial Officer.** The Office of Performance Management and Chief Financial Officer, under the leadership of the Chief Financial Officer and Performance Improvement Officer, oversees Agency strategic planning and performance management, program evaluation, financial management, economic analysis, internal controls, data management and oversight, and acquisition management functions.

**Office of Veterans Business Development.** The Office of Veterans Business Development (OVBD) ensures the availability of small business programs for veterans, service-disabled veterans, reserve component members, National Guard, military spouses, and their dependents or survivors. OVBD accomplishes its work through Veterans Business Outreach Centers (VBOCs), Boots to Business Program, Entrepreneurship Boot Camp for Veterans with Disabilities, and partnerships with federal agencies and SBA resource partners.

## Appendix 4 — Acronyms

**504 Loan** — 504 Certified Development Company Loan Program

**7(a) Loan** — 7(a) Loan Guaranty Program

**7(j)** — 7(j) Management and Technical Assistance Program

**8(a)** — 8(a) Business Development Program

**ACSI** — American Customer Satisfaction Index

**ANCs** — Alaska Native Corporations

**ANPRM** — Advanced Notice of Proposed Rulemaking

**APC** — Action Planning Committee

**API** — Application Programming Interfaces

**ARB** — Architecture Review Board

**ASBDC** — Association of Small Business Development Centers

**ASEAN** — Association of Southeast Asian Nations

**ASMPP** — All Small Mentor-Protégé Program

**B2B** — Boots to Business

**BD** — Business Development

**BDMIS** — Business Development Management Information System

**BOS** — Business Opportunity Specialist

**BTIC** — Business Technology Investment Council

**CA** — Community Advantage pilot loan

**CAP Goals** — Cross-Agency Priority Goals

**CJ** — Congressional Justification

**CDC** — Certified Development Company

**CDFI** — Community Development Financial Institution

**CHCO** — Chief Human Capital Officer

**CIO** — Chief Information Officer

**CKAN** — Comprehensive Knowledge Archive Network

**CMR** — Commercial Market Representative

**CRM** — Customer Relationship Management

**CSA** — Central Servicing Agent

**CVE** — Center for Verification and Evaluation

**CXO** — Chief [D, E, O, F, I, P, etc.] Officer

**DATA Act** — Digital Accountability and Transparency Act

**DCMS** — Disaster Credit Management System

**DLAP** — Disaster Loan Application Portal

**DLOC** — Disaster Loan Outreach Center

**DOD** — U.S. Department of Defense

**DSBS** — Dynamic Small Business Search

**EDAP** — Expedited Disaster Assistance Program

**EDS** — Economic Development Specialist

**EDWOSB** — Economically-Disadvantaged, Women-Owned Small Business

**EEO** — Equal Employment Opportunity

**EIDL** — Economic Injury Disaster Loan

**ELA** — Enterprise Learning Agenda

**ERM** — Enterprise Risk Management

**ESBC** — Eligible Small Business Concern

**FAC-C** — Federal Acquisition Certification in Contracting

**FACE** — Federal Assistance Committee for E-Government

**FAR** — Federal Acquisition Regulation

**FAST** — Federal and State Technology Partnership Grants Program

**FEMA** – U.S. Federal Emergency Management Agency

**FEVS** – Federal Employee Viewpoint Survey

**FISMA** – Federal Information Security Management Act

**FITARA** – Federal IT Acquisition Reform Act

**FMAB** – Facilities Management Activity Board

**FMPPC** – Federal Mentor-Protégé Program Council

**FTE** – Full-Time Equivalent

**FY** – Fiscal Year

**GAO** – U.S. Government Accountability Office

**GONE** – Grants Oversight and New Efficiency Act

**GOTR** – Grants Officer Technical Representative

**GPRA** – Government Performance and Results Act (GPRAMA- Modernization Act of 2010)

**GSA** – U.S. General Services Administration

**HCAAF** – Human Capital Assessment and Accountability Framework

**HUBZone** – Historically Underutilized Business Zone

**IBP** – International Buyer Program

**IDAP** – Immediate Disaster Assistance Program

**IIS** – Investment Information System

**ILP** – Intermediary Lending Pilot

**IPC** – Interagency Policy Committee

**IRB** – Investment Review Board

**ISS** – Industrial Specialist for Size protests

**IT** – Information Technology

**Jobs Act** – Small Business Jobs Act of 2010

**KORUS** – U.S.-Korea Free Trade Agreement

**LPA** – Lender Profile Assessment

**L/LMS** – Loan and Lender Monitoring System

**LRR/LPR** – Lender Risk Rating/Lender Purchase Rating

**LRS** – Lender Relation Specialist

**MAFD** – Monthly Allowable Fixed Debt

**MCO** – Mission Critical Occupation

**MOU** – Memorandum of Understanding

**MREIDL** – Military Reservist Economic Injury Disaster Loan

**NAFTA** – North American Free Trade Agreement

**NAGGL** – National Association of Government Guaranteed Lenders

**NASBITE** – National Association of Small Business International Trade Educators

**NASBP** – National Association of Surety Bond Producers

**NDAA** – National Defense Authorization Act

**NEI/NEXT** – National Export Initiative

**NHOs** – Native Hawaiian Organizations

**NIST** – National Institute of Standards and Technology (NIST)

**NIH** – National Institutes of Health

**NSBW** – National Small Business Week

**NSF** – National Science Foundation

**NVSBW** – National Veteran’s Small Business Week

**NWBC** – National Women’s Business Council

**OCA** – Office of Capital Access

**OCFO** – Office of the Chief Financial Officer

**OCIO** – Office of the Chief Information Officer

**OCPL** – Office of Communications and Public Liaison



**OCORM** – Office of Continuous Operations and Risk Management

**OCRM** – Office of Credit Risk Management

**ODA** – Office of Disaster Assistance

**ODICR** – Office of Diversity, Inclusion, and Civil Rights

**OED** – Office of Entrepreneurial Development

**OEE** – Office of Entrepreneurship Education

**OEMISS** – Office of Executive Management, Installation, and Support Services

**OFPP** – Office of Federal Procurement Policy

**OGC** – Office of General Counsel

**OGCBD** – Office of Government Contracting and Business Development

**OGM** – Office of Grants Management

**OHA** – Office of Hearings and Appeals

**OHRS** – Office of Human Resources Solutions

**OIG** – Office of Inspector General

**OIT** – Office of International Trade

**OII** – Office of Investment and Innovation

**OMB** – U.S. Office of Management and Budget

**ONAA** – Office of Native American Affairs

**ONO** – Office of National Ombudsman

**OPM** – U.S. Office of Personnel Management

**OSDBU** – Office of Small and Disadvantaged Business Utilization

**OVBD** – Office of Veterans Business Development

**PARRiS** – Portfolio, Asset, Regulatory, Risk, Special Items (risk management criteria)

**PDAP** – Private Disaster Assistance Program

**PCR** – Procurement Center Representative

**PFCRA** – Program Fraud Civil Remedies Act

**PII** – Personally Identifiable Information

**PMF** – Presidential Management Fellow

**PMIAA** – Program Management Improvement Accountability Act

**POWER** – Partnerships for Opportunity and Workforce and Economic Revitalization

**PMA** – President’s Management Agenda

**PTP** – SBA Partner Training Portal

**R&D** – Research and Development

**RISE After Disaster Act of 2015** – Recovery Improvements for Small Entities After Disaster Act of 2015

**RFA** – Regulatory Flexibility Act

**RMF** – Risk Management Framework

**SAM** – System for Award Management

**SBAExpress** – SBA Express Loans

**SBDC** – Small Business Development Center

**SBDCNet** – Small Business Development Centers National Information Clearinghouse

**SBG** – Surety Bond Guarantee Program

**SBIC** – Small Business Investment Company

**SBIR** – Small Business Innovation Research

**SBO** – Survey of Business Owners

**SBPAC** – Small Business Procurement Advisory Council

**SBWG** – Small Business Working Group

**SCORE** – Service Corps of Retired Executives

**SDB** – Small Disadvantaged Business

**SDV** – Service-Disabled Veteran

**SDVETP** – Service-Disabled Veteran Entrepreneurship Training Program

**SDVOSB** – Service-Disabled Veteran-Owned Small Business



**SEC** – U.S. Securities and Exchange Commission

**SES** – Senior Executive Service

**SIDO** – State International Development Organizations

**SL** – Senior Level

**SMART** – Solvency, Management, Asset Quality, Regulatory Compliance, Technical Issues (Lender Risk Framework)

**SME** – Small to Medium-size Enterprises

**SNTO** – Significant New Trade Opportunities

**SOP** – Standard Operating Procedure

**STEP** – State Trade Expansion Program

**STTR** – Small Business Technology Transfer

**TAP** – Transition Assistance Program

**TBM** – Technology Business Management

**TIC** – Trusted Internet Connection

**TPCC** – Trade Promotion Coordinating Committee

**TPSC** – Trade Policy Staff Committee

**T-TIP** – Transatlantic Trade and Investment Partnership

**USA-P** – USA Performance

**US-CERT** – United States Computer Emergency Readiness Team

**USEAC** – U.S. Export Assistance Center

**USSM** – Unified Shared Services Management

**USTR** – U.S. Trade Representative

**VA** – U.S. Department of Veterans Affairs

**VBOC** – Veterans Business Outreach Center

**VPETP** – Veteran Federal Procurement Entrepreneurship Training Program

**VIP** – Veterans Institute for Procurement Program

**VOSB** – Veteran Owned Small Business

**V-WISE** – Veteran Women Igniting the Spirit of Entrepreneurship

**WBC** – Women’s Business Center

**WCF** – Working Capital Fund

**WEN** – Work-Life Engagement Network

**WIPP** – Women Impacting Public Policy

**WOSB** – Women-Owned Small Business

**WVETP** – Women Veteran Entrepreneurship Training Program

## Appendix 5 – Performance Indicators Tables

The Appendix contains a list of all Agency Priority Goals, Performance Goals, and indicators by strategic objective.

### *Strategic Goal One – Support Small Business Revenue and Job Growth*

#### Strategic Objective 1.1: Expand Access to Capital

FY 2020-2021 Priority Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of lender and small business connections through Lender Match	Target	N/A	N/A	N/A	N/A	N/A	N/A	83,200	86,000
	Actual	N/A	N/A	N/A	N/A	185,000	80,000		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA added this FY 2020-2021 Agency Priority Goal to track connections between lenders and small businesses through web-based technology by matching participating lenders with borrowers that fit their institution’s lending criteria, while enabling borrowers to compete for optimal financing.									
FY 2018-2019 Priority Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Loans to Small Businesses in Socially and Economically Disadvantaged Urban Communities and Rural Areas	Target	N/A	N/A	N/A	Baseline	26,075	26,749		
	Actual	N/A	N/A	N/A	25,475	23,497	20,527		
	Variance	N/A	N/A	N/A	N/A	-10%	-23%		
<b>Additional Information:</b> The SBA established this FY 2018–2019 Agency Priority Goal to provide greater outreach to socially and economically disadvantaged urban communities and rural areas. Based on new Census data, the SBA revised its FY 2017 baseline and out-year target for the Agency Priority Goal. Given the strength in the economy, banks were more comfortable making loans in 2019 without the SBA guaranty.									
Performance Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Jobs Supported by 7(a) Loans, 504 Loans, Microloans, and SBICs	Target	651,850	664,650	679,400	692,900	798,500	790,500	796,500	796,750
	Actual	699,499	831,269	789,654	761,954	725,407	667,220		
	Variance	7%	25%	16%	10%	-9%	-16%		
<b>Additional Information:</b> This measure tracks the number of jobs created and retained from SBA capital assistance programs. The number of jobs supported in FY 2019 has decreased from FY 2018, following the trend in 7(a) lending. With unemployment at record lows, the supply of potential employees has decreased. The information being provided on jobs supported is derived solely from Agency records that are submitted by the Agency’s participant lenders engaged in making SBA loans. This information is collected by the lenders from SBA loan applicants who provide it on a voluntary basis. It is then forwarded by the lenders to the SBA. Since the information is provided by the loan applicants on a voluntary basis, it is not necessarily inclusive of all SBA borrowers, nor can its accuracy be verified by the Agency. Accordingly, the SBA cannot make any representation as to the completeness or accuracy of the information provided. The SBA is working with the Census Bureau to better report job creation and retention data.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Billions of Dollars of 7(a) Loans Approved	Target	14.8	15.1	21.0	24.3	26.0	26.0	26.0	26.0
	Actual	19.2	23.6	24.1	25.4	25.4	23.2		
	Variance	30%	56%	15%	5%	-2%	-11%		
<b>Additional Information:</b> The performance data represent the gross loan approvals at the close of the fiscal year. Improvements in 7(a) Loan Program delivery and reduced fees continue to make the program feasible for lenders and available for small business applicants. Given the strength in the economy, banks were more comfortable making loans in 2019 without the SBA guaranty.									

Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Assisted by 7(a) Loans	Target	39,500	39,500	45,000	55,000	60,000	62,000	62,500	62,500
	Actual	45,730	55,742	57,083	56,382	53,761	46,111		
	Variance	16%	41%	27%	3%	-10%	-26%		
<b>Additional Information:</b> 7(a) Loan activity decreased in FY 2019, resulting in a reduced number of unique small businesses assisted by the program. Given the strength in the economy, banks were more comfortable making loans in FY 2019 without the SBA guaranty. The FY 2017 and FY 2018 results have been restated as they reported the actual number of loans.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Jobs Supported by 7(a) Loans	Target	558,100	569,300	580,100	591,000	600,000	600,000	600,000	600,000
	Actual	503,853	623,466	587,716	571,208	543,171	482,083		
	Variance	-10%	10%	1%	-3%	-9%	-20%		
<b>Additional Information:</b> This metric tracks the number of jobs created and retained from SBA loan guarantees. The number of jobs supported in FY 2019 has decreased following the trend in 7(a) lending. With unemployment at record lows, the supply of potential employees has decreased. This information is collected by the lenders from SBA loan applicants who provide it on a voluntary basis. It is then forwarded by the lenders to the SBA. Since the information is provided by the loan applicants on a voluntary basis, it is not necessarily inclusive of all SBA borrowers, nor can its accuracy be verified by the Agency. Accordingly, the SBA cannot make any representation as to the completeness or accuracy of the information provided. The SBA is working with the Census Bureau to better report job creation and retention data.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Assisted by 504 Loans	Target	6,500	6,500	6,700	6,800	6,000	6,000	6,200	6,200
	Actual	5,725	5,618	5,722	6,060	5,787	6,008		
	Variance	-12%	-14%	-15%	-11%	-4%	0%		
<b>Additional Information:</b> The SBA tracks the number of small businesses assisted by a 504 loan. The FY 2017 and FY 2018 results have been restated as they reported the actual number of loans.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Billions of Dollars of 504 Loans Approved	Target	4.2	4.3	4.4	4.5	5.1	5.1	5.2	5.3
	Actual	4.2	4.3	4.7	5.0	4.8	5.0		
	Variance	0%	0%	7%	11%	-6%	-2%		
<b>Additional Information:</b> The SBA tracks the dollars approved on a 504 loan.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Jobs Supported by 504 Loans	Target	81,000	82,600	84,300	86,000	66,000	58,000	60,000	60,000
	Actual	66,744	61,454	61,983	59,350	55,729	52,701		
	Variance	-18%	-26%	-26%	-31%	-16%	-9%		
<b>Additional Information:</b> Borrowers report on the number of jobs that could be supported with their 504 loan. This information is collected by the lenders from SBA loan applicants who provide it on a voluntary basis. It is then forwarded by the lenders to the SBA. Since the information is provided by the loan applicants on a voluntary basis, it is not necessarily inclusive of all SBA borrowers, nor can its accuracy be verified by the Agency. Accordingly, the SBA cannot make any representation as to the completeness or accuracy of the information provided. The SBA is working with the Census Bureau to better report job creation and retention data.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses in Emerging Markets Assisted by 7(a) Loans	Target	24,100	24,600	24,600	25,850	26,000	30,000		
	Actual	27,778	29,369	35,464	34,439	29,445	29,165		
	Variance	15%	19%	44%	33%	13%	-3%		
<b>Additional Information:</b> Geo-coding data for economic empowerment zones and low-to-moderate income areas was discontinued in May 2015 and is not included in the latter part of FY 2015. Since FY 2016, the definition for emerging markets includes emerging populations (i.e., veterans, women, and minorities) and places (HUBZone, rural areas). The									

FY 2016-2018 data have been restated with inclusion of HUBZone calculations. A target will no longer be set as the number of borrowers who do not report their demographic characteristics poses a challenge. However, the results will be displayed in chart 1.1b.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses in Emerging Markets Assisted by 504 Loans	Target	3,800	4,000	4,000	4,200	3,300	3,300		
	Actual	3,319	2,782	3,753	3,891	2,725	3,426		
	Variance	-13%	-30%	-6%	-7%	-17%	4%		
<b>Additional Information:</b> Geo-coding data for economic empowerment zones and low-to-moderate income areas was discontinued in May 2015 and is not included in FY 2015 and FY 2016 data. Since FY 2016, the definition for emerging markets includes emerging populations (i.e., veterans, women, and minorities) and places (HUBZone, rural areas). The FY 2016-2018 data have been restated with inclusion of HUBZone calculations. A target will no longer be set as the number of borrowers who do not report their demographic characteristics poses a challenge. However, the results will be displayed in chart 1.1b.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Assisted by Microloans	Target	3,650	3,650	3,650	4,000	4,500	4,500	5,600	5,650
	Actual	3,917	3,694	4,506	4,958	5,457	5,532		
	Variance	7%	1%	23%	24%	21%	23%		
<b>Additional Information:</b> Microloan Intermediaries must make at least 10 microloans per year to meet performance levels. New lenders are added as qualified applications are received for communities that show a need for Microloan services.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Jobs Supported by Microloans	Target	12,750	12,750	15,000	15,900	17,500	17,500	21,500	21,750
	Actual	15,880	16,600	17,573	18,531	20,486	21,235		
	Variance	25%	30%	17%	17%	17%	21%		
<b>Additional Information:</b> In FY 2019, the Microloan program was able to surpass the target with higher funding levels which resulted in increased lending activity and an increased number of jobs supported.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Thousands of Dollars in Loans Approved by SBA to Microlenders	Target	25,000	25,000	35,000	40,000	40,000	43,000	43,000	44,000
	Actual	26,465	34,987	35,000	44,350	35,886	42,266		
	Variance	6%	40%	0%	11%	-10%	-2%		
<b>Additional Information:</b> The SBA provides funds to microlender intermediaries who use these funds to make loans up to \$50,000 to small businesses.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Thousands of Dollars in Loans Approved by Lenders to Microborrowers	Target	45,000	45,000	55,000	62,800	62,800	65,000	82,000	80,000
	Actual	55,478	52,080	61,223	68,518	76,743	81,529		
	Variance	23%	16%	11%	9%	22%	25%		
<b>Additional Information:</b> Microloan Intermediaries make loans up to \$50,000.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Counseled by Microlenders	Target	14,600	14,600	14,600	15,000	16,000	17,000	21,180	22,500
	Actual	15,668	17,200	17,948	19,600	21,800	22,100		
	Variance	7%	18%	23%	31%	36%	30%		
<b>Additional Information:</b> Increased program funding has led to an increased lending number of small businesses assisted.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Grant-eligible Microlenders	Target	135	135	135	140	140	144	150	155
	Actual	137	137	140	144	147	144		
	Variance	1%	1%	4%	3%	5%	0%		

<b>Additional Information:</b> The SBA tracks the number of grant-eligible microlenders. Grant eligible microlenders are lenders who are in compliance with program requirements.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Number of Small Businesses Financed by SBICs</b>	<b>Target</b>	N/A	N/A	N/A	N/A	Baseline	1,130	1,130	1,130
	<b>Actual</b>	1,085	1,210	1,201	1,077	1,151	1,191		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	5%		
<b>Additional Information:</b> This metric tracks the number of small businesses the SBIC financed. Historical data have been provided for context.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Number of Underserved Small Businesses Financed by SBICs</b>	<b>Target</b>	N/A	N/A	N/A	N/A	Baseline	310	310	310
	<b>Actual</b>	281	288	332	308	315	292		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	-6%		
<b>Additional Information:</b> The SBA introduced this metric to track the number of underserved small businesses financed by SBICs. An underserved small business lacks an adequate supply of private equity capital or long-term loan funds and therefore seeks supplemental capital through the SBIC Program. Underserved small businesses are business that women, veterans, or minorities own, or are located in underserved geographic areas, which includes low- and moderate-income areas.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Number of Jobs Supported by SBIC Financings</b>	<b>Target</b>	N/A	N/A	N/A	N/A	115,000	115,000	115,000	115,000
	<b>Actual</b>	113,022	129,749	122,382	112,865	106,021	111,201		
	<b>Variance</b>	N/A	N/A	N/A	N/A	-8%	-3%		
<b>Additional Information:</b> The SBA tracks the number of jobs supported that SBICs financed during the fiscal year. Historical data which combines jobs created and jobs retained, uses the "1999 Arizona Venture Capital Impact Study." The study estimated that one job is supported for every \$36,000 (adjusted for inflation) of SBIC financings provided.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Number of Jobs Supported by Underserved Small Businesses Financed by SBICs</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	Baseline	35,000	35,000
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	23,103		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA tracks the number of jobs that underserved small businesses supported with SBIC financing during the fiscal year. Historical data, which combines jobs created and jobs retained, uses the "1999 Arizona Venture Capital Impact Study." The study estimated that one job is supported for every \$36,000 (adjusted for inflation) of SBIC financings provided.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Percent of SBICs examined within 2-year statutory limit</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	N/A	100%	100%
	<b>Actual</b>	N/A	N/A	N/A	N/A	100%	100%		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA is including a new metric in FY 2020 on the examination process to ensure compliance with statutory requirements. Data collected and reported for FY 2018 forward uses a standard set of procedures, definitions, and data tools.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Number of Lenders Providing 7(a) Loans</b>	<b>Target</b>	2,850	2,850	2,400	2,500	2,100	2,100	1,750	1,750
	<b>Actual</b>	2,244	2,163	2,045	1,978	1,810	1,708		
	<b>Variance</b>	-21%	-24%	-15%	-21%	-14%	-19%		
<b>Additional Information:</b> The SBA actively recruits lenders, but the trend toward continual bank mergers impacted the number of active lending partners providing 7(a) loans.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Number of CDCs Providing 504 Loans</b>	<b>Target</b>	267	240	240	240	235	216	215	215
	<b>Actual</b>	228	228	230	218	217	212		
	<b>Variance</b>	-15%	-5%	-4%	-9%	-8%	-2%		

<b>Additional Information:</b> The SBA reviewed the activity levels of CDCs and worked diligently to address underperforming CDCs to continue improving program delivery, which is why the SBA has experienced a decrease in recent years.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total Number of Risk-based Reviews of 7(a) Lenders & CDCs	Target	195	335	335	335	300	445	500	500
	Actual	219	378	368	341	399	489		
	Variance	12%	13%	10%	2%	33%	10%		
<b>Additional Information:</b> The SBA reviews 7(a) lenders & CDCs participating in SBA loan programs. Risk-based reviews include analytical risk-based reviews, targeted risk-based reviews, and full risk-based reviews of 7(a) lenders & CDCs.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Desktop & Analytical Risk-based Reviews of 7(a) Lenders & CDCs	Target	150	300	300	300	140	280	300	300
	Actual	181	300	287	153	248	294		
	Variance	21%	0%	-4%	-49%	77%	5%		
<b>Additional Information:</b> Analytical (desktop and expanded) reviews are a basic diagnostic assessment and may conclude with a review report or with additional assessment activities required.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Targeted Risk-based Reviews of 7(a) Lenders & CDCs	Target	20	15	15	15	103	100	150	150
	Actual	13	32	32	123	105	150		
	Variance	-35%	113%	113%	720%	2%	50%		
<b>Additional Information:</b> The targeted review is the mid-level review, requiring examination of loan files as well as analysis of specific components of the loan lifecycle. Analysis of risk factors during the analytical review process identified a need to conduct additional targeted risk-based reviews in FY 2019 over what was originally planned.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Full Risk-based Reviews of 7(a) Lenders & CDCs	Target	25	20	20	20	57	65	50	50
	Actual	25	46	49	65	46	45		
	Variance	0%	130%	145%	225%	-19%	-31%		
<b>Additional Information:</b> The increased implementation of the analytical and targeted reviews in FY 2019 and more effective use of increased supervision and informal enforcement mitigated the need to perform more full reviews as originally planned.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Supervision and Enforcement Actions	Target	5	5	5	5	10	12		
	Actual	9	6	13	21	156	93		
	Variance	80%	20%	160%	320%	1,460%	775%		
<b>Additional Information:</b> The SBA has initiated a more rigorous approach to monitoring lender behavior by deploying more effective supervision, informal enforcement, and formal enforcement actions, which resulted in a higher number of supervision and enforcement actions. The SBA will eliminate this measure after FY 2019.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Delegated Authority Reviews of 7(a) Lenders & CDCs	Target	N/A	N/A	N/A	N/A	N/A	N/A	1,200	1,450
	Actual	N/A	N/A	N/A	N/A	N/A	1,049		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA performs Delegated Authority reviews of 7(a) lenders and CDCs participating in Delegated Authority, such as Preferred Lender Program (PLP) and Accredited Lender Program (ALP). This new measure will be established in FY 2020.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Community Advantage Lender Financial Statement Reviews	Target	N/A	N/A	N/A	N/A	N/A	N/A	460	460
	Actual	N/A	N/A	N/A	N/A	N/A	114		



	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA performs quarterly and annual financial statement reviews of 7(a) lenders participating in the Community Advantage Pilot Program. This new measure will be established for FY 2020. The SBA has approximately 130 lenders participating in the Community Advantage Pilot Program.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Net Recovery Dollars from SBICs in Liquidation (Millions)</b>	<b>Target</b>	N/A	N/A	N/A	N/A	Baseline	165	170	240
	<b>Actual</b>	350	254	152	171	263	86		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	-48%		
<b>Additional Information:</b> The SBA baselined a new metric in FY 2018 that tracks the accelerated net recoveries of outstanding SBA-guaranteed leverage associated with SBICs transferred to liquidation. The 1-year increase in FY 2018 was an anomaly due to three large recoveries, each of which surpassed \$45 million. This compares to only two large recoveries in FY 2019 totaling \$50.6 million.									

### Strategic Objective 1.2: Help Small Business Exporters Succeed in Global Markets

<b>FY 2020-2021 Priority Goal</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Value of Small Business Export Sales (Billions)</b>	<b>Target</b>	N/A	N/A	N/A	N/A	Baseline	3.1	3.3	4.7
	<b>Actual</b>	N/A	N/A	N/A	N/A	3.1	3.2		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	3%		
<b>Additional Information:</b> This metric tracks the export sales values of all small businesses receiving SBA-guaranteed export financing in the international trade finance programs (i.e., Export Express, Export Working Capital Program [EWCP], International Trade Loan) and the reported value of small business export sales using SBA's STEP Program.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Average Dollar (Millions) Return on Investment of STEP Grants</b>	<b>Target</b>	N/A	N/A	Baseline	12	30	30	40	50
	<b>Actual</b>	37	33	31	32	31	54		
	<b>Variance</b>	N/A	N/A	N/A	92%	3%	47%		
<b>Additional Information:</b> STEP grants help small businesses enter and succeed in the international marketplace. The average return on investment is calculated by dividing the reported total dollar export sales supported by the amount of STEP funds awarded for each fiscal year. Starting in FY 2017, data used to calculate the export sales includes STEP program outcomes in the fiscal year. The SBA has increased its target for FY 2020 and FY 2021 to account for higher than expected ROI from STEP grants.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Number of Small Businesses Receiving Export Training</b>	<b>Target</b>	7,600	8,000	8,400	8,400	8,400	8,500	3,875	4,875
	<b>Actual</b>	8,273	8,120	8,274	8,096	8,615	7,264		
	<b>Variance</b>	9%	2%	-2%	-4%	3%	-14%		
<b>Additional Information:</b> This metric tracks the sum of all small business representatives that received export-related training from the SBA during the fiscal year. Beginning in FY 2020, the SBA is changing its definition of export-related training and reducing its target to focus on higher impact counseling and trainings listed below.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Number of Small Businesses Receiving Export Counseling</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	N/A	2,300	2,520
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	N/A		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> This metric tracks the sum of all small business representatives that received export-related counseling from the SBA during the fiscal year. Beginning in FY 2020, the SBA putting an emphasis on impactful counseling sessions with businesses to uncover export financing needs..									

Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Numbers of Lenders Receiving Export Training	Target	4,000	4,200	4,500	4,500	4,500	4,600	3,875	4,875
	Actual	5,097	4,329	4,547	5,546	5,101	4,302		
	Variance	27%	3%	1%	23%	13%	-6%		
<b>Additional Information:</b> This metric previously tracked the sum of all individual lenders that have received SBA export trade finance training in the fiscal year. Beginning in FY 2020, the SBA is lowering its target to focus on higher impact trainings and will track the number of lending institutions trained instead of individual lenders.									

### Strategic Objective 1.3: Ensure Federal Contract and Set-Aside Goals are Met and/or Exceeded

Priority Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Federal Contracts Awarded to Small Businesses	Target	23%	23%	23%	23%	23%	23%	23%	23%
	Actual	24.99%	25.75%	24.34%	23.88%	25.05%	Data Lag		
	Variance	9%	12%	6%	4%	9%	N/A		

**Additional Information:** FY 2019 data will be finalized in the third quarter of FY 2020. The SBA works with each federal agency annually to set their prime and subcontracting goals. The SBA ensures that the sum total of all of the goals exceeds the 23% target that the law established.

Performance Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Jobs Supported by Federal Contract Set-asides	Target	501,113	501,113	500,000	500,000	500,000	550,000	585,000	650,000
	Actual	555,600	513,900	558,100	584,100	638,400	654,000		
	Variance	11%	3%	12%	17%	28%	19%		

**Additional Information:** FY 2019 data will be finalized in the third quarter of FY 2020.

Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Federal Government Prime Contracts Awarded to Small Disadvantaged Businesses	Target	5%	5%	5%	5%	5%	5%	5%	5%
	Actual	9.46%	10.06%	9.53%	9.10%	9.65%	Data Lag		
	Variance	89%	101%	91%	82%	93%	N/A		

**Additional Information:** FY 2019 data will be finalized in the third quarter of FY 2020.

Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Federal Government Prime Contracts Awarded to Women-Owned Small Businesses	Target	5%	5%	5%	5%	5%	5%	5%	5%
	Actual	4.68%	5.05%	4.79%	4.71%	4.75%	Data lag		
	Variance	-6%	1%	-4%	-6%	-5%	N/A		

**Additional Information:** FY 2019 data will be finalized in the third quarter of FY 2020.

Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Federal Government Prime Contracts Awarded to Service-Disabled Veteran-Owned Small Businesses	Target	3%	3%	3%	3%	3%	3%	3%	3%
	Actual	3.68%	3.93%	3.98%	4.05%	4.27%	Data Lag		
	Variance	23%	31%	33%	35%	42%	N/A		

**Additional Information:** FY 2019 data will be finalized in the third quarter of FY 2020.

Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Federal Government Prime Contracts Awarded to HUBZone Small Businesses	Target	3%	3%	3%	3%	3%	3%	3%	3%
	Actual	1.82%	1.82%	1.67%	1.65%	2.05%	Data Lag		
	Variance	-39%	-39%	-44%	-45%	-32%	N/A		

**Additional Information:** FY 2019 data will be finalized in the third quarter of FY 2020. The Federal Government continues to face challenges with recruiting and maintaining HUBZone firms. In FY 2018, the SBA completed its first qualitative evaluation to further understand ways to enhance the program.

Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Surveillance Reviews Completed	Target	30	30	30	30	30	30	30	30
	Actual	41	30	30	30	29	30		
	Variance	37%	0%	0%	0%	-3%	0%		
<b>Additional Information:</b> Surveillance Reviews (for prime contracting) and Small Business Performance Compliance Reviews (for subcontracting) are conducted to evaluate the implementation of regulations across the Federal Government.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Contract Value (Billions) of Bid and Final Bonds	Target	5.70	6.50	6.75	7.10	7.00	7.10	6.70	6.90
	Actual	6.41	6.35	5.72	6.03	6.59	6.48		
	Variance	12%	-2%	-15%	-15%	-6%	-9%		
<b>Additional Information:</b> This measure tracks bid and final bond contract values. Program fees were temporarily decreased for a 2-year period beginning in FY 2019 to evaluate program utilization, portfolio composition and risk. In addition, regulations and procedures are being assessed for streamlining in order to increase the number of bond guarantees.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Bid and Final Bonds Guaranteed	Target	13,500	13,750	14,000	14,700	12,000	12,000	11,000	11,350
	Actual	12,384	11,480	10,435	10,397	10,866	9,905		
	Variance	-8%	-17%	-25%	-29%	-9%	-17%		
<b>Additional Information:</b> This measure tracks the bid and final bonds guaranteed. Program fees were temporarily decreased for a 2-year period beginning in FY 2019 to evaluate program utilization, portfolio composition, and risk. In addition, regulations and procedures are being assessed for streamlining in order to increase the number of bond guarantees. The shortfall variance in the number of bid and final bonds was due to the lost program activity during FY 2019's lapse in appropriations.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Jobs Supported by SBG	Target	23,000	24,000	32,000	34,000	26,000	33,000	35,000	36,000
	Actual	28,887	27,300	23,940	26,223	31,837	32,598		
	Variance	26%	14%	-25%	-23%	22%	-1%		
<b>Additional Information:</b> This measure tracks the number of jobs created/retained as a result of bid and final bond guarantees approved. Program fees were temporarily decreased for a 2-year period beginning in FY 2019 in order to evaluate program utilization, portfolio composition, and risk. In addition, regulations and procedures are being assessed for streamlining to increase the number of bond guarantees.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SBIR/STTR Dollars (Billions) Obligated Each Fiscal Year	Target	N/A	N/A	N/A	N/A	2.30	2.25	2.50	3.0
	Actual	2.51	2.55	2.27	3.04	3.16	Data Lag		
	Variance	N/A	N/A	N/A	N/A	37%	N/A		
<b>Additional Information:</b> Participating federal agencies have until March of the following fiscal year to submit their data.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of SBIR/STTR Phase I and Phase II Awards	Target	N/A	N/A	N/A	N/A	4,750	4,500	5,000	5,000
	Actual	5,380	5,058	4,750	5,999	5,630	Data Lag		
	Variance	N/A	N/A	N/A	N/A	19%			
<b>Additional Information:</b> Participating Federal agencies have until March of the following fiscal year to submit their data.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Federal Government Dollars Awarded to SBIR Proposals	Target	2.8%	2.9%	3.0%	3.2%	3.2%	3.2%	3.2%	3.2%
	Actual	3.1%	2.9%	3.1%	3.2%	2.8%	Data Lag		
	Variance	11%	0%	3%	0%	-12%			

<b>Additional Information:</b> Participating federal agencies have until March of the following fiscal year to submit their data. Numbers are based on the agency-reported total extramural federal research and development budget.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Federal Government Dollars Awarded to STTR Proposals	Target	0.40%	0.40%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%
	Actual	0.32%	0.40%	0.38%	0.44%	0.39%	Data Lag		
	Variance	-20%	0%	-16%	-4%	-13%	N/A		
<b>Additional Information:</b> Federal agencies with extramural budgets for research or research and development in excess of \$1 billion must spend at least the targeted amount on small business innovation. Participating federal agencies have until March of the following fiscal year to submit their data.									

## Strategic Goal Two – Build Health Entrepreneurial Ecosystems and Create Business Friendly Environments

### Strategic Objective 2.1: Develop Businesses through Technical Assistance

FY 2018-2019 Priority Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
8(a) Firms Awarded Federal Contracts	Target	N/A	N/A	N/A	Baseline	3,590	3,760		
	Actual	N/A	N/A	N/A	3,421	3,709	3,871		
	Variance	N/A	N/A	N/A	N/A	3%	3%		
<b>Additional Information:</b> The SBA added this FY 2018-2019 Agency Priority Goal to focus on increasing the number of 8(a) firms that win federal contracts. Given that more firms are part of the 8(a) Program, business development should spur more contract opportunities.									
Performance Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Assisted by 8(a), 7(j), and HUBZone Programs	Target	18,025	18,025	18,050	16,000	19,000	24,500	24,500	24,500
	Actual	17,163	20,324	19,686	17,318	27,314	23,300		
	Variance	-5%	13%	9%	8%	44%	-5%		
<b>Additional Information:</b> The SBA tracks the number of small businesses assisted from 8(a), 7(j), and HUBZone Programs. The SBA has readjusted its target for the 7(j) Program.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Assisted by 8(a)	Target	8,000	8,000	8,000	5,500	8,000	8,000	8,000	8,000
	Actual	6,660	6,948	8,010	6,655	6,789	7,958		
	Variance	-17%	-13%	0%	21%	-15%	-1%		
<b>Additional Information:</b> The SBA tracks the number of 8(a) firms the Agency assists through its business opportunity specialists located in SBA district offices. The deployment of the SBA's unified contracting certification portal, <a href="http://Certify.sba.gov">Certify.sba.gov</a> , impacted the initial incoming 8(a) applications numbers.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Annual 8(a) Reviews Completed	Target	100%	100%	100%	100%	100%	100%	100%	100%
	Actual	100%	100%	100%	100%	100%	100%		
	Variance	0%	0%	0%	0%	0%	0%		
<b>Additional Information:</b> Each active 8(a) Program participant is reviewed on an annual basis to determine continued compliance with the program's requirements and to measure the firm's progress in meeting the goals and objectives set forth in its business plan. Reviews are completed on a rolling basis and must occur within 60 days of the 1-year anniversary date from a firm's acceptance into the 8(a) Program. For example, a firm certified on January 1 of a given year would need the review completed by March 1 of the following calendar year.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Assisted by 7(j)	Target	3,550	3,550	3,550	4,000	4,500	10,000	8,500	8,500
	Actual	4,104	5,360	5,245	4,100	6,483	8,032		
	Variance	16%	51%	48%	3%	44%	-20%		
<b>Additional Information:</b> The 7(j) Management and Technical Assistance Program was unable to meet its FY 2019 goal due to the lapse in funding, where 7(j) vendors were unable to provide assistance to eligible firms during this time.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Assisted by HUBZone	Target	6,475	6,475	6,500	6,500	6,500	6,500	8,000	8,000
	Actual	6,339	8,106	6,431	6,563	14,042	7,310		
	Variance	-2%	25%	-1%	1%	116%	11%		

<b>Additional Information:</b> The data include initial applications received, protests, decertifications, recertifications, program exams, HUBZone office hours, participants, and emails. The increase in FY 2019 SB assisted is attributable to a growing portfolio of certified firms as well as an increase in helpdesk inquiries about topics such as the new program regulations.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of HUBZone Sites Visited	Target	518	500	475	492	508	508	508	508
	Actual	569	518	515	505	529	507		
	Variance	10%	4%	8%	3%	4%	0%		
<b>Additional Information:</b> The SBA visits 10% of HUBZone sites in the portfolio from the previous fiscal year.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Approved Mentor-Protégé Agreements	Target	N/A	N/A	N/A	Baseline	345	345	345	345
	Actual	N/A	N/A	N/A	330	347	342		
	Variance	N/A	N/A	N/A	N/A	-1%	-3%		
<b>Additional Information:</b> This measure tracks the number of Mentor-Protégé Agreements approved in a given fiscal year, based on the date of acceptance into the program. Previously, this metric tracked cases based on the date a case was received; FY 2017 and FY 2018 results have been restated to reflect a consistent methodology based on approval dates.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Net Number of Full Time Equivalents in Protégé Firms	Target	N/A	N/A	N/A	N/A	Baseline	1,500	2,000	2,400
	Actual	N/A	N/A	N/A	N/A	1,415	2,464		
	Variance	N/A	N/A	N/A	N/A	N/A	60%		
<b>Additional Information:</b> This metric reports data from the annual reports submitted from protégés. This metric has been updated in FY 2019 to report the net increase or decrease of FTEs for protégé firms in the program, from the total number of FTEs for protégé firms. The net increase of FTEs resulting from federal contracts awarded to program participants is a better indication of the ASMP's impact than a grand total of FTEs across all protégé firms. The FY 2018 Baseline and subsequent FY Targets for this indicator have also been restated accordingly. As the number of incoming applications remains steady each year, the number of existing MPAs grows exponentially. The increase in FTEs from FY 2018 to FY 2019 reflects this exponential growth.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Success Rate of Protégé-Winning Bids	Target	N/A	N/A	N/A	N/A	Baseline	32%	50%	50%
	Actual	N/A	N/A	N/A	N/A	32%	50%		
	Variance	N/A	N/A	N/A	N/A	N/A	56%		
<b>Additional Information:</b> This metric reports data from the annual reports submitted from protégés. The percent is calculated as the number of independent offers submitted compared with the number of independent offers won by protégés, reported through the submission of annual reports.									

### Strategic Objective 2.2: Build Healthy Entrepreneurial Ecosystems

Performance Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Unique Clients Served through Partnerships, Virtual Resources, and Targeted Outreach	Target	N/A	N/A	N/A	N/A	N/A	Baseline	835,000	989,000
	Actual	N/A	N/A	N/A	N/A	N/A	1,059,752		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, to improve accountability and encourage coordination, the SBA implemented a new entrepreneurial ecosystem performance goal aligning the efforts of field and headquarters offices and resource partners. The new performance goal tracks the number of unique clients served, trained, advised, and mentored through in-person and virtual resources by resource partners (e.g., SBDC, WBC, SCORE, and VBOC). The number of unique clients has decreased as resource partners focus on repeat consultations to better meet the evolving business needs of the clients. "Unique" clients can be identified by the programmatic resource partner, but clients using services between									

different resource partners (e.g., SBDC and SCORE) cannot be identified. With authority to collect this information, the SBA would be able to more efficiently manage entrepreneurial development programs..									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Unique SBDC Clients Served	Target	N/A	N/A	N/A	N/A	N/A	Baseline	214,000	214,000
	Actual	N/A	N/A	N/A	N/A	N/A	254,821		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, the SBA implemented a new aggregated output metric that improves accountability and encourages coordination. The metric tracks both the number of clients trained and advised.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of New Business Starts from SBDCs	Target	N/A	N/A	N/A	N/A	N/A	Baseline	14,000	14,000
	Actual	N/A	N/A	N/A	N/A	N/A	17,810		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, the SBA implemented a new outcome-based goal that improves accountability and encourages coordination. The SBA will track the number of new businesses started as a result of SBDC training and counseling.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Jobs Supported from SBDCs	Target	N/A	N/A	N/A	N/A	N/A	Baseline	772,000	772,000
	Actual	N/A	N/A	N/A	N/A	N/A	981,274		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, the SBA implemented a new outcome-based goal that improves accountability and encourages coordination. The SBA will track the number of jobs supported as a result of SBDC training and counseling.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Billions of Dollars of Capital Infusion from SBDCs	Target	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
	Actual	4.7	4.7	5.1	5.6	5.0	5.9		
	Variance	18%	18%	28%	40%	0%	18%		
<b>Additional Information:</b> This measure tracks financing provided to small business from various lenders, including the SBA, due to SBDC training and counseling.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Unique WBC Clients Served	Target	N/A	N/A	N/A	N/A	N/A	Baseline	73,000	73,000
	Actual	N/A	N/A	N/A	N/A	N/A	64,527		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, the SBA implemented a new output metric that improves accountability and encourages coordination. The metric tracks both the number of clients trained and advised.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of WBC New Business Starts	Target	N/A	N/A	N/A	N/A	N/A	Baseline	2,000	2,000
	Actual	N/A	N/A	N/A	N/A	N/A	2,087		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, the SBA implemented a new outcome measure that improves accountability and encourages coordination. The SBA tracks the number of new businesses started after receiving WBC training and advising.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Transactions to Support Capital Infusion	Target	N/A	N/A	N/A	N/A	N/A	Baseline	4,500	4,500
	Actual	N/A	N/A	N/A	N/A	N/A	7,193		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		



<b>Additional Information:</b> The SBA tracks the number of transactions (loans, equity, venture capital) to support capital infusion as a part of WBC training and advising services. These transactions will help entrepreneurs start and grow their business.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Number of Unique SCORE Clients Served</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	Baseline	200,000	254,000
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	195,242		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, the SBA implemented a new output metric that improves accountability and encourages coordination. This metric tracks the number of unique clients trained and advised. Note: The number of SCORE clients trained in 2017 (a previous metric retired in FY 2018) has been corrected (from 519,368 to 409,167). The number previously reported was miscalculated and resubmitted to the SBA by SCORE.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Number of SCORE New Business Starts</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	Baseline	600	1,200
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	480		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> In FY 2019, the SBA implemented a new outcome-based goal that improves accountability and encourages coordination. The SBA tracks the number of new businesses started as a result of SCORE training and counseling.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Percentage of SCORE Businesses Realizing Revenue Growth</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	Baseline	2%	4%
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	3%		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA tracks the percentage of SCORE businesses realizing revenue growth as a part of SCORE counseling and training services. As more businesses start and grow, revenue of the respective businesses should increase.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Number of Clients Trained Online</b>	<b>Target</b>	225,000	250,000	220,000	200,000	225,000	Baseline	300,000	400,000
	<b>Actual</b>	182,002	154,132	187,162	206,172	N/A	486,774		
	<b>Variance</b>	-19%	-38%	-15%	3%	N/A	N/A		
<b>Additional Information:</b> This metric reports on the number of clients trained online. Due to changes in data collection, the SBA is revisiting reporting for this measure in FY 2019. Data are not available for FY 2018.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Percent of Emerging Leaders Creating or Retaining Jobs</b>	<b>Target</b>	N/A	Baseline	81%	81%	81%	81%	81%	81%
	<b>Actual</b>	81%	81%	81%	65%	69%	65%		
	<b>Variance</b>	N/A	N/A	0%	-15%	-14%	-20%		
<b>Additional Information:</b> The SBA introduced this metric in FY 2016. Due to the nature of the initiative, the SBA surveys participants each year, for 3 years, following the completion of the initiative's curriculum. The SBA did not meet the target in FY 2019. Low unemployment may be a factor in creating and retaining employees through this program.									
<b>Performance Indicator</b>		<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Percent of Emerging Leaders Obtaining Revenue Growth</b>	<b>Target</b>	N/A	Baseline	65%	67%	67%	67%	67%	67%
	<b>Actual</b>	66%	68%	70%	68%	69%	69%		
	<b>Variance</b>	N/A	N/A	8%	1%	3%	3%		
<b>Additional Information:</b> The SBA introduced this metric in FY 2016. Due to the nature of the initiative, for 3 years the SBA surveys participants each year following completion of the initiative's curriculum.									

Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of VBOC Clients Served	Target	Baseline	64,000	79,000	81,000	48,000	48,000	48,000	48,000
	Actual	78,124	62,117	47,342	48,839	51,945	41,860		
	Variance	N/A	-3%	-40%	-40%	8%	-13%		
<b>Additional Information:</b> In FY 2019, the SBA established a new output metric that improves accountability and aligns entrepreneurial ecosystem program metrics. The SBA is providing historical numbers as a reference. In FY 2019, VBOCs assumed a larger role in the operational and instructional aspects of B2B and Reboot. In FY 2019, total training events and attendees decreased from FY 2018; however, Reboot sessions and modules instructed significantly increased from FY 2018 to FY 2019, impacting time and resources to conduct other trainings and in-person counseling sessions.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of VBOC Programmatic and Financial Reviews	Target	N/A	N/A	Baseline	5	5	5	5	5
	Actual	N/A	N/A	0	3	5	5		
	Variance	N/A	N/A	-100%	-40%	0%	0%		
<b>Additional Information:</b> A VBOC Partner Review involves an analysis of internal procedures using SBDC procedures. The SBA plans to review 5 of the 22 VBOCs each annual period of performance (not fiscal year).									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of B2B Participants Trained	Target	15,000	15,500	17,500	20,000	18,000	18,000	18,000	18,000
	Actual	14,684	14,457	17,966	17,320	17,167	16,528		
	Variance	-2%	-7%	3%	-13%	-5%	-8%		
<b>Additional Information:</b> In FY 2017, the SBA revised the methodology calculation to ensure consistency among the SBA's other entrepreneurial development programs. In addition to the B2B entrepreneurship training track taught through TAP, the SBA offers entrepreneurship training, also known as Reboot, to veterans of all eras. In FY 2019, VBOCs assumed a larger role in the operational and instructional aspects of B2B and Reboot. In FY 2019, total training events and attendees decreased from FY 2018; however, Reboot sessions and modules instructed significantly increased from FY 2018 to FY 2019, impacting time and resources to conduct other trainings and in-person counseling sessions.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Formed by B2B Graduates	Target	N/A	N/A	N/A	255	255	255		
	Actual	N/A	N/A	250	425	490	532		
	Variance	N/A	N/A	N/A	67%	92%	108%		
<b>Additional Information:</b> Baseline data are available via survey. The SBA conducts the survey annually on a rolling basis, based on participants' B2B graduation rate. The reported number is cumulative. The SBA is retiring this measure in FY 2019 and focusing on B2B participants using follow-on SBA resources.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Rate of B2B Participants Using Follow-on SBA Resources	Target	N/A	N/A	N/A	N/A	Baseline	5%	5%	5%
	Actual	N/A	N/A	N/A	N/A	4.2%	4.0%		
	Variance	N/A	N/A	N/A	N/A	N/A	20%		
<b>Additional Information:</b> Information is used to establish goals and monitor performance. The SBA is a member of an interagency initiative (along with DOD, DOL, and VA) that administers the DOD TAP. Follow-on resources are provided by SBA grantees.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Small Businesses Assisted in Native American Communities	Target	N/A	N/A	Baseline	2,000	3,000	3,000	3,000	3,000
	Actual	2,107	2,209	1,817	3,192	1,549	2,125		
	Variance	N/A	N/A	N/A	60%	-50%	-29%		
<b>Additional Information:</b> This measure tracks the number of small businesses assisted through training and technical assistance workshops. The SBA established this performance indicator in FY 2016 and has provided historical data for context. The SBA fell short of its FY 2019 target but increased results relative to FY 2018.									

### Strategic Objective 2.3: Create a Small Business Friendly Environment

Performance Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Outreach Events through Federal Agencies, Trade Associations, and Resource Partners	Target	52	58	58	60	100	100	50	50
	Actual	64	66	102	134	118	45		
	Variance	23%	14%	76%	123%	18%	-55%		
<b>Additional Information:</b> The SBA, through its National Ombudsman, works steadily to establish new and strengthen existing relationships with federal agencies, trade associations, and resource partners. In FY 2019, ONO more thoroughly and accurately redefined what constitutes an outreach event. The event must be specific and directly related to small business. The number of outreach events for FY 2019 were more direct and concentrated.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Board Membership Rate	Target	85%	85%	90%	85%	80%	80%	80%	80%
	Actual	80%	74%	76%	46%	50%	40%		
	Variance	-6%	-13%	-16%	-46%	-38%	-50%		
<b>Additional Information:</b> The board membership rate includes SBA's 10 regions. In FY 2019, the number of nominations submitted from qualified applicants did not allow SBA to reach the target.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of Regulatory Compliance Concerns Impacted by National Ombudsman Interventions	Target	2	5	6	8	7	7	6	5
	Actual	6	7	6	23	0	12		
	Variance	200%	40%	0%	188%	-100%	71%		
<b>Additional Information:</b> This measure tracks rules issues identified, escalated, and successfully resolved in collaboration with federal agency partners. In FY 2019, ONO was able to resolve cases with a higher number of rules affecting small business than originally anticipated, including resolving a significant number of IRS cases.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Field Customer Experience Score	Target	N/A	N/A	N/A	N/A	N/A	N/A	Baseline	TBD
	Actual	N/A	N/A	N/A	N/A	N/A	N/A		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA introduced this metric to track customer experience, i.e., interactions between individuals, businesses, or organizations and the SBA. Customer Experience factors include customer satisfaction, confidence/trust, service, process, and people.									

## Strategic Goal Three – Restore Small Businesses and Communities after Disasters

### Strategic Objective 3.1: Deploy Disaster Assistance Effectively and Efficiently

FY 2018–2019 Priority Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Average Number of Disaster Loan Applications Processed per Loan Specialist per Day	Target	N/A	N/A	N/A	3	4	6		
	Actual	N/A	N/A	N/A	3	4	4		
	Variance	N/A	N/A	N/A	0%	0%	33%		
<p><b>Additional Information:</b> The SBA processed 4 disaster loan applications per loan specialist per day because there was insufficient disaster activity throughout the year to collect adequate data. The SBA, however, did meet the target (6 loan applications per specialist per day) where there was sufficient loan activity, such as the California wildfires (November 2018 – January 2019) and flooding in the Midwest (July 2019). The SBA is dedicated to increasing the number of applications that loan specialists can process and has deployed new disaster loan system modernization technology to better respond to large-scale disasters through efficient loan processing. Beginning in FY 2020, this metric will no longer be applicable.</p>									
Performance Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Customer Satisfaction Rate for Disaster Loan Approvals	Target	71%	71%	71%	71%	71%	77%	77%	77%
	Actual	80%	80%	84%	85%	78%	83%		
	Variance	13%	13%	18%	20%	10%	8%		
<p><b>Additional Information:</b> The SBA conducts an annual customer satisfaction study on its Disaster Assistance Program using the American Customer Satisfaction Index (ACSI) methodology. The Agency uses the survey data to identify and target areas for improvement that have the greatest impact on customer satisfaction scores. The SBA continued to improve its loan application processes (e.g., ELA, in-person in disaster recovery centers, and by mail upon request), and enhance features of the disaster loan assistance portal and other technology tools.</p>									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Disasters Having a Disaster Loan Outreach Center (DLOC) or Business Recovery Center (BRC) Open Within 10 Days	Target	N/A	N/A	N/A	N/A	95%	95%	95%	95%
	Actual	N/A	N/A	N/A	N/A	100%	100%		
	Variance	N/A	N/A	N/A	N/A	5%	5%		
<p><b>Additional Information:</b> “Open” is defined as assembling at least one SBA disaster loan outreach center or business recovery center within 7 days of all major presidential disaster declarations for individual assistance and Agency disaster declarations. For FY 2020, the SBA updated the target for opening a DLOC or BRC from 7 to 10 days. Regional, state, and local stakeholders advised the SBA’s Field Operations Centers to open DLOCs or BRCs within 7 to 10 days of a disaster declaration to best support the unique needs of disaster survivors. In the initial days after a disaster, many survivors are responding to initial impacts and are focused on meeting immediate needs. The additional time also assists SBA field operations and resource partners to optimize the strategic location of BRCs and DLOCs, helping to ensure that the center is best positioned to support business owners recovering from a disaster. Disaster survivors may still access the disaster online application portal immediately following a disaster declaration, which should not impede timeliness of disaster assistance.</p>									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Loans With Initial Disbursements Within 5 Days of Loan Closing	Target	95%	95%	95%	95%	95%	95%	95%	95%
	Actual	100%	98%	96%	99%	97%	99%		
	Variance	5%	3%	1%	4%	2%	4%		
<p><b>Additional Information:</b> Disbursement refers to the last step of a 3-step disaster loan process where a loan is closed and funds are disbursed to the customer for an approved loan amount.</p>									

Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of Disaster Loans Processed Within Standard	Target	85%	85%	85%	85%	85%	85%	85%	85%
	Actual	100%	100%	99%	99%	96%	93%		
	Variance	18%	18%	16%	16%	13%	9%		
<b>Additional Information:</b> A streamlined approval process and digital service improvements have allowed the SBA to process a higher volume of loans in a more efficient and timely manner. The standard number of days corresponds to the volume of disaster loan activity received in that fiscal year, i.e., Level I – up to 50,000 applications; Level II – 50,000 to 250,000 applications; Level III – 250,000 to 500,000 applications; and Level IV – more than 500,000 applications.									

## Strategic Goal Four – Strengthen SBA’s Ability to Serve Small Businesses

### 4.1: Ensure Effective and Efficient Management of Agency Resources

Performance Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Customer Satisfaction Rate of Financial Management Services for SBA Employees	Target	N/A	N/A	N/A	N/A	Baseline	4.0	4.0	4.0
	Actual	N/A	N/A	N/A	N/A	4.0	4.4		
	Variance	N/A	N/A	N/A	N/A	N/A	10%		
<b>Additional Information:</b> The SBA developed an internal customer satisfaction baseline in FY 2018. The SBA rates customer satisfaction on a scale from one to five with five being the highest. A score of four or higher indicates superior satisfaction with financial and performance management services.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SBA Small Business Utilization Rate	Target	68%	69%	72.75%	72.75%	73%	71%	73%	TBD
	Actual	77%	78%	74%	80%	80%	81%		
	Variance	14%	13%	1%	10%	10%	14%		
<b>Additional Information:</b> The SBA tracks small business contracts and has the highest small business contracting goal in the Federal Government. The SBA continues to provide preference to small businesses in awarding contracts. SBA Utilization Rate targets are negotiated annually and therefore are not yet established for future fiscal years.									
Performance Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of PMIAA Priority Projects Completed on Time	Target	N/A	N/A	N/A	N/A	N/A	N/A	Baseline	TBD
	Actual	N/A	N/A	N/A	N/A	N/A	N/A		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA established this measure to track improvements in the SBA’s program and project management capabilities as part of the implementation of the Program Management Improvement Accountability Act (PMIAA). The Act requires an assessment of the SBA’s program and project management capacity to ensure that programs and projects are managed efficiently and effectively.									
Performance Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SBA Real Estate Footprint Reduction Rate	Target	N/A	Baseline	2%	1%	1%	1%	1%	1%
	Actual	2%	2%	5%	4%	-0.4%	Data Lag		
	Variance	N/A	N/A	150%	300%	-150%	N/A		
<b>Additional Information:</b> The SBA tracks the square footage of its facilities and continues to reduce the amount of space for operations through consolidations, co-locating, and returns of excess space in accordance with the <i>OMB Memorandum M-12-12, Section 3: Reduce the Footprint</i> . The SBA will not receive FY 2019 results for Real Estate Footprint Reduction from GSA until February 2020. Future targets reflect a 1% reduction based on the SBA Real Property Efficiency Plan submitted to GSA through FY 2023.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SBA Financial Assistance Closure Rate	Target	N/A	N/A	N/A	N/A	N/A	Baseline	100%	100%
	Actual	N/A	N/A	N/A	N/A	N/A	100%		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> This new measure supports both the GONE and DATA Acts. The closure rate is calculated by dividing the number of grants closed by the number awarded.									

### Strategic Objective 4.2: Build a High-Performing Workforce

Performance Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Federal Employee Viewpoint Survey Job Satisfaction Rate	Target	71%	71%	64%	67%	67%	67%	68%	69%
	Actual	65%	62%	64%	67%	68%	70%		

	Variance	-6%	-9%	0%	0%	1%	3%		
<b>Additional Information:</b> The satisfaction rate is the Human Capital Assessment and Accountability Framework (HCAAF) Trends—Job Satisfaction Index, which indicates the extent to which employees are satisfied with their jobs.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Retention Rate for New Hires	Target	88%	93%	93%	93%	93%	80%	80%	80%
	Actual	74%	79%	92%	89%	80%	82%		
	Variance	-16%	-15%	-1%	-4%	-14%	2%		
<b>Additional Information:</b> The retention rate is defined as an employee remaining in a position for a minimum of 2 years within the Agency. The SBA has examined its methodology and recalculated the retention rates from FY 2013 to FY 2016.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Average Number of Days to Hire	Target	100	100	100	100	100	100	100	100
	Actual	85	97	98	76	98	95		
	Variance	15%	3%	2%	24%	2%	5%		
<b>Additional Information:</b> Time to hire includes the time a completed recruit action is received until the job offer is accepted. In FY 2017 and FY 2018, OHRS collaborated with the SBA's executives and hiring managers to use expanded federal hiring flexibilities. The SBA provided targeted job analyses training to hiring managers to enhance their effectiveness and efficiency in assessing and selecting the best candidates. The SBA has removed the dates of the December 2018-January 2019 shutdown for those offices impacted by the shutdown in the actual results.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Federal Employee Viewpoint Survey Engagement Index	Target	N/A	Baseline	64%	67%	67%	68%	68%	68%
	Actual	62%	60%	63%	67%	69%	70%		
	Variance	N/A	N/A	-2%	0%	3%	2%		
<b>Additional Information:</b> The index comprises three sub-categories: Leaders Lead, Supervisors, and Intrinsic Work Experience. The SBA established this measure in FY 2016. Historical data are provided for context.									

### Strategic Objective 4.3: Implement Enterprise-wide Information System Modernization Cost-effective Technology

Performance Goal		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
IT Cost Savings/Avoidance (Millions)	Target	N/A	N/A	N/A	N/A	10.5	10.8	14.0	14.7
	Actual	N/A	N/A	N/A	8.3	11.9	13.7		
	Variance	N/A	N/A	N/A	N/A	13%	27%		
<b>Additional Information:</b> The metric reports the cumulative cost savings/avoidance related to OMB initiatives such as Data Center Optimization Initiative (DCOI), commodity IT, migration to the cloud, software license management, and PortfolioStat. <sup>36</sup> The SBA exceeded its FY 2019 targets by identifying additional IT savings for commodity IT and Software Licenses.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of IT Projects Completed Within Schedule	Target	N/A	N/A	N/A	N/A	N/A	Baseline	95%	95%
	Actual	N/A	N/A	N/A	N/A	N/A	97%		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The metric reports the top five OCIO IT projects within schedule, including the SBA IT investment portfolio.									

<sup>36</sup> Data are reported via Integrated Data Collection (IDC) Quarterly Submission.



Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percentage of SBA Enterprise-Wide Cloud Applications	Target	N/A	N/A	N/A	N/A	N/A	Baseline	60%	70%
	Actual	N/A	N/A	N/A	N/A	N/A	40%		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The metric reports the percentage of SBA's enterprise-wide cloud applications completed compared to those applications still needing cloud migration.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Percent of IT Workforce Participating in Formal IT Training Plans	Target	N/A	N/A	N/A	N/A	N/A	Baseline	100%	100%
	Actual	N/A	N/A	N/A	N/A	N/A	60%		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> This metric reports the percent of IT staff utilizing the formal SBA IT workforce training plan. The IT Strategic Workforce Plan will identify a competency model for the 2210 workforce job series. The SBA will identify the total number of staff with training gaps and monitor the number of staff using the IT workforce training plan. In FY 2019, 118 out of 186 2210s (2210 Series- Information Technology Management occupational series) attended workforce-related training.									

## Appendix 6 – OIG Management Challenges

The SBA Inspector General submitted its Report Number 20-01 entitled “Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration in Fiscal Year 2020,” October 11, 2019. The report represents the OIG’s current assessment of Agency programs or activities that pose significant risks, including those that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. A summary of the contents of the report follows. Within each management challenge is a series of recommended actions by the OIG to resolve the challenge. Refer to the associated strategic objectives section for details regarding the recommended actions and SBA’s progress on addressing the challenges.

Challenge			Strategic Objective
1	Small Business Contracting	Weaknesses in Small Business Contracting Programs and Inaccurate Procurement Data Undermine the Reliability of Contracting Goal Achievements	1.3
2	IT Leadership	Information Technology Controls Needs Improvement to Address Cybersecurity Risks	4.3
3	Human Capital	SBA Needs Effective Human Capital Strategies to Carry Out Its Mission Successfully and Become a High-Performing Organization	4.2
4	SBA Loan Program Risk Management and Oversight	SBA Needs to Improve its Risk Management and Oversight Practices to Ensure its Loan Programs Operate Effectively and Will Continue to Benefit Small Businesses	1.1
5	8(a) Business Development Program	SBA Needs to Ensure that the Section 8(a) Business Development Program Identifies and Addresses the Needs of Program Participants, Only Eligible Firms Are Admitted into the Program, and Standards for Determining Economic Disadvantage Are Justifiable	2.1
6	SBA Loan Programs	SBA Can Improve its Loan Programs by Ensuring Quality Deliverables and Reducing Improper Payments at SBA Loan Operation Centers	1.1
7	Disaster Assistance Program	SBA’s Disaster Assistance Program Must Balance Competing Priorities to Deliver Timely Assistance and Reduce Improper Payments	3.1
8	Grant Management Oversight	SBA Needs Robust Oversight of Its Grant Management	4.1

To read the full report, visit: <https://www.sba.gov/sites/default/files/oig/SBA-OIG-Report-20-01.pdf>.

## Appendix 7 – Good Accounting Obligation in Government Act (GAO-OIG) Report

The Good Accounting Obligation in Government Act (GAO-IG Act) was signed into law on January 4, 2019. The GAO-OIG Act requires that a report accompany agency Congressional Justifications, which includes information on the status of Government Accountability Office (GAO) and Office of Inspector General (OIG) open recommendations greater than one year old. These recommendations can be found in the table below and in the accompanying links to the Reports. GAO reports with open recommendations to the SBA prior to October 1, 2018 appear in the table below and have been listed in chronological order:

Report	Date	Title	Office	Number
GAO 12-791	9/26/2012	Organizational Transformation: Enterprise Architecture Value Needs to be Measured and Reported	OCIO	22
GAO 12-791	9/26/2012	Organizational Transformation: Enterprise Architecture Value Needs to be Measured and Reported	OCIO	46
GAO 13-217	1/29/2013	Export Promotion: Small Business Administration Needs to Improve Collaboration to Implement Its Expanded Role	OIT	03
GAO 14-65	11/6/2013	Information Technology: Additional OMB and Agency Actions Are Needed to Achieve Portfolio Savings	OCIO	46
GAO 15-54	10/8/2014	Women-Owned Small Business Program: Certifier Oversight and Additional Eligibility Controls Are Needed	G CBD	01
GAO 15-54	10/8/2014	Women-Owned Small Business Program: Certifier Oversight and Additional Eligibility Controls Are Needed	G CBD	02
GAO 15-234	2/12/2015	Small Business Contracting: Opportunities Exist to Further Improve HUBZone Oversight	G CBD	01
GAO 15-234	2/12/2015	Small Business Contracting: Opportunities Exist to Further Improve HUBZone Oversight	G CBD	02
GAO 16-511	9/29/2016	Information Technology: Agencies Need to Improve Their Application Inventories to Achieve Additional Savings	OCIO	18
GAO 17-67	11/21/2016	Agency Has Controls to Comply with Paperwork Reduction Act but Could Improve Accessibility & Consistency of Disaster Loan Information	ODA	01
GAO 17-337	4/25/2017	Small Business Research Programs: Additional Actions Needed to Implement Fraud, Waste, and Abuse Prevention Requirements	OII	01
GAO 17-337	4/25/2017	Small Business Research Programs: Additional Actions Needed to Implement Fraud, Waste, and Abuse Prevention Requirements	OII	02

Report	Date	Title	Office	Number
GAO 17-337	4/25/2017	Small Business Research Programs: Additional Actions Needed to Implement Fraud, Waste, and Abuse Prevention Requirements	OII	04
GAO 17-448	8/15/2017	Data Center Optimization: Agencies Need to Address Challenges and Improve Progress to Achieve Cost Savings Goal	OCIO	17
GAO 18-148	11/7/2017	Information Technology Reform: Agencies Need to Improve Certification of Incremental Development	OCIO	17
GAO 18-207	1/31/2018	Small Business Research Programs: Agencies Need to Take Steps to Assess Progress Towards Commercializing Technologies	OII	01
GAO 18-207	1/31/2018	Small Business Research Programs: Agencies Need to Take Steps to Assess Progress Towards Commercializing Technologies	OII	02
GAO 18-421	6/5/2018	Small Business Loans: Additional Actions Needed to Improve Compliance with the Credit Elsewhere Requirement	OCA	1
GAO 18-421	6/5/2018	Small Business Loans: Additional Actions Needed to Improve Compliance with the Credit Elsewhere Requirement	OCA	2
GAO 18-421	6/5/2018	Small Business Loans: Additional Actions Needed to Improve Compliance with the Credit Elsewhere Requirement	OCA	3
GAO 18-466	6/14/2018	Cybersecurity Workforce: Agencies Need to Improve Baseline Assessments and Procedures for Coding Positions	OCIO	25
GAO 18-466	6/14/2018	Cybersecurity Workforce: Agencies Need to Improve Baseline Assessments and Procedures for Coding Positions	OCIO	26
GAO-18-666	9/24/2018	Small Business Administration Could Further Strengthen HUBZone Eligibility Reviews in Puerto Rico and Programwide	GCBD	1
GAO-18-666	9/24/2018	Small Business Administration Could Further Strengthen HUBZone Eligibility Reviews in Puerto Rico and Programwide	GCBD	2
GAO-18-672	9/27/2018	Actions Needed to Improve Confidence in Small Business Procurement Scorecard	GCBD	1
GAO-18-672	9/27/2018	Actions Needed to Improve Confidence in Small Business Procurement Scorecard	GCBD	2

OIG reports with open recommendations to the SBA prior to October 1, 2018 appear in the table below and have been listed in chronological order.

Report	Date	Title	Office	Number
OIG 13-01	10/4/2012	Section 8(a) Program's Use of Internal Revenue Service Tax Verification Form 4506T	GCBD	01
OIG 13-01	10/4/2012	Section 8(a) Program's Use of Internal Revenue Service Tax Verification Form 4506T	GCBD	02
OIG 13-01	10/4/2012	Section 8(a) Program's Use of Internal Revenue Service Tax Verification Form 4506T	GCBD	03
OIG 13-01	10/4/2012	Section 8(a) Program's Use of Internal Revenue Service Tax Verification Form 4506T	GCBD	04
OIG 13-06	11/13/2012	Advisory Memorandum Regarding Section 8(a) Annual Review	GCBD	01
OIG 13-06	11/13/2012	Advisory Memorandum Regarding Section 8(a) Annual Review	GCBD	02
OIG 15-16	9/25/2015	SBA Needs to Improve its Oversight of Loan Agents	OCA	06
OIG 17-19	9/28/2017	Audit of SBA's Microloan Program	OCA	01
OIG 17-19	9/28/2017	Audit of SBA's Microloan Program	OCA	04
OIG 18-03	11/14/2017	Independent Auditors' Report on SBA's FY 2017 Financial Statements	OCA	02
OIG 18-07	12/11/2017	Accuracy of the FY 2015 7(a) Loan Guaranty Purchase Improper Payments Rate	OCA	09
OIG 18-13	3/6/2018	Evaluation of SBA 7(a) Loans Made to Poultry Farmers	OCA	02
OIG 18-18	6/20/2018	SBA's Women-Owned Small Business Federal Contracting Program	GCBD	03
OIG 18-21	7/6/2018	High Risk 7(a) Loan Review Program	OCA	01
OIG 18-21	7/6/2018	High Risk 7(a) Loan Review Program	OCA	02
OIG 18-22	7/9/2018	Improvements Needed in SBA's Oversight of 8(a) Continuing Eligibility Processes	GCBD	02
OIG 18-22	7/9/2018	Improvements Needed in SBA's Oversight of 8(a) Continuing Eligibility Processes	GCBD	03
OIG 18-22	7/9/2018	Improvements Needed in SBA's Oversight of 8(a) Continuing Eligibility Processes	GCBD	04
OIG 18-22	7/9/2018	Improvements Needed in SBA's Oversight of 8(a) Continuing Eligibility Processes	GCBD	06
OIG 18-22	7/9/2018	Improvements Needed in SBA's Oversight of 8(a) Continuing Eligibility Processes	GCBD	07
OIG 18-22	7/9/2018	Improvements Needed in SBA's Oversight of 8(a) Continuing Eligibility Processes	GCBD	08

Report	Date	Title	Office	Number
OIG 18-22	7/9/2018	Improvements Needed in SBA's Oversight of 8(a) Continuing Eligibility Processes	GCBD	09
OIG 18-22	7/9/2018	Improvements Needed in SBA's Oversight of 8(a) Continuing Eligibility Processes	GCBD	10
OIG 18-22	7/9/2018	Improvements Needed in SBA's Oversight of 8(a) Continuing Eligibility Processes	GCBD	11
OIG 18-23	9/20/2018	High Risk 7(a) Loan Review Program	OCA	01
OIG 18-23	9/20/2018	High Risk 7(a) Loan Review Program	OCA	02

## Appendix 8 — Annual Evaluation Plan

The SBA recognizes the importance of evidence and evaluation to understand and improve the efficiency and effectiveness of its programs and operations in pursuit of the Agency’s mission. To support evaluation planning, the SBA has established an Annual Evaluation Plan (AEP) in alignment with the *Foundations for Evidence-Based Policymaking Act*. The AEP identifies the SBA’s research and evaluation questions the agency plans to complete through the next fiscal year.

New program evaluations will be selected annually through a call for proposals to the SBA’s program offices. The evaluations will be designed to meet SBA priorities, answer research questions in the Enterprise Learning Agenda, and build a suite of evidence to inform decision-making. The SBA convenes a team of evaluation and program experts to consider the proposals and make recommendations to the Chief Evaluation Officer and the Performance Improvement Officer on the proposals to support.

SBA program evaluations follow the *Framework and Guidelines for Program Evaluation at the US Small Business Administration*<sup>37</sup> and include a broad range of evaluation types from evaluability assessments to impact evaluations, to best answer the questions posed. To ensure actionable results, the SBA has ensured that its evaluations follow the principles of ethics, independence, rigor, relevance, and transparency.

After an evaluation is completed, clearance for dissemination is secured from the Performance Improvement Officer, Chief Evaluation Officer, and Associate Administrator of each program’s respective office. The SBA is taking actions to help programs transform processes and activities through the evidence gathered. To promote transparency, the SBA publishes its evaluations on its Program Evaluation and Evidence Registry (PEER) website.<sup>38</sup>

The SBA has organized the AEP around the strategic goals in the Agency *FY 2018-2022 Strategic Plan*. Table 1 provides an overview of the upcoming program evaluations scheduled for completion through FY 2021. The following sections provide an overview of the programs evaluated, their connection to the SBA’s Enterprise Learning Agenda, the specific evaluation questions for the study, key methods and data, the completion date, and anticipated challenges and remedies.

**Table 1: Summary of SBA Program Evaluations**

Goal	Program
1	Surety Bond Guarantee
1	Small Business Investment Companies
1	State Trade Expansion Program
1	Microloans
1	Small Business Contracting
2	All Small Mentor Protégé
3	Disaster Assistance Mitigation
4	Succession Planning
4	Acquisition Management
4	Field Customer Experience

<sup>37</sup> [www.sba.gov/document/policy-guidance-framework-guidelines-program-evaluation-us-small-business-administration](https://www.sba.gov/document/policy-guidance-framework-guidelines-program-evaluation-us-small-business-administration)

<sup>38</sup> [www.sba.gov/document/report-program-evaluation-evidence-registry-peer](https://www.sba.gov/document/report-program-evaluation-evidence-registry-peer)



## Strategic Goal 1: Support Small Business Review and Job Growth

### *Surety Bond Guarantee Fees Evaluation*

Through the Surety Bond Guarantee (SBG) Program, the SBA guarantees bid, payment, and performance bonds for small business contractors who cannot obtain surety bonds under reasonable terms through regular commercial channels. The SBA's guarantee provides sureties with an incentive to provide bonding for small businesses and, thereby, assists small businesses in obtaining greater access to contracting opportunities. The SBA assesses a fee for the bond on both the small business and the surety and deposits these fees into a revolving fund to cover the program's liabilities. The SBA last modified these fees in 2006, and the SBA temporarily reduced the fees between October 1, 2018 to September 30, 2020 to further understand the impacts of fee reduction on small business participation in the program. This evaluation will provide the SBA with an understanding of the impacts of lowering the surety and principal fees on portfolio characteristics and risks to the Agency.

### *Enterprise Learning Agenda Question*

- How can the SBA increase the use of its Surety Bond Guarantee program while minimizing risk?

### *Evaluation Questions*

- How do fees affect program utilization by surety companies, agents, and small businesses?
- How do fees affect the size and characteristics of the portfolio?
- How do fees affect the small business characteristics of the portfolio such as: size, industry, owner demographics, geographic location, financial strength, contract sizes, and contracting designations?
- How do fees affect the portfolio of surety agents?
- How do these fee changes affect the risk of the program?
- How do these fee changes affect cash flow to the SBA and its revolving fund?
- How do these fee changes affect defaults in the program?

### *Methods and Data*

- This study will use a multi-method evaluation design that integrates statistical modeling through Interrupted Time Series (ITS) models and web-based surveys of surety firms and agents.
- The ITS models will use program administrative data and industry data to control for external factors.

### *Completion Date*

- This evaluation is expected to be completed in Spring 2020.

### *Anticipated Challenges and Remedies*

- The models may not fully capture all the variables that explain bonding. The SBA will explore multiple data sources to manage this potential challenge, including the collection of survey data from program participants.

## *Small Business Investment Companies Rural Investments Environmental Scan and Evaluability Assessment*

The Small Business Investment Company (SBIC) Program seeks to stimulate and supplement the flow of private equity capital and long-term loan funds to small businesses that need it for the sound financing of their business operations and for their growth, expansion, and modernization, when such capital is not available in adequate supply in the private market. The SBA licenses professionally managed investment funds that raise capital from private investors and combine it with capital obtained through the SBIC's issuance of debentures guaranteed by the SBA. SBICs invest this combined capital in qualifying small businesses. However, SBIC capital is not fully spread across the country and tends to be invested in urban areas. This evaluability assessment will help identify the SBA identify what data are available to further understand geographic coverage with a focus in rural areas.

### *Enterprise Learning Agenda Questions*

- How can the SBA best support small business growth in markets in socially and economically disadvantaged communities?
- What changes should be made to the SBIC Program to ensure SBICs provide innovative and modern financial services to American small businesses?

### *Evaluation Questions*

- Where are the geographic gaps in private equity investing in the U.S.? What are the common characteristics of these locations?
- Does the SBIC Program fill geographic gaps in private equity investing not covered by other investors or investment programs?
- How can the SBA better supplement investment capital to small businesses located in areas that do not have an adequate supply of investment capital?
- What secondary data, outside that data owned by the SBA, could be used to answer the evaluation questions, including but not limited to data from other government (federal or non-federal) programs?
- What secondary data already owned by the SBA could be used to answer the evaluation questions?
- Is there sufficient data to properly assess the evaluation questions?

### *Methods and Data*

- The SBA will conduct an environmental scan to describe the current state of private equity investing in the U.S. The study will provide geographic detail about where such investment capital is needed, where it is being invested, and will highlight rural versus non-rural investment activity. With an understanding of where current private equity investing occurs, the SBA would also like to determine if an evaluation could provide insights on how the SBIC Program may identify and fill geographic gaps in private equity investing.
- This assessment will use secondary data sources on debt, private equity, mezzanine debt, and other federal agencies such as the U.S. Department of Agriculture (USDA), the Security and Exchange Commission's Division of Corporation Finance, and the Federal Reserve Board's private equity investment and potential data.

### *Completion Date*

- This evaluation is expected to be completed in Spring 2020.

#### *Anticipated Challenges and Remedies*

- This assessment is dependent on the availability and accessibility of secondary data sources. The SBA will explore multiple venues to collect data from industry and other federal agencies.

#### ***State Trade Expansion Program Evaluation***

The State Trade Expansion Program (STEP) supports small business trade by making grants to states and territories to help them assist eligible small businesses enter and succeed in the international marketplace. The program's objectives are to increase the number of small businesses that export and to increase the value of exports for those small businesses currently exporting. STEP grantees can use their awards for approved activities described in the Trade Facilitation and Trade Enforcement Act; however, the SBA would like to better understand which activities are the most effective. The SBA will use the results to help STEP grantees better serve small businesses. Having better information on what works and for whom would allow STEP awardees to tailor their approaches.

#### *Enterprise Learning Agenda Question*

- How can the SBA continue to build state and territory government export capacity?

#### *Evaluation Questions*

- Are STEP grantees increasing the value of small business exports, reaching new clients, and producing new exporters?
- Which STEP activities contribute most to client outcomes (e.g., increase in new to exporting ESBCs and an increase in the value of export sales)?
- What are best practices for STEP grantees that improve client outcomes?

#### *Methods and Data*

- This evaluation will consist of a retrospective outcome evaluation using mixed research methods. A literature review will be developed that identifies programs with similar objectives (on the federal, state, or local level, though not necessarily government funded) and addresses how STEP fits within this landscape of programs.
- The evaluation will use data collected by the SBA to administer the program. Additionally, primary qualitative data will be collected through a purposive sample of STEP grantees.

#### *Completion Date*

- This evaluation is expected to be completed in Summer 2020.

#### *Anticipated Challenges and Remedies*

- This evaluation will rely on administrative data collected by states and territories; however, the SBA does not verify its accuracy or reliability. The SBA will conduct multiple analyses of its data and review accuracy through interviews with grantees.

#### ***Microloans Evaluation***

The Microloan program provides loans to small businesses through SBA-approved Microloan intermediaries through financing up to \$50,000. The program also integrates technical assistance and training with microlevel financing with a focus on underrepresented populations, including women, low-income individuals, veterans, and minority entrepreneurs. This evaluation seeks to provide a better

understanding of borrower characteristics, job creation/retention and revenue outcomes, and the impact of technical assistance on outcomes.

#### *Enterprise Learning Agenda Questions*

- What impact does lending have on long-term job creation, revenue growth, and export sales?
- How does technical assistance impact loan performance?

#### *Evaluation Questions*

- What are the job creation/retention, revenue growth, and business tenure outcomes of Microloan Program borrowers?
- How do job creation/retention, revenue growth, and business tenure outcomes vary by business characteristic?
- What types, frequency, duration, intensity, and delivery modes of technical assistance are being provided to Microloan Program Borrowers?
- How does the type, frequency, duration, intensity, and delivery mode of technical assistance impact Microloan borrower job creation, retention growth, and business tenure outcomes?

#### *Methods and Data*

- This evaluation will use mixed methods that leverage the program's administrative loan data and surveys of small businesses.
- Administrative data for the evaluation will originate from the SBA's Microloan Electronic Reporting System (MPERS) and intermediary self-reported technical assistance. The SBA will also collect borrower data through surveys and interviews.

#### *Completion Date*

- This evaluation is expected to be completed in Fall 2021.

#### *Anticipated Challenges and Remedies*

- The data required for analysis are dependent upon the availability of administrative data and the voluntary participation of Microloan borrowers. The evaluation will require the creation of a new survey instrument and collection of primary data from Microloan borrowers. The SBA will work with key stakeholders to understand how to best capture data for the evaluation.

### ***Small Business Government Contracting Scorecard Evaluation***

The Federal Government awards more than \$100 billion in federal contracts to small businesses each year to ensure that 23 percent of these contracts go to small businesses. Every year, the SBA works with each federal agency to set their prime and subcontracting small business goals. The scorecard is an assessment tool that measures how well federal agencies reach their small business and socio-economic prime contracting and subcontracting goals, provides accurate and transparent contracting data, and reports agency-specific progress. The prime and subcontracting component includes goals for small businesses, small businesses owned by women, small disadvantaged businesses, service-disabled veteran-owned small businesses, and small businesses located in HUBZones. The SBA will investigate the effectiveness of the scorecard in measuring agency performance, promoting small business procurement opportunities, and on agency small business contracting goal achievement.

#### *Enterprise Learning Agenda Question*

- What factors most influence the Federal Government's ability to reach its small business contracting goals?

#### *Evaluation Questions*

- How does the small business procurement scorecard affect progress toward a federal agency's achievement of their small business contracting goals?
- How does the small business procurement scorecard and associated processes affect contracting opportunities available to small businesses?
- What factors or processes that the SBA uses to develop the goals and scorecard most influence progress toward goal achievement (e.g., negotiation of the goals, the public reporting of the scorecard, scorecard calculation methodology, etc.)?

#### *Methods and Data*

- This evaluation will use mixed methods that assesses agency achievement toward small business goaling and opportunities for small businesses.
- Federal contracting data will serve as the primary data source for the quantitative analysis. The SBA will also need to collect data on the behaviors and decision-making of federal acquisitions staff.

#### *Completion Date*

- This evaluation is expected to be completed in Summer 2021.

#### *Anticipated Challenges and Remedies*

- Federal contracting data are not collected for evaluation purposes, which poses challenges for rigorous analysis. The SBA will conduct preliminary analyses with the data, and the SBA will pursue multiple avenues to understand results. Additionally, the SBA will need to collect data from federal acquisitions staff on their behaviors. The SBA will conduct outreach through its stakeholders, including the Small Business Procurement Advisory Council, to ensure that it reaches the intended populations.

## **Strategic Goal 2: Build healthy entrepreneurial ecosystems and create business friendly environments**

### *All Small Mentor-Protégé Program Evaluation*

The All Small Mentor-Protégé Program aims to help small businesses learn from larger, experienced government contractors to help small businesses develop and enter federal contracting. The SBA established this program in 2016 and has discovered some instances where firms withdraw or terminate after application. Understanding why firms withdraw or terminate can help SBA better educate and guide firms by helping them identify if the program is right for them.

#### *Enterprise Learning Agenda Question*

- What are the small business outcomes and impacts of receiving training, counseling, and technical assistance, and how do they vary by market segment?

#### *Evaluation Questions*

- Why do firms voluntarily withdraw from program enrollment after submitting applications?
- When and at what stage of the program do accepted mentor-protégé teams voluntarily terminate program participation?
- Why do accepted mentor-protégé teams voluntarily terminate program participation?
- How can the ASMPP improve education, outreach, and intervention to ensure mentor-protégé teams are set up for success in the program?

#### *Methods and Data*

- This evaluation will consist of an exploratory evaluation using mixed methods using administrative data, surveys, and interviews of program participants.
- The data necessary to evaluate the program will come from different, complementary sources, including SBA administrative data, secondary data from the U.S. Federal Government, information obtained from web-based surveys administered to mentors and protégés, and semi-structured interviews with selected matched pairs of mentor-protégé teams.

#### *Completion Date*

- This evaluation is expected to be completed in Spring 2020.

#### *Anticipated Challenges and Remedies*

- Data needed for this analysis is dependent on response rates of mentors and protégés and on available administrative data. The SBA will conduct outreach and develop rigorous surveys to ensure that it captures adequate data for analysis.

## Strategic Goal 3: Support Small Business Review and Job Growth

### *Disaster Assistance Mitigation Loans Evaluation*

The SBA provides disaster assistance loans to businesses of all sizes, non-profits, homeowners, and renters recovering from a declared disaster. Borrowers are eligible to receive additional loan proceeds which can be used to mitigate future disaster damage. Mitigation can reduce financial impact, reduce loss of life and injury, and prevent property loss as a result of natural disasters. The National Institute of Building Sciences found that for every \$1 spent on mitigation efforts, such as exceeding building code standards, a disaster survivor saves \$4 in future reconstruction costs.<sup>39</sup> The SBA is authorized to increase physical disaster loan amounts in order to fund mitigating measures if it determines such increases to be necessary or appropriate in order to protect the damaged or destroyed property from possible future disasters. However, disaster survivors rarely use mitigation loans despite the affordable loan terms. This evaluation will provide the SBA with the knowledge to develop effective communication strategies and materials to promote awareness of this option.

#### *Enterprise Learning Agenda Questions*

- How does the SBA's disaster assistance infrastructure contribute to post-disaster individual, business, and community rebuilding?
- How has the SBA's infrastructure helped prepare small businesses before a disaster occurs?

#### *Evaluation Questions*

- What are the characteristics of disaster survivors who have chosen to increase the amount of their SBA physical disaster loan for mitigation? Who has chosen to relocate to a Non-Special Flood Hazard Area from a Flood Hazard Area?
- How have SBA physical disaster loans for mitigation been used by disaster survivors (i.e. types of mitigation by disaster characteristics—floods, wind, fire, earthquakes, and timing when the mitigation loan was requested)?
- Why have disaster survivors chosen to increase the amount of their SBA loan to fund mitigation? Why have some disaster survivors not chosen to increase the amount of their SBA loan to fund mitigation?

#### *Methods and Data*

- This evaluation will use mixed methods that will use administrative data and surveys.
- Program administrative data provides most necessary data needed; however, in order to understand borrower behaviors and decision-making the SBA will collect primary data from borrowers.

#### *Completion Date*

- This evaluation is expected to be completed in Spring 2021.

#### *Anticipated Challenges and Remedies*

- The SBA may face challenges collecting data on behaviors and decision-making from borrowers. Borrowers may not be able to accurately describe the factors that went into their decisions. The SBA will conduct pretesting of any data collection instruments to remediate this issue.

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<sup>39</sup> [https://cdn.ymaws.com/www.nibs.org/resource/resmgr/docs/NIBS\\_MitigationSaves2018-Sum.pdf](https://cdn.ymaws.com/www.nibs.org/resource/resmgr/docs/NIBS_MitigationSaves2018-Sum.pdf)



## **Strategic Goal 4: Strengthen the SBA’s ability to serve small businesses**

### ***SBA’s Acquisitions Management Process Evaluation***

The SBA awards contracts to support its operations and accomplish its mission. The SBA’s Acquisition Division awards and manages its contracts for SBA program offices through a professional staff of contracting officers and procurement analysts. The SBA has implemented process improvements and looks to continue modernizing its operations to best meet SBA program manager needs. Streamlining should improve customer experience to stakeholders and promote innovative methods to ensure that the team members work efficiently and effectively. This evaluation will review key acquisition processes to ensure that there are practical solutions for implementation.

#### *Enterprise Learning Agenda Connection*

- What process improvements are necessary to improve the SBA’s acquisition function?

#### *Evaluation Questions*

- How could the Acquisition Division streamline its processes?
- What factors impede the SBA’s ability to streamline its acquisition processes?
- How satisfied are clients/end-users with the acquisition support they receive from all parts of the acquisition team—policy, operations, and leadership?

#### *Methods and Data*

- This evaluation will consist of a process evaluation using mixed methods that includes a process review of key acquisition functions to identify bottlenecks that, if identified, could improve operational efficiency.
- This approach may involve the review of SOPs, process times for acquisition staff, interviews with stakeholders, analysis of available data, and the identification of best practices that may be applied at SBA for performance improvements.

#### *Completion Date*

- This evaluation is expected to be completed in Summer 2020.

#### *Anticipated Challenges and Remedies*

- The evaluation will rely on the identification of behaviors from staff who may not accurately recall key processes. The SBA will pretest data collection instruments to remediate this issue.

### ***Field Operations Customer Experience Evaluation***

The SBA’s network of 68 District Offices, located in all 50 states, the District of Columbia, Puerto Rico, U.S. Virgin Islands, Guam, and American Samoa, implement SBA programs to support entrepreneurs. They provide services to the small business community and work with SBA resources partners, stakeholders, and intermediaries to accomplish the SBA mission. The Office of Field Operations is one of 25 High Impact Service Providers leading efforts to provide a modern, streamlined, and responsive customer experience across government. In support of this goal, in FY 2019, the SBA developed a survey to measure customer experience in its district offices. The survey is deployed to all customers after they receive a service or have an interaction with an SBA district office (e.g., participants in an SBA led

training, 8(a) certified firms, or small businesses who receiving business advice from an SBA District Office). This preliminary data analysis of this survey will analyze how OFO can improve the customer experience of the SBA's clients. The results will be used to improve its survey data collection, identify process improvements, and develop new metrics to assess progress.

#### *Enterprise Learning Agenda Question*

- How could the SBA improve its customer experience delivered by SBA employees to both internal and external stakeholders?

#### *Evaluation Questions*

- What is the current level of customer satisfaction with the SBA's field offices?
- For areas that are rated lower, what has the customer experience been and how can SBA improve it?
- Is the data collected and analysis methodology sufficient to provide clear measures of field customer experience and support ongoing customer experience improvements?
- How can the field synthesize captured customer experience data with activity data to gain further insight into best practices or opportunities for improvement?

#### *Methods and Data*

- This evaluation will consist of preliminary data analysis using mixed methods.
- The data used will be derived from the field customer experience survey and activity tracking (ACR) database. After review of the survey data, the SBA will deploy follow-up surveys with stakeholders to better understand and identify ways to improve low-scoring areas.

#### *Completion Date*

- This evaluation is expected to be completed in Fall 2020.

#### *Anticipated Challenges and Remedies*

- The data are preliminary from the field's customer experience (CX) survey. The SBA will test and conduct analyses of its data prior to answering key research questions.

### ***SBA Succession Planning Evaluation***

The SBA leadership cohort comprises 16.4 percent of the agency's workforce, making successful leadership succession planning critical to maintaining the SBA's ability to deliver its mission. However, nearly one-third of the SBA's workforce is retirement eligible with retirement eligibility projected to grow to 42 percent by 2022.<sup>40</sup> As senior level employees retire or leave the Agency, the SBA needs to be able to find qualified replacements for those positions in a timely manner. One way to accomplish rapid, qualified placement is to have an SBA workforce that is prepared to assume senior level roles. The SBA has deployed two primary talent development strategies to prepare staff for leadership advancement: the Excellence in Government Fellows Program (EIG) and the President's Management Council (PMC) Interagency Rotation Program. While the SBA has invested resources in both programs, the Agency has not fully explored their outcomes. Having a better understanding of how and if program participation contributes to leader role occupancy will help the SBA make decisions on future funding and participation. Additionally, a better understanding of the perceived gaps in staff ability to assume more

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<sup>40</sup> U.S. Small Business Administration, 2018-2020 Talent Development Plan

advanced duties will further inform the Agency's approach to strategic leadership development planning.

*Enterprise Learning Agenda Question*

- How could the SBA ensure it attracts, hires, and retains an inclusive, high performing workforce with the skills necessary to complete its mission?

*Evaluation Questions*

- How does leadership succession happen at the SBA?
- How do the Excellence in Government Fellows and President's Management Council Interagency Rotation programs contribute to successful succession planning within the SBA?
- What gaps exist in current staff skills and abilities that may prevent effective succession planning within the SBA?

*Methods and Data*

- This evaluation will use mixed methods to conduct an outcome evaluation of former leadership development program participants and an exploratory analysis of effective succession placement and succession barriers.
- A literature review, environmental scan of succession planning in other federal agencies, SBA administrative data, and interviews with EIG, PMC, and SBA leaders will provide the data for the evaluation. SBA administrative data include leadership development program selection, dual-rater skills assessment results, Talent Development Needs Survey, competency models, role occupancy, and career-progression.

*Completion Date*

- This evaluation is expected to be completed in Summer 2021.

*Anticipated Challenges and Remedies*

- The analysis is dependent upon the availability of administrative data and the participation from former EIG and PMC participants. The SBA will conduct analyses and pretest all data collection instruments to remediate these issues.

U.S. Small Business Administration  
Office of Advocacy

**Fiscal Year 2021  
Congressional Budget Justification**  
  
and  
  
**Fiscal Year 2019  
Annual Performance Report**

# U.S. Small Business Administration Office of Advocacy

## Fiscal Year 2021 Congressional Budget Justification and Fiscal Year 2019 Annual Performance Report

### Overview

The Office of Advocacy (Advocacy) is an independent office within the U.S. Small Business Administration (SBA). Advocacy has its own statutory charter, Title II of Public Law 94-305 as amended (15 U.S.C. § 634a *et seq.*), originally enacted in 1976. It is headed by a Chief Counsel for Advocacy, appointed by the President and confirmed by the Senate. Advocacy works to reduce the burdens that Federal regulations and other policies impose on small entities and provides vital small business research for the use of policymakers and other stakeholders.

The mission of Advocacy is to encourage policies that support the development and growth of American small businesses by:

- Intervening early in Federal agencies' regulatory development processes on proposals that affect small entities and providing Regulatory Flexibility Act<sup>1</sup> compliance training to Federal agency policymakers and regulatory development officials;
- Producing research to inform policymakers and other stakeholders on the impact of Federal regulatory burdens on small businesses, to document the vital role of small businesses in the economy, and to explore and explain the wide variety of issues of concern to the small business community; and
- Fostering two-way communication between Federal agencies and the small business community.

Advocacy represents the interests of small businesses within the Federal government. It advances the views and concerns of small businesses before Congress, the White House, Federal agencies, the Federal courts, and state and local policymakers as appropriate. Economic research, policy analyses, and small business outreach help identify issues of concern. Documentation of the contributions of, and challenges for, small businesses in the U.S. economy provides policymakers with the information that they need to make informed decisions.

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<sup>1</sup> Regulatory Flexibility Act (RFA) of 1980 as amended (5 U.S.C. § 601 *et seq.*).

In addition to those responsibilities included in Advocacy’s basic charter, further duties and powers were conferred upon the Chief Counsel for Advocacy by the Regulatory Flexibility Act (RFA) of 1980 as amended and Executive Order 13272. These duties include the monitoring of Federal agency compliance with the RFA, providing RFA compliance training to regulatory officials, and assisting regulatory agencies during all stages of the rule development process to mitigate the potential impact of rules on small entities while still achieving their regulatory objectives.

Public Law 111-240, the Small Business Jobs Act of 2010, further amended Advocacy’s statutory authority to require that each budget submitted by the President shall include a separate statement of the amount of appropriations requested for Advocacy, and that these funds be designated in a separate Treasury account. The Act also requires SBA to provide Advocacy with office space, equipment, an operating budget, and communications support, including the maintenance of such equipment and facilities (15 U.S.C. § 634g(b)).

Before FY 2012, Advocacy was fully integrated within SBA’s Executive Direction budget. In recognition of the office’s independent status and newly separate appropriations account, Advocacy’s FY 2013 Congressional Budget Justification and FY 2011 Annual Performance Report were for the first time presented in a separate appendix to SBA’s submission. The current budget request for FY 2021 continues to use this format, which is intended to improve the transparency of Advocacy’s operations and costs, more clearly identify the resources available to Advocacy, and provide a basis for performance measurement.

## FY 2021 Budget Request

For FY 2021, the Office of Advocacy requests \$9.19 million in new budget authority for its direct expenses, \$70,000 more than the amount enacted in FY 2020.

New Budget Authority ( <i>dollars in millions</i> )									
FY 2012 Enacted	FY 2013 Enacted <sup>1</sup>	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Enacted	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request
9.120	8.643	8.750	9.120	9.120	9.220	9.120	9.120	9.120	9.190

<sup>1</sup> As adjusted by sequestration.

The largest portion of Advocacy’s request, \$8.72 million, is planned for the compensation and benefits of Advocacy’s professional staff. Staffing accounts for approximately 95 percent of Advocacy’s total FY 2021 budget and is planned at 55 full-time equivalent positions. Of the balance of Advocacy’s request, \$150,000 is planned to supplement available carryover balances for the office’s congressionally-mandated economic research program, and \$320,000 is planned for all other direct expenses, including subscriptions to legal and economic research resources,

travel, training, office supplies, and other miscellaneous expenses directly attributable to Advocacy.

Pursuant to Section 1602(b) of Public Law 111-240, SBA will provide additional support to Advocacy, including office space and equipment, communications and IT services, and maintenance of equipment and facilities. The costs for these services, as well as centralized indirect expenses shared with other SBA offices, appear elsewhere in SBA's budget request.

Small businesses are the engine of innovation, economic growth and job creation in America. Advocacy's FY 2021 request will allow it to continue its mission of supporting the startup, development and growth of small businesses and to focus on priority areas, including regulatory reform. Advocacy's activities have always required cross-agency collaboration with other Federal agencies throughout government. This includes assisting agencies in achieving their regulatory goals without unnecessary adverse consequences for small entities, adding value to the data that they collect and making it more accessible to stakeholders, and providing RFA compliance training to policy and rule development officials in more than 100 agencies. Advocacy engages every day in cross-agency cooperation to remove barriers to small business innovation, economic growth and job creation, and to provide stakeholders with the information they need to make informed decisions, as described in the Planned Performance sections below.

## **Advocacy Strategic Goals**

As part of the separation of Advocacy's annual budget justification and performance report from those of SBA, Advocacy adopted two strategic goals that are specific to the office, and it revised the performance indicators that are associated with these goals. The two goals align closely with Advocacy's two primary statutory responsibilities, regulatory advocacy and economic research. For each goal, a discussion follows on implementation strategies, performance objectives, FY 2019 accomplishments, and FY 2021 planned performance. Tables with performance metrics, including benchmarks and percent variations, follow these sections.

***Advocacy Strategic Goal 1: To be an independent voice for small businesses inside the government and to assist Federal agencies in the development of regulations and policies that minimize burdens on small entities in order to support their start-up, development and growth.***

### **Implementation strategies**

**Monitoring of Federal regulatory activity.** Advocacy's Office of Interagency Affairs monitors new Federal regulatory proposals through publicly available sources such as the *Federal Register* and the agencies' periodic publication of their regulatory agendas. Many agencies also notify Advocacy directly in advance of planned regulations, particularly when these proposals have significant costs or would affect significant numbers of small entities. Pursuant to Executive



Order 13272, Advocacy also consults on regulatory proposals with the Office of Management and Budget's (OMB) Office of Information and Regulatory Affairs, with which the office has a strong working relationship. In addition, the Environmental Protection Agency, the Occupational Safety and Health Administration, and the Consumer Financial Protection Bureau have special statutory requirements for notifying Advocacy of planned regulatory activity with significant effects. Advocacy also subscribes to various publications and services that specialize in tracking legislation, regulations, and public policy issues.

**Solicitation of the views of stakeholders.** Advocacy conducts a continuing program of outreach to its many stakeholders to solicit their views on issues of concern to small businesses. One of the most important sources of input are roundtables that Advocacy sponsors on specific topics, at which representatives of small businesses, industries and government agencies can meet and informally discuss matters of current interest. Many of these roundtables are held in Washington, but Advocacy also hosts regulatory roundtables across the country at which its professional staff can meet directly with stakeholders to learn what issues are of most importance to them in their own areas. Regulatory agencies whose actions could have particular impacts in these communities are also invited to participate in Advocacy's regional roundtables. Advocacy also sponsors larger conferences and symposia to discuss major issues. Advocacy maintains close contact with many congressional committees, including those with jurisdiction over the most important areas of interest to small businesses. The Chief Counsel regularly meets with business organizations and trade associations, in addition to traveling throughout the country to hear directly from stakeholders. Advocacy's regional advocates are the office's eyes and ears outside of Washington, and the office also receives a steady flow of input on small business concerns from its stakeholders, including business organizations and trade associations, congressional offices, SBA offices and resource partners, and small businesses themselves.

**Engagement with Federal agencies on regulations and policies affecting small businesses.** After an issue of interest has been identified, Advocacy's Office of Interagency Affairs works with regulatory development officials and policymakers to ensure that the views of small entities are known and considered in the agency's actions. This engagement can take many forms, depending on the stage of the policy or regulatory proposal. Advocacy attorneys and economists often have pre-proposal consultations with regulatory development officials to help them design a rule that will accomplish the agency's regulatory objectives while minimizing burdens on small entities. Advocacy also provides regulatory agencies with technical assistance of various types to help ensure agency compliance with the Regulatory Flexibility Act (RFA) and related requirements. Such assistance can include estimates of the numbers of businesses likely to be affected by a proposal, legal opinions on RFA issues, the review of draft materials, arranging consultations with affected industry representatives, and other assistance specific to each case. Advocacy can intervene at all stages of the rule development process, from confidential pre-decisional deliberative consultations before a proposal is made, to formal comments after a proposed rule has been published, to comments after a rule has been

finalized. Advocacy also provides congressional testimony on issues affecting small business as requested, and the office regularly advises congressional committees on small business issues.

**Small Business Regulatory Enforcement Fairness Act (SBREFA) Panels.** The Small Business Regulatory Enforcement Fairness Act (Title II of P.L. 104-121, as amended) requires three agencies (the Environmental Protection Agency, the Occupational Safety and Health Administration, and the Consumer Financial Protection Bureau) to take special steps to ensure that the views and needs of small entities are considered early in the process of drafting rules that could have significant effects. In the SBREFA panel process, Advocacy, OMB's Office of Information and Regulatory Affairs, and the rule-writing agency develop information solicited from small entity representatives and other sources concerning the potential impacts of a new agency proposal. The panel then considers alternatives that minimize burdens, and it prepares a report with recommendations that must by law be addressed in the final rule. The extra steps required for those agencies and regulations subject to the panel process ensure that small business concerns are considered early in the rule development process, and the process is an important tool for Advocacy.

**Regulatory Flexibility Act compliance training.** The Regulatory Flexibility Act, first enacted in 1980 and strengthened in 1996 and 2010, requires most federal regulatory agencies to consider the effects of planned regulatory actions on small entities, and to take steps to minimize them when possible, including the consideration of alternatives for rules with significant impacts and the convening of SBREFA panels with special outreach provisions for certain agencies. Failure to comply with RFA requirements can result in litigation. A significant body of RFA case law has developed over the years, and courts have struck down rules because of RFA problems. Executive Order 13272 requires Advocacy to provide RFA compliance training to federal regulatory development officials, and the office has a continuing program to provide live classroom training to regulatory officials throughout the government. RFA training is customized to each individual agency or multi-agency group receiving the training. Advocacy believes that better-trained regulatory and policy staff can better assess the potential need for both regulation and de-regulation and, when regulation is necessary, develop smarter rules that have reduced impacts on small entities. Better compliance and reduced litigation are also favorable outcomes resulting from fully RFA-compliant rules.

**Retrospective review of regulations.** Section 610 of the Regulatory Flexibility Act requires agencies to review existing regulations periodically to determine whether they are still justifiable based on a number of factors. Advocacy believes that the full potential of this provision in the RFA has not been realized, and welcomed Executive Orders 13563, 13579, and 13610, which among other provisions, directed departments and agencies throughout government to review existing significant regulations and consider how best to promote retrospective analyses of rules that may be outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned. Advocacy continues to work with OMB and regulatory agencies to identify rules where regulatory cost savings can be achieved. More recently, President Trump signed important new executive orders on regulatory reform, including Executive Orders 13771 and

13777 which require Federal agencies to take more aggressive steps to alleviate unnecessary regulatory burdens. Advocacy stands ready to help all agencies in this effort.

### **Performance objectives**

Advocacy has two performance objectives related to Strategic Goal 1:

- Objective 1.1 - the achievement of regulatory cost savings of at least \$6.5 billion in FY 2021 from rules on which Advocacy has worked; and
- Objective 1.2 - the provision of Regulatory Flexibility Act compliance training in FY 2021 to at least 100 policymakers and regulatory development officials in Federal agencies which promulgate regulations that impact small entities.

Representing the concerns of small businesses before Federal regulatory agencies is one of Advocacy's most important statutory missions. Advocacy has adopted the achievement of regulatory cost savings for small businesses and other small entities as an outcome performance measurement for this activity, although the office also works with agencies to advance small entity interests in other ways that do not necessarily produce measurable cost savings.

Advocacy works with Federal regulatory agencies at all stages of the rule development process to help them design regulations that will minimize unnecessary costs to small entities while still achieving agency regulatory objectives. Cost savings from rules on which Advocacy has intervened consist of forgone capital or annual compliance costs that otherwise would have been required in the first year of a rule's implementation. Advocacy captures cost savings in the quarter and fiscal year in which the regulating agency agrees to changes resulting from Advocacy's intervention and not necessarily during the period in which the intervention occurred. Therefore, the results reported for any year do not reflect the total of Advocacy's interventions to date that may produce quantifiable cost savings in the future. Cost savings estimates are generally based on estimates from the agencies promulgating the rules in which Advocacy intervened, although industry estimates may be used in some cases.

A limitation of this performance measure is that it is impossible to predict with any degree of accuracy when Federal agencies will publish final rules that reflect cost savings from rules in which Advocacy intervened, 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), so significant variations from established goals can and do occur. Also, because agencies may make further revisions to a rule, cost savings may change over time based on new information and/or further negotiations and revisions. However, even with these limitations, past performance over an extended period has demonstrated that significant cost savings have been achieved and measured.<sup>2</sup> Another limitation of this measure is that Advocacy is unable to

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<sup>2</sup> These cost savings are reported in both Advocacy's annual RFA reports (posted at <https://advocacy.sba.gov/category/resources/annual-report-on-the-rfa/>) and in its annual Congressional Budget Justifications (posted at <https://advocacy.sba.gov/about/performance/>).

include in its annual estimate of regulatory cost savings those savings that result solely from pre-decisional deliberative consultations or technical assistance provided to regulatory agencies. These savings are in addition to those claimed under this performance measure and are substantial but impossible to measure with accuracy.

The second performance objective for Strategic Goal 1 in FY 2021 is that Advocacy will provide Regulatory Flexibility Act compliance training to at least 100 policymakers and regulatory development staff in Federal agencies which promulgate regulations that impact small entities. This output measure produces significant benefits, with the Federal regulatory officials gaining or enhancing expertise to assess the need for regulation or de-regulation and, if necessary, to develop and publish better rules that achieve their regulatory objectives while minimizing unnecessary burdens on small entities. Reduced RFA-related litigation and better compliance by the regulated community may also result.

Executive Order 13272 requires Advocacy to provide the RFA compliance training measured by this performance indicator. Since Advocacy began its ongoing RFA compliance training program in 2004 through FY 2019, such live classroom training has been provided to officials in 19 cabinet-level departments and agencies, 78 separate component agencies and offices within these departments, 23 independent agencies, and various special groups including congressional staff, business organizations and trade associations.

### **FY 2019 Accomplishments**

During FY 2019, Advocacy achieved \$773.0 million in first-year regulatory cost savings, all of which will also be annually recurring savings, although they will not be counted again for the purposes of performance measurement. These savings resulted from actions on ten separate Federal regulations originating in seven agencies (the Departments of Labor and Education, the Environmental Protection Agency, the Army Corps of Engineers, the Centers for Medicare and Medicaid Services, the Department of the Interior's Bureau of Safety and Environmental Enforcement, and the Consumer Financial Protection Bureau). Information on these rules will be detailed in Advocacy's annual RFA report for FY 2019. This report and those for past years are posted online at: <https://advocacy.sba.gov/category/resources/annual-report-on-the-rfa/>. Advocacy expects additional significant savings to be achieved as a result of its continuing work on other rules during FY 2019, but savings are not scored until a rule is finalized, and the timing for this is beyond Advocacy's control.

As noted in the preceding section, cost savings rely on factors over which Advocacy has no control, including regulatory agencies' decisions on cost-reducing modifications to their proposed rules and the timing of those decisions. As a result, significant variations from Advocacy's established goals can and do occur. During FY 2019, the Administration's aggressive government-wide efforts to reduce regulatory costs have been very successful. Administration initiatives have reduced the number of new regulations, required off-setting cost reductions when regulations are proposed, mandated the review of existing regulations for potential simplification or elimination, and generally required regulatory agencies to be more

sensitive to the costs that their actions impose. Advocacy is fully supportive of these efforts and welcomes all resulting reductions in regulatory costs for small entities.

As agencies across government have responded to these new Administration initiatives, not only have there been fewer new regulations, but agencies are doing a better job of examining the potential costs of their actions before they decide to publish a regulation, a practice that Advocacy has promoted for many years. One result of this is that Advocacy has had fewer opportunities to have a cost-reducing impact between the publication of agencies' proposed rules and their finalization, the period during which Advocacy scores any regulatory cost savings in its own performance metrics. Advocacy is reviewing how to improve its regulatory advocacy performance metrics to more accurately measure its efforts and their effects, and to reduce its reliance on the actions and data of other agencies over which it has no control.

The second performance metric associated with Advocacy's Strategic Goal #1 is the provision of Regulatory Flexibility Act compliance training to policy and regulatory development officials. During FY 2019, Advocacy provided training to 113 officials at regulatory agencies, exceeding its annual goal for this activity that at least 100 officials receive such training.

Although not used as performance indicators, two other measures relating to regulatory advocacy illustrate the diversity of activity in which Advocacy was engaged. During FY 2019, Advocacy provided 22 public comment letters to 14 different agencies on a variety of proposals affecting small business. These and prior regulatory comment letters can be accessed at <https://advocacy.sba.gov/category/regulation/letters-to-agencies/>.

Also during FY 2019, Advocacy's legal team hosted 12 roundtables in Washington and 5 more roundtables outside Washington to collect information from stakeholders on a range of issues. In addition, 10 regional regulatory roundtables were hosted outside of Washington around the country. Four additional outreach meetings on international trade issues were also held, one in Washington and three outside of Washington. More information on regulatory roundtables is posted at <https://advocacy.sba.gov/category/regulation/agency-roundtables/>, on regional regulatory reform roundtables at <https://advocacy.sba.gov/regulatory-reform/>, and on international trade outreach meetings at <https://advocacy.sba.gov/category/regulation/international-trade/>.

During FY 2019, Advocacy also continued to provide the Administration with counsel subsequent to Executive Order 13771 (*Reducing Regulation and Controlling Regulatory Costs*; January 30, 2017) and Executive Order 13777 (*Enforcing the Regulatory Reform Agenda*; February 24, 2017) which require Federal agencies to take more aggressive steps to alleviate unnecessary regulatory burdens. These steps include the establishment of a Regulatory Reform Task Force in each agency to identify regulations that eliminate jobs or inhibit job creation; are outdated, unnecessary, or ineffective; impose costs that exceed benefits; interfere with regulatory reform initiatives and policies; or that rely on questionable data, information or methods. The Task Force must report to its agency head progress made towards identifying regulations for repeal,



replacement or modification, and agencies must incorporate into their annual performance plans indicators that measure progress towards these goals.

The new executive orders are intended to work in tandem with and strengthen the earlier Executive Orders 12866 and 13563, which are both mentioned by name in Executive Order 13777 and through which Advocacy has for years provided counsel to the Administration and Federal agencies on regulatory issues affecting small businesses. This new regulatory initiative is very much in keeping with Advocacy's mission, the RFA and Executive Order 13272. During FY 2019, Advocacy continued to examine rules that agencies determined should be reviewed, and the office continues to provide counsel on which rules would likely lead to regulatory burden reduction for small business.

Also of importance in the office's regulatory advocacy activities is its participation in the Small Business Regulatory Enforcement Fairness Act (SBREFA) panels required by Title II of Public Law 104-121, as amended, for significant rules planned by three agencies: the Environmental Protection Agency, the Occupational Safety and Health Administration, and the Consumer Financial Protection Bureau. In the panel process, representatives of the rule-writing agency, OMB, and Advocacy are empaneled to solicit information from industry representatives and other sources on the potential effects of a new agency proposal, to consider alternatives that minimize burdens, and to prepare a report with recommendations that must by law be addressed in the final rule. Although SBREFA panels are labor intensive, they have a proven track record of helping agencies write better rules. Although fewer new rules were proposed during FY 2019, and no new SBREFA panels were convened, an OSHA panel on telecommunications towers was completed at the beginning of FY 2019 (October 2018).

### **FY 2021 Planned Performance**

The Office of Advocacy intends to continue to achieve regulatory cost savings and a reduced regulatory burden through its regulatory interventions. The office relies on various types of activities to achieve regulatory cost savings. These include: participating in the SBREFA panel process for regulations promulgated by EPA, OSHA, and the Consumer Financial Protection Bureau; writing official comments to Federal regulatory agencies on their compliance with the Regulatory Flexibility Act and other rulemaking activities; testifying before Congress on small business issues; responding to OMB referrals on proposed legislation and regulatory proposals; participating 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 2021, Advocacy's goal for regulatory cost savings is \$6.5 billion. Although year-to-year fluctuations can and do occur, the 20-year long-term annual average of Advocacy's cost savings metric is \$6.36 billion from FY 2000 through FY 2019. Advocacy continues to review difficulties in the quantification of cost savings resulting from rules on which it has worked. In recent years, Advocacy has helped agencies improve numerous draft rules, reducing burdens on small

entities, but many agencies have not provided data upon which cost savings estimates can be based. Advocacy was not able to quantify savings on these rules, therefore none were claimed.

More recently, important new Administration initiatives have reduced the number of new regulations, required off-setting cost reductions for new rules that are published, and encouraged agencies to do a better job of examining the costs of their proposals before they publish them. Advocacy is very supportive of these efforts, but one result is that Advocacy has had fewer opportunities to have a cost-reducing impact between the publication of agencies' proposed rules and their finalization, the period during which Advocacy scores any regulatory cost savings in its performance metrics. Advocacy is reviewing how to improve its regulatory advocacy performance metrics to more accurately measure its efforts and their effects, and to reduce its reliance on the actions and data of other agencies over which it has no control.

Advocacy will continue to train Federal regulatory agency personnel on RFA compliance, as required by Executive Order 13272. Classroom training has been conducted by Advocacy staff since FY 2004 and will continue into the future. Agencies have been responsive to the classroom training that their staffs have received, and many have implemented better regulatory flexibility practices as a result. Almost all Federal regulatory agencies have now received RFA compliance training from Advocacy, but Advocacy will continue to provide refresher training, train new personnel, and train officials of component agencies within major departments. Advocacy expects to exceed its FY 2021 goal of providing RFA training to at least 100 regulatory officials.

In FY 2021, Advocacy will continue to assist regulatory agencies in complying with the requirements of Executive Orders 13563, 13579 and 13610. These orders direct Federal regulatory agencies to promote the coordination, simplification and harmonization of regulations that are redundant, inconsistent or overlapping across agencies. They also direct agencies to consider regulatory flexibility whenever possible, to ensure scientific and technological objectivity in regulatory development, and to identify means to achieve regulatory goals that are designed to promote innovation. The orders and related guidance documents also direct agencies to review existing significant regulations and consider how best to promote retrospective analysis of rules that may be outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned. Public participation in this process is encouraged and an accountability framework through agency reporting to OMB has been established.

More recently, President Trump has signed Executive Order 13771 (*Reducing Regulation and Controlling Regulatory Costs*; January 30, 2017) and Executive Order 13777 (*Enforcing the Regulatory Reform Agenda*; February 24, 2017) which require Federal agencies to take more aggressive steps to alleviate unnecessary regulatory burdens. The new executive orders are intended to work in tandem with and strengthen the earlier Executive Orders 12866 and 13563, which are both mentioned by name in Executive Order 13777. Advocacy stands ready to help all agencies in this newly strengthened effort to review regulations and reduce their burdens when possible.



In FY 2021, Advocacy will continue to work with OMB and Federal regulatory agencies as they implement the retrospective review of existing regulations as provided by both Section 610 of the RFA and executive orders. Advocacy will examine rules that agencies determine should be reviewed and provide further recommendations and technical assistance to encourage regulatory burden reduction for small business.

Advocacy is prepared for new SBREFA panel activity in FY 2021. Although it is impossible to predict with accuracy how many of these labor-intensive panels will be convened in the future, Advocacy is prepared to accommodate this priority work.

At the request of OMB's Office of Information and Regulatory Affairs and the Office of the United States Trade Representative, Advocacy has participated since 2012 in various international working groups on regulatory cooperation and trade initiatives that would affect U.S. small businesses. International regulatory cooperation has become the subject of recent trade negotiations, including disproportionate burdens that smaller businesses may face in international trade. Advocacy's unique knowledge of how regulations affect small business can help American small businesses have a place at the table during trade negotiations. The office continues to explore how it can represent U.S. small businesses both in dealing with foreign regulations and those U.S. regulations impeding small business involvement in international trade. Lowering such regulatory barriers could open vast new markets to smaller firms.

On May 18, 2017 the Administration formally notified Congress of its intent to renegotiate the North American Free Trade Agreement (NAFTA). This triggered Advocacy's first ever convening of an Interagency Working Group (IWG) under Public Law 114-125, the Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA). This statute established a new role for Advocacy to facilitate greater consideration of small business issues during international trade negotiations. Under TFTEA, the Chief Counsel for Advocacy must convene an IWG whenever the President notifies Congress that the Administration intends to enter into trade negotiations with another country, including re-negotiations of existing treaties. The purpose of the IWG is to conduct small business outreach in the manufacturing, services, and agriculture sectors and to receive input from small businesses on the potential economic effects of a trade agreement on these sectors. From these efforts, the IWG is charged with identifying in a report to Congress the most important priorities, opportunities, and challenges affecting these industry sectors. This report must also provide an analysis of the economic impact on various industries, information on state-owned enterprises, recommendations to create a level playing field for U.S. small businesses, and information on Federal regulations that should be modified in compliance with the potential trade agreement.

Advocacy's first report under TFTEA, "Section 502 Small Business Report on the Modernization of the North American Free Trade Agreement (NAFTA): Prepared for the Consideration of the

United States-Mexico-Canada Agreement (USMCA)” is available on Advocacy’s website.<sup>3</sup> Advocacy is currently working on a report on the impact of a trade agreement with Japan, after the President on October 16, 2018 notified Congress of the intent to negotiate trade agreements with Japan, the European Union and the United Kingdom. Advocacy has convened an Interagency Working Group for each of the other two, as required by the TFTEA statute, and will produce a report for each as well. Advocacy will continue to use its resources and regulatory experience to help small businesses participate in international trade with a more level playing field.

***Advocacy Strategic Goal 2: To develop and disseminate research and data on small businesses and the role that they play in the economy, including the availability of credit, the effects of regulations and taxation, the role of firms owned by women, minority and veteran entrepreneurs, innovation, and factors that encourage or inhibit small business start-up, development and growth.***

### **Implementation strategies**

**Adding value to raw data.** Advocacy itself is not a data collection agency (although in some contract research projects, surveys may be conducted). Instead, Advocacy’s Office of Economic Research assembles and uses data and other information from many different sources to develop data products that are as timely and actionable as possible. Advocacy’s efforts often add value to existing government data resources by developing information that is useful to small business stakeholders from sources that may not have been originally intended for that purpose. Advocacy economic research funds support the development of small firm data at agencies such as the U.S. Census Bureau. Other agencies which have contributed to Advocacy research include the Bureau of Labor Statistics, the Internal Revenue Service, the Social Security Administration, the Federal Reserve Board, the Departments of Education, Defense and Veterans Affairs, and additional components in the Departments of Commerce and Labor. Advocacy has used data from all of these agencies and other sources in its data and research products. Advocacy aims in all its data publications to respond to the needs of its stakeholders with products that help answer their questions and inform their decisions with the best information possible.

**Specialized contract research.** Another important activity in meeting this strategic goal is contract research to address specialized issues of concern to Advocacy’s stakeholders. These issues are many and varied. Some have been addressed regularly, such as the cost of regulation, innovation, job creation, taxation, and topics relating to firms owned by women, minority and veteran entrepreneurs. Other topics reflect changing policy issues and priorities or respond to requests from stakeholders. Subject to the availability of funding, Advocacy solicits ideas for its discretionary contract research program each year, and announcements for competitive research proposals are published as small business set-asides through the regular

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<sup>3</sup> <https://cdn.advocacy.sba.gov/wp-content/uploads/2018/12/20094150/Section-502-Small-Business-Report-on-the-Modernization-of-the-North-American-Free-Trade-Agreement-NAFTA.pdf>.

government procurement process. Advocacy also uses contract research funds to update older studies of special value when resources are available.

**Assistance in regulatory advocacy.** Advocacy economists work with agencies throughout government every day to assess the potential impact of proposed regulations on small entities. This is an example of how the various operating divisions within Advocacy work together to advance the office's goals. Regulatory flexibility analyses, and threshold analyses to determine what RFA provisions apply to a given proposal, often turn on how many firms of what size would be affected by that proposal. Advocacy's regulatory economists provide data and economic analyses to help quantify these effects. Advocacy research funds have also supported a competitive "indefinite date – indefinite quantity" (IDIQ) contract for professional assistance on impact analyses that are needed on particularly complex proposals or ones with potentially large impacts.

**Dissemination of research.** Advocacy research products receive wide distribution. All data products and contract research studies are published online, and information on new research is included in Advocacy's electronic newsletter, *The Small Business Advocate*, which goes to 36,000 online subscribers. Also, Advocacy's specialized research and data listserv goes to more than 29,000 subscribers, and its regulatory listserv goes to 27,000 subscribers. Roundtables are held to discuss the office's research products, in addition to conferences and symposia on topics of special interest, such as access to capital and innovation. Advocacy's Office of Interagency Affairs shares economic research with its contacts throughout government, and Advocacy's field component of twelve regional advocates promotes the office's data and research products in presentations throughout the country. Advocacy data and research products are frequently cited in the press, and they are widely used by congressional offices, government policymakers, and many other stakeholders.

### **Performance objectives**

Advocacy has three performance objectives related to Strategic Goal 2:

- Objective 2.1 - in FY 2021, the publication of at least 20 research and data products related to small businesses and issues of concern to them;
- Objective 2.2 - in FY 2021, at least 360 outreach events by Advocacy's regional advocate team at which research or data developed by Advocacy or policy and regulatory issues are discussed with at least five or more small business stakeholders; and
- Objective 2.3 - in FY 2021, at least 12 presentations by Advocacy economists on Advocacy research to academic, media, or policy audiences.

In addition to regulatory advocacy, the second core responsibility of the Office of Advocacy is the development of economic research and data products relating to the role that small businesses play in the nation's economy, including the availability of credit, the effects of regulations and taxation, the role of firms owned by women, minority and veteran

entrepreneurs, factors that influence entrepreneurship, innovation and other issues of concern to small businesses.

Advocacy economists perform and publish in-house research in addition to managing contract research projects on specific issues. Advocacy economic research funds also support the development of small firm data at other agencies such as the U.S. Census Bureau. Advocacy economists also work with agencies throughout government on a daily basis to assess the potential impact of their regulations on small entities.

Advocacy is continuing its output measure of the number of its published research and data products related to small businesses and issues of concern to them, with a FY 2021 goal of 20 such products. These research reports inform policymakers by providing data on small business demographics, demonstrating the importance of the role of small business in the economy, highlighting the impact of Federal policies and regulations on small businesses, and providing new research on specialized issues of interest to stakeholders. Advocacy believes that good policy requires good information, and the office's research and data products result in the outcome that policymakers have the information they need to make better decisions.

A second performance objective for Strategic Goal 2 is an output measure that Advocacy's twelve regional advocates collectively participate in at least 360 outreach events with at least five small business stakeholders where Advocacy research or data products or regulatory and policy issues are discussed. Advocacy makes every effort that its research and data products provide information that is both timely and actionable, with the outcome that stakeholders can make better decisions. It is also important that these stakeholders are aware of the availability of Advocacy's work, and how to access it electronically.

Many of Advocacy's stakeholders and users of its research products are located in or near Washington, including congressional offices, Federal agencies, and business and trade associations. However, there is an important need to promote awareness of Advocacy's work not just in Washington, but also in communities throughout the country where the vast majority of small businesses are located. Advocacy's regional advocates promote this awareness in their respective regions. This performance indicator measures Advocacy's continuing outreach efforts to disseminate information on economic research products and pending regulatory proposals.

A third performance objective for Strategic Goal 2 is an output measure that Advocacy economists make at least 12 economic presentations to academic, media, or policy audiences each year. Typical events in which presentations might take place include academic conferences, trade association meetings, policy symposia, or government-sponsored events.

### **FY 2019 Accomplishments**

During FY 2019, Advocacy met its goal and published 20 research and data products. Advocacy released new editions of its popular *Small Business Profiles for the States and Territories*,

it's *Frequently Asked Questions about Small Business*, the office's *Small Business Data Resources*, and Advocacy's *Small Business Economic Bulletin*. In addition, an important new resource was published, *Small Business Profiles for the Congressional Districts*. Seven new items were added to Advocacy's growing list of Fact Sheets: *What is the Status of Bank Credit to Small Businesses?*; *Spotlight on Community Bank Lending*; *Spotlight on Nonprofits*; *Establishment Dynamics*; and three new spotlights on minority-, women-, and veteran-owned employer firms. Advocacy also published online *Data from the Census Bureau Shows Growth in Hispanic-Owned Businesses* and an infographic, *What's New with Small Business*.

Also during FY 2019, two contract research studies were published, including papers entitled *Small Business GDP, 1998-2014* and *How Accelerators Promote Regional Entrepreneurship*. As part of project to develop new sources of non-employer firm data, Advocacy also supported financially a working paper by the Census Bureau's Center for Economic Studies entitled *Nonemployer Statistics by Demographics (NES-D): Using Administrative and Census Records Data in Business Statistics*. Advocacy's Office of Economic Research (OER) contributed data analyses to Advocacy's *Report on the Regulatory Flexibility Act, FY 2018* and to a report to Congress, *Section 502 Small Business Report on NAFTA-USMCA*, pursuant to the Trade Facilitation and Trade Enforcement Act concerning the views of small business on priorities, opportunities and challenges offered by a renegotiated trade agreement with Canada and Mexico. Finally, the office issued its own *Annual Report of the Office of Economic Research, FY 2018*.

During FY 2019, Advocacy's Office of Economic Research sponsored five Small Business Economic Research Forums. For these forums, OER invites an expert to discuss a key economic topic and to give a presentation to attendees. The forums are valuable to keep Advocacy's staff up to date on the latest data and research from other agencies and researchers. More detail on each forum will be provided in OER's annual report for FY 2019.

Beginning in FY 2013, Advocacy adopted a new performance indicator for measuring outreach activity by its professional economists. During FY 2019, Advocacy economists made 22 qualifying presentations to academic, media, or policy audiences, exceeding the annual goal of 12 events.

Also beginning in FY 2013, Advocacy adopted another new performance measure for outreach activity by its regional advocates, participation in at least 360 outreach events by Advocacy's regional advocate team at which research or data developed by Advocacy or policy and regulatory issues are discussed with at least five or more small business stakeholders. During FY 2019, Advocacy's twelve regional advocates reported a total of 852 qualifying outreach events, substantially exceeding their annual goal of 360 such events.

### **FY 2021 Planned Performance**

Economic research remains one of the office's core statutory missions. Not only does it provide valuable information to Advocacy's many stakeholders, but it also plays a significant role in the office's other missions, including regulatory advocacy in particular. Regulatory flexibility



analyses and policy decisions often hinge on how many firms suffer what consequences from a given proposal or policy. Advocacy's economic research also drives many of the outreach efforts that the office conducts to serve its customers. These include publications, symposia and other meetings, regional advocate activities, data requests from other agencies, and congressional inquiries.

In general, Advocacy's economic research budget supports: 1) the development and purchase of small business data from other Federal agencies and special tabulations of unpublished data relating to small business that are held by these agencies; and 2) the commissioning of extramural contract research projects on specialized topics of importance to policymakers and the small business community.

For FY 2021, Advocacy's request includes \$150,000 in new budget authority for economic research purposes. This amount will supplement expected carryover balances which occur when solicitations for contract research proposals, for which funds must be reserved in advance, do not result in technically acceptable proposals. When this happens, the previously reserved but unused funds become available again and can be used to fund new research projects. The FY 2021 request provides sufficient funding to continue data purchases and to support data collection at other agencies that underpins a variety of Advocacy's widely used data products. Advocacy's FY 2021 goal is to publish 20 new research and data products.

During FY 2021 Advocacy economists will make at least 12 economic presentations to academic, media, or policy audiences at organized events. Typical events in which presentations might take place include academic conferences, trade association meetings, policy symposia, or other government-sponsored events. This goal is intended to encourage Advocacy's professional economists to share Advocacy's work and their own research with other professionals, policymakers and opinion leaders.

Advocacy has an annual goal that its 12 regional advocates participate collectively in at least 360 meetings with at least five small business stakeholders where Advocacy research or data products or regulatory and policy issues are discussed. This activity is intended to provide broad distribution of Advocacy's work and to inform stakeholders on the availability of Advocacy resources online, as well as to solicit information from attendees. Advocacy's regional advocates promote this awareness in their respective regions.

Advocacy's regional advocates have a specific performance measure for economic research dissemination, but they also contribute to Advocacy's work in many other ways. Regional advocates are the Chief Counsel's eyes and ears outside of Washington and are on the front line in carrying out Advocacy's mission. They interact directly with small businesses, small business trade organizations, governors and state legislatures to educate them about the benefits of regulatory flexibility. Regional advocates conduct outreach to locate participants for SBREFA panels that require small entity representatives. They work closely with the ten regional Regulatory Fairness Boards to develop information for SBA's National Ombudsman. They alert businesses in their respective regions about regulatory proposals that could affect

them (for example, by alerting firms that an agency is seeking comment on the small business impacts of a proposed regulation). Regional advocates are vital for the two-way communication that Advocacy needs from the vast majority of small entities that operate outside of the Washington.



# Performance Measurement

Following are tables depicting Advocacy performance indicators from FY 2014 through FY 2019, together with FY 2020 and FY 2021 targets.

<b>Advocacy Strategic Goal 1: To be an independent voice for small businesses inside the government and to assist federal agencies in the development of regulations and policies that minimize burdens on small entities to support their start-up, development and growth.</b>									
<b>Objective 1.1 - Achievement of regulatory cost savings</b>									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Regulatory cost savings to small businesses (\$ billion)	Target	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
	Actual	4.81	1.61	1.39	1.15	0.26	0.77	TBD	TBD
	Variance	-26%	-75%	-79%	-82%	-96%	-88%	TBD	TBD
TDB - To be determined. Additional information: This goal has been used since the establishment of performance measurements in FY 2001.									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Cost per \$1 million in regulatory cost savings (\$)	Target	\$1,301	\$1,301	\$1,403	\$1,434	\$1,403	\$1,403	\$1,403	\$1,414
	Actual	\$1,793	\$5,754	\$6,574	\$7,055	\$35,938	\$13,840	TBD	TBD
TDB - To be determined. Additional information: This efficiency measure has been used since the establishment of performance measures in FY 2001. Targets for this measure are established by dividing Advocacy's budget request for any given year by the regulatory cost savings target for that year. Actuals for this measure are established by dividing Advocacy's actual obligations incurred (see accompanying table) by actual cost savings achieved (see preceding indicator). Unlike other performance measures, lower actual costs per million in savings than those originally targeted reflect better than expected outcomes. Accordingly, variance percentages for this efficiency measure are not used.									
<b>Objective 1.2 - Provision of Regulatory Flexibility Act compliance training to regulatory development officials throughout government</b>									
Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Newly trained regulatory staff with in-house expertise on Regulatory Flexibility Act (#)	Target	100	100	100	100	100	100	100	100
	Actual	132	126	157	195	132	113	TBD	TBD
	Variance	32%	26%	57%	95%	32%	13%	TBD	TBD
TDB - To be determined. Additional information: This goal has been used since FY 2004, the function being mandated by Executive Order 13272.									

Budgetary Resources	Budgetary obligations incurred						Budget plan	
	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request
Administrative resources (\$ thousands)	\$8,628	\$9,264	\$9,157	\$8,113	\$9,344	\$10,698	\$9,120	\$9,190
Public Law 111-240 established a separate appropriations account for Advocacy effective in FY 2012. Amounts in this table reflect only amounts requested for or incurred by its own appropriations account.								

**Advocacy Strategic Goal 2: To develop and disseminate research and data on small businesses and the role that they play in the economy, including the availability of credit, the effects of regulations and taxation, the role of firms owned by women, minority and veteran entrepreneurs, innovation, and factors that encourage or inhibit small business start-up, development and growth.**

**Objective 2.1 - Publication of research and data products**

Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Advocacy research & data publications (#)	Target	20	15	20	20	20	20	20	20
	Actual	22	26	26	20	20	20	TBD	TBD
	Variance	10%	73%	30%	0%	0%	0%	TBD	TBD

TBD - To be determined  
Additional information: This goal has been used since FY 2004.

**Objective 2.2 - Outreach by regional advocates**

Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Outreach events by regional advocate team using Advocacy work products (#)	Target	360	360	360	360	360	360	360	360
	Actual	536	550	509	141	523	852	TBD	TBD
	Variance	49%	53%	41%	-61%	45%	137%	TBD	TBD

TDB - To be determined.  
Additional information: This goal has been used since FY 2013.

**Objective 2.3 - Outreach by Advocacy economists**

Performance Indicator		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Presentations by Advocacy economists to academic, media or policy audiences (#)	Target	12	12	12	12	12	12	12	12
	Actual	26	34	52	28	18	22	TBD	TBD
	Variance	117%	183%	333%	133%	50%	83%	TBD	TBD

TDB - To be determined.  
Additional information: This goal has been used since FY 2013.

## Verification and Validation

Advocacy management has adopted verification and validation documentation in conformity with the standards used by SBA’s Office of Performance Management. This documentation is reviewed annually and is on file with that office. It is also published on Advocacy’s own **Performance and Budget** website at <https://advocacy.sba.gov/about/performance/>.

## Explanations for Variances

As indicated in the preceding charts, significant variances occurred between certain Advocacy goals for FY 2019 and actual results. Explanations for these variances follow.

**Regulatory cost savings to small businesses (88% below goal).** Advocacy did not meet its goal of \$6.5 billion in regulatory cost savings to small businesses, being able to quantify \$773 million in such savings in FY 2019. However, Advocacy’s 20-year annual average from FY 2000 through FY 2019 was \$6.36 billion in savings per year. As explained in the section on FY 2019 accomplishments under Strategic Goal #1, significant variations in this measure can and do occur from year to year due to factors over which Advocacy has no control. Cost savings rely on externalities – regulatory agencies make the actual decisions that reduce burdens on small entities, not Advocacy, and these agencies control both the timing and amount of savings when they finalize and publish their rules. Advocacy continues to address the challenges of the quantification of cost savings resulting from rules on which it has worked. In recent years, Advocacy has helped agencies improve numerous draft rules reducing burdens on small entities, but the agencies have not provided data upon which cost savings estimates can be based. Because Advocacy was not able to quantify savings on these rules, none were claimed.

In FY 2019, important new Administration initiatives reduced the number of new regulations, required off-setting cost reductions for new rules that were published, and encouraged agencies to conduct more extensive examinations of the costs of their proposals before they published them. Advocacy is very supportive of these efforts, but one result is that Advocacy has had fewer opportunities to have a cost-reducing impact between the publication of agencies’ proposed rules and their finalization, the period during which Advocacy scores any regulatory cost savings in its performance metrics. Advocacy is reviewing how to improve its regulatory advocacy performance metrics to more accurately measure its efforts and their effects, and to reduce its reliance on the actions and data of other agencies over which it has no control.

**Regulatory staff with in-house expertise on Regulatory Flexibility Act compliance (13% over goal).** Advocacy continued its aggressive RFA compliance outreach efforts in FY 2019, and agencies have also responded to presidential directives on regulatory review, including the new Executive Orders 13771 and 13777 signed by President Trump.

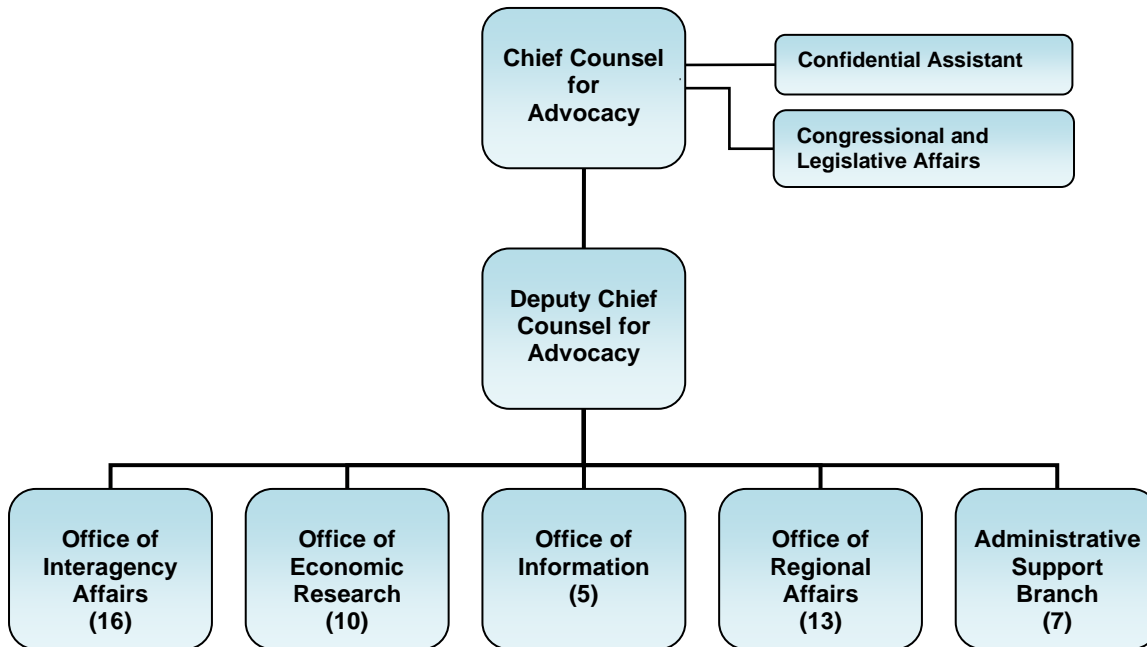
**Research and data publications (no variance).** Advocacy met its FY 2019 goal of 20 research and data publications with the release of 20 such products, including updated revisions to its most popular periodic reports, an important new product on small firms by congressional district, additions to its *Fact Sheet* series, new contract research studies, and support for a new Census Bureau project to develop firm data on non-employers.

**Outreach events by regional advocates (137% above goal).** Advocacy’s twelve regional advocates substantially exceeded their goal of participation in 360 qualifying outreach events during FY 2019, with 852 such events.

**Presentations by Advocacy economists to academic, media, or policy audiences (83% over goal).** Advocacy economists substantially exceeded their FY 2019 goal of making presentations to at least 12 academic, media, or policy audiences, with 22 such presentations.

# Office of Advocacy Organization

FY 2021



# **U.S. Small Business Administration Office of Inspector General**

## **FY 2021 Congressional Budget Justification**



January 2020

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## Overview

The U.S. Small Business Administration (SBA) Office of Inspector General (OIG) provides auditing, investigative, and other services to support and assist SBA in achieving its mission. As a result of its oversight efforts, OIG provides dozens of recommendations each year to SBA leadership aimed at improving the integrity, accountability, and performance of SBA and its programs for the benefit of the American people. In doing so, OIG provides taxpayers with a significant return on investment as it roots out fraud, waste, and abuse in SBA programs. During fiscal year (FY) 2018, OIG achieved more than \$224.5 million in monetary recoveries and savings—an elevenfold return on investment to the taxpayers—and in FY 2019, OIG achieved \$111.0 million in monetary recoveries and savings—a fivefold return on investment to the taxpayers.

The mission of SBA under the Small Business Act, as amended, is to maintain and strengthen the nation's economy by enabling the establishment and vitality of small businesses and assisting in the economic recovery of communities after disasters. The Agency's strategic plan for FYs 2018–2022 has four core strategic goals:

1. Support small business revenue and job growth;
2. Build healthy entrepreneurial ecosystems and create business friendly environments;
3. Restore small businesses and communities after disasters; and
4. Strengthen SBA's ability to serve small businesses.

SBA is organized around four key functional assistance areas: financial, contracting, entrepreneurial development, and disaster assistance. The Agency also represents small businesses through an independent advocate and an ombudsman.

SBA's programs are essential to strengthening America's economy; however, the Agency faces a number of challenges in carrying out its mission. Challenges include fraudulent schemes affecting all SBA programs, significant losses from defaulted loans, procurement flaws that allow large firms to obtain small business awards, excessive improper payments, and outdated legacy information systems. OIG plays a critical role in addressing these and other challenges by conducting audits to identify wasteful expenditures and program mismanagement; investigating fraud and other wrongdoing; and taking other actions to deter and detect fraud, waste, abuse, and inefficiencies in SBA programs and operations. For FY 2021, OIG operating plans warrant a base budget submission of \$22.0 million and a \$1.6 million transfer from the SBA's Indirect Disaster Assistance Program account for oversight of SBA's Disaster Assistance Program. This budget allows OIG to carry forward its base operating budget, address costs of providing oversight of SBA's Disaster Assistance Program, and enhance the office's strategic use of awards and recognition by 1 percent over FY 2020 award pool levels (i.e., 1.5 percent of aggregate salaries for non-SES personnel) throughout the FY 2021 performance year.



The funding requested for FY 2021 will allow OIG to continue to address critical areas and issues, in support of the President's Management Agenda for SBA. Planned key functions and demonstrated impact of OIG activities are summarized below.

- Work an active caseload of approximately 240 criminal and civil fraud investigations of potential loan and contracting fraud and other wrongdoing. Many of these investigations involve complex, multimillion-dollar fraudulent financial schemes perpetrated by multiple suspects. During FY 2018, OIG investigations resulted in 62 indictments/informations, 43 convictions, and more than \$79.0 million in potential recoveries, fines, asset forfeitures, civil fraud settlements, or loans/contracts not being approved or being canceled. During FY 2019, OIG investigations resulted in 49 indictments/informations, 36 convictions, and more than \$72.6 million in potential recoveries, fines, asset forfeitures, civil fraud settlements, or loans/contracts not being approved or being canceled
- Conduct risk-based audits and reviews of SBA activities with a focus on systemic, programmatic, and operational vulnerabilities. During FY 2018, OIG issued 26 reports with 111 recommendations for improving the Agency's operations, identifying improper payments, and strengthening controls to reduce fraud and unnecessary losses in SBA programs. For FY 2018, the Audits Division achieved \$145.4 million in dollar accomplishments relative to recommendations that costs were disallowed and agreed to by management or that funds be put to better use and agreed to by management. During FY 2019, OIG issued 23 reports with 94 recommendations for improving the Agency's operations, identifying improper payments, and strengthening controls to reduce fraud and unnecessary losses in SBA programs. For FY 2019, the Audits Division achieved \$33.6 million in dollar accomplishments relative to recommendations that costs were disallowed and agreed to by management or that funds be put to better use and agreed to by management.

OIG's Audits Division will staff three groups to oversee SBA's principal, high-risk programs—Business Development and Contracting Programs, Credit Programs, and Financial Management and Information Technology—and will staff one team to focus on efficiency and effectiveness of SBA management challenges and internal operations.

Of note, the Audits Division Credit Programs Group is comprised of three auditing teams, one of which is responsible for the oversight of SBA's Disaster Assistance Program. The resources dedicated to disaster oversight consist of eight full-time auditors and analysts, supported by one administrative support professional, and one criminal investigator. Our request to mandate the transfer \$1.6 million from SBA's Indirect Disaster Assistance Program account to OIG will pay for salary and expense costs of these permanent OIG staff dedicated to oversight of the Disaster Assistance Program. This transfer has been fully supported for more than 20 years in the President's budget.



OIG contracts with an independent public accountant to conduct mandated oversight and to ensure SBA's financial statements are prepared in accordance with generally accepted government auditing standards and to monitor the Agency's compliance with the Federal Information Security Management Act, Federal Information Technology Acquisition Reform Act, the Digital Accountability and Transparency Act of 2014 (DATA Act) and the Improper Payments Elimination and Recovery Act of 2010.

OIG will conduct mandated reviews to maintain integrity of SBA programs and to meet information needs of stakeholders. OIG conducts an annual review to determine whether SBA complied with Improper Payments Elimination and Recovery Act of 2010 using guidelines outlined in the Office of Management and Budget Memorandum M-15-02, Appendix C to Circular No. A-123, Requirements for Effective Estimation and Remediation of Improper Payments, and to assess SBA's progress in remediating improper payment-related recommendations. Additionally, OIG performs a review semiannually to determine the adequacy of SBA controls over the solicitation, acceptance, holding, and utilization of cash contributions and gifts.

OIG will continue to provide oversight and monitoring of SBA's IT security and application development activities, including new systems under development and the Agency's compliance with the Federal Information Security Modernization Act (FISMA). OIG has identified systemic problems with SBA's IT systems, and this remains one of the most serious management challenges facing the Agency.

OIG's Audits Division is advancing its data analytics initiative to provide in-house expertise to keep OIG on the leading edge of SBA innovations and allow OIG to more proactively root out fraud, waste, abuse, inefficiencies, and misconduct. The data analytics function also will work with OIG audit teams and investigators to help improve the organization's overall efficiency and effectiveness. It will promote the production of higher quality audit and investigative evidence and better correlating audit and investigative approaches to risks and assertions. At present, OIG uses high-level analytic tools to assess loan and contract data but believes an opportunity exists to improve effectiveness through the creation of more complex financial and nonfinancial data modeling tools and evaluations.

- Maintain a robust OIG Hotline to receive and process allegations of fraud, waste, abuse, or serious mismanagement in SBA or its programs from employees, contractors, and the public. During FY 2018, the OIG Hotline received 1,758 complaints, and in FY 2019, the OIG Hotline received 742 complaints. OIG's Hotline staff reviewed and analyzed these complaints to determine and to coordinate the appropriate course of action.



Educate SBA employees, through a designated Whistleblower Coordinator, about prohibitions on retaliation for whistleblowing, as well as employees' rights and remedies if anyone retaliates against them for making a protected disclosure.

Review proposed revisions to SBA regulations, policies, procedures, and other directives with an emphasis on strengthening internal controls to preclude potential fraud and wasteful, confusing, or poorly planned initiatives. During FY 2018, OIG provided recommendations to improve 43 of the 114 proposed revisions it reviewed. During FY 2019, OIG provided recommendations to improve 37 of the 112 proposed revisions it reviewed.

Make present responsibility referrals that may result in debarments, suspensions, and other administrative enforcement actions to foster integrity in SBA programs. During FY 2018, OIG sent 38 present responsibility referrals to SBA and was involved with 47 actions other agencies pursued. During FY 2019, OIG sent 38 present responsibility referrals to SBA and was involved with 19 actions other agencies pursued.

Serve as an educational resource, ensuring that oversight and lending officials develop or maintain technical proficiency in small business issues, suspension and debarment, the Program Fraud Civil Remedies Act, and other topics related to deterring and detecting fraud in government lending and contracting programs. During FY 2018, OIG delivered 184 training and outreach sessions for approximately 1,933 attendees. During FY 2019, OIG delivered 165 training and outreach sessions for approximately 1,482 attendees.

Support the strategic use of awards and recognition throughout the performance year, address workforce challenges and recognize high-performing employees, and recognize those employees with talent critical to mission achievement.

Pay for required OIG employee and contractor background investigations to achieve a high level of integrity in OIG's workforce.

Adjudicate OIG employees and contractors for issuance of personal identity verification cards pursuant to Homeland Security Presidential Directive 12 background investigations requirements.



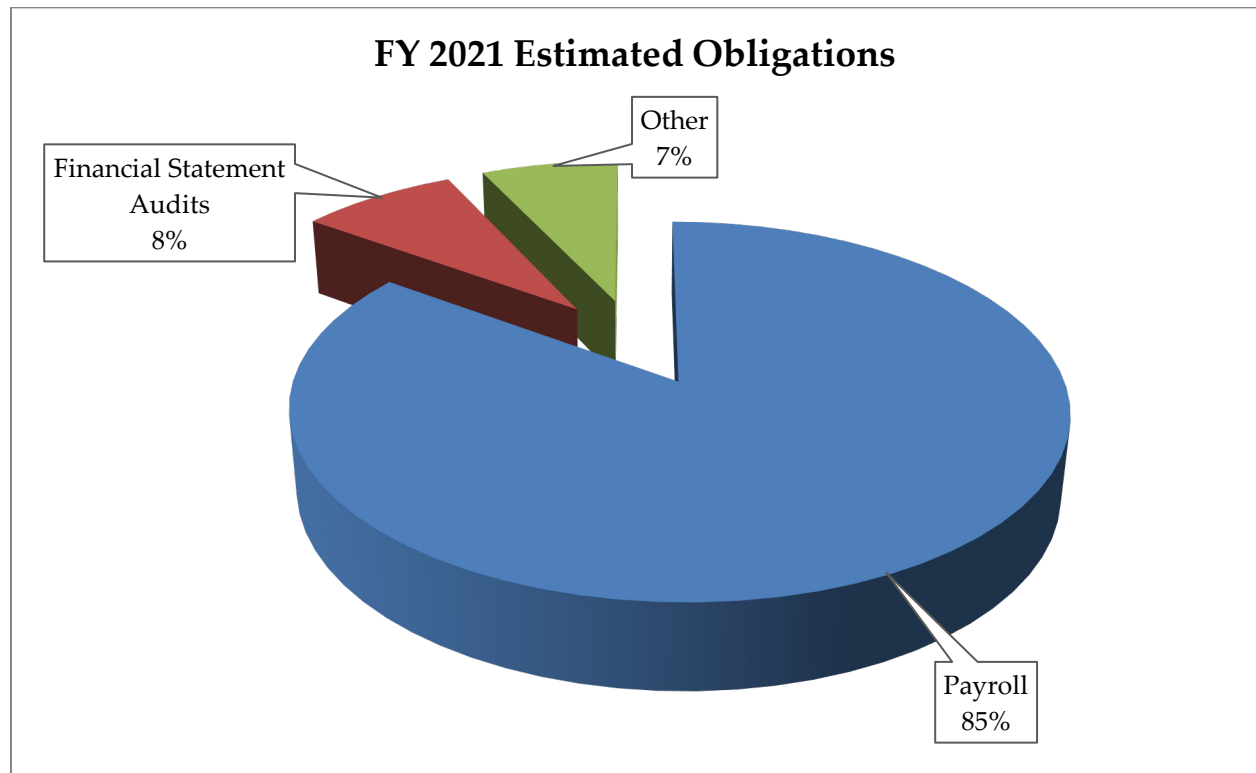
## Budget Request

To address the challenges and risks discussed above and in the critical risks section below, OIG requests an appropriation of \$23.6 million for FY 2021.

**Table 1: FY 2021 Budget Request**

Dollars in Millions	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request	FY 2021 Incr/Decr
New Budget Authority	\$21.9	\$21.9	\$22.0	\$0.1
Transfer from Disaster Loan Program	\$1.0	\$1.6	\$1.6	\$0.0
Total	\$22.9	\$23.5	\$23.6	\$0.1

Most of the funds requested for FY 2021 will be used for salary and benefits for 118 full-time equivalent positions, as well as the cost of the annual audit of SBA's financial statements by an independent public accountant.



## Critical Risks Facing SBA

Within available resources, OIG must focus on the most significant risks to SBA and the taxpayer. Many of these risks are addressed in OIG's Report on the Most Serious Management and Performance Challenges Facing SBA, which OIG issues annually in accordance with the Reports Consolidation Act of 2000. (Access management challenge reports at

[https://www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges.](https://www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges))

Management challenges represent areas that OIG considers particularly vulnerable to fraud, waste, abuse, or mismanagement, or which otherwise pose significant risk to the Agency, its operations, or its credibility. Each management challenge generally has originated from one or more reports issued by OIG or the U.S. Government Accountability Office (GAO).

For each management challenge, OIG provides SBA with recommended remedial actions together with an assessment of Agency progress on each recommended action during the preceding fiscal year. If sufficient progress occurred during the previous fiscal year, OIG assigns a higher color score with an arrow to indicate upward movement. Table 2 provides a summary of this year’s management challenges.

**Table 2: 2020 Management Challenges**

Challenge #	Challenge	Status at End of FY 2019				Change from Prior Year	
		Green	Yellow	Orange	Red	Up ↑	Down ↓
1	Small Business Contracting	0	2	0	0	0	0
2	IT Leadership	1	5	0	0	1	0
3	Human Capital	1	0	0	0	1	0
4	SBA Loan Program Risk Management and Oversight	2†	0	0	0	1	0
5	8(a) Business Development Program	0	3	2	0	0	2
6	Ensuring Quality Deliverables and Reducing Improper Payments at SBA Loan Operation Centers	1	0	0	0	0	0
7	Disaster Assistance Program	1	3	0	0	1	0
8	Grants Management Oversight	3	1	0	0	0	0
	<b>Total</b>	<b>9</b>	<b>14</b>	<b>2</b>	<b>0</b>	<b>4</b>	<b>2</b>

† For challenge 4 recommendation 1, 7(a) was rated green, while 504 was rated yellow. For challenge 4 recommendation 2, 7(a) was rated yellow, while 504 was rated green. For simplicity, they are reflected as green in this table.

## Small Business Access to Capital

SBA provides small businesses with capital and financial assistance through several key programs and has a financial assistance portfolio of guaranteed and direct loans totaling about \$123 billion. Over the years, OIG has worked closely with the Agency to identify potential points of risk and to improve SBA’s oversight and controls to ensure that eligible participants most in need of assistance benefit from these programs.



For example, the Agency's largest lending program, the Section 7(a) Loan Program, is SBA's principal vehicle for providing small businesses with access to credit that cannot be obtained elsewhere. Proceeds from a 7(a) loan may be used to establish a new business or to assist in acquiring, operating, or expanding an existing business. This program relies on numerous outside parties (e.g., borrowers, loan agents, and lenders) to complete loan transactions, with most loans being made by lenders to whom SBA has delegated loan-making authority. Additionally, SBA has centralized many loan approval and servicing functions and reduced the number of staff performing these functions, placing more responsibility on—and giving greater independence to—its lenders. Past OIG reviews have reported on these trends, and OIG continues to identify weaknesses in SBA's lender and loan agent oversight processes.

Criminals use a wide array of techniques to fraudulently obtain—or induce others to obtain—SBA-guaranteed loans. These include submitting fraudulent documents, making fictitious asset claims, manipulating property values, using loan proceeds contrary to the terms of the loans, and failing to disclose debts or prior criminal records. Consequently, there is a greater chance of financial loss to the Agency and its lenders. OIG dedicates a significant portion of its resources to identifying wrongdoers and, whenever possible, to recovering funds.

## **Disaster Assistance Program**

Disaster assistance has been part of the Agency since its inception in 1953. Through its Office of Disaster Assistance, SBA provides long-term, low-interest financial assistance to businesses of all sizes, to private nonprofit organizations, to homeowners, and to renters following a disaster. Each year, SBA approves hundreds of millions of dollars in disaster assistance loans.

The Disaster Loan Program is the only form of SBA assistance not limited to small businesses; the program's disaster loans are the primary form of federal assistance for repairing and rebuilding nonfarm, private sector disaster losses. The program includes four categories of loans for disaster-related losses: (1) home disaster loans, (2) business disaster loans, (3) economic injury disaster loans, and (4) military reservist economic injury loans.

Unfortunately, the need to disburse such loans quickly poses many complications and may create opportunities for dishonest applicants to commit fraud. OIG and GAO audits have identified that SBA's disaster loans have been vulnerable to fraud and losses in the past because loan transactions are often expedited in order to provide quick relief to disaster survivors, and disaster lending personnel, who are brought into the workforce quickly, may lack enough training or experience. Additionally, the volume of loan applications may overwhelm SBA's resources and its ability to exercise careful oversight of lending transactions. OIG audits and investigations have identified specific instances of fraud as well as necessary systemic improvements to reduce fraud and to provide effective and efficient loan delivery and protect taxpayer dollars.





## Procurement Assistance

Each year, the federal government spends hundreds of billions of dollars in federal contracts to procure goods and services. SBA has worked to maximize opportunities for small business firms to receive these contract awards. For the current fiscal year, the federal government aims for 23 percent of these award dollars to go to small businesses.

To accomplish this goal, SBA has specific programs that focus on strengthening particular types of small businesses, including firms owned and controlled by service-disabled veteran-owned small businesses (SDVOSBs), women-owned small businesses (WOSBs), and small businesses that are disadvantaged or located in historically underutilized business zones (HUBZones). For example, the HUBZone Program helps small businesses stimulate their economically challenged local economies. Similarly, to help small disadvantaged businesses gain access to federal and private procurement markets, SBA's 8(a) Business Development Program offers a broad range of business development support, such as mentoring, procurement assistance, business counseling, training, financial assistance, surety bonding, and other management and technical assistance.

Even with effective controls, some businesses misrepresent their eligibility for the HUBZone, WOSB, SDVOSB, and 8(a) programs in order to wrongfully receive preference for government contracts. OIG and other federal investigations have identified schemes in which companies owned or controlled by nondisadvantaged persons falsely claim to be disadvantaged firms or use actual disadvantaged firms as fronts. In other schemes, perpetrators use bribery or fraudulent procurement documents to achieve their ends.

## Entrepreneurial Development

SBA provides training, mentoring, and counseling services to small businesses through a variety of strategic partnerships. The Office of Entrepreneurial Development (OED) oversees a network of programs and services that support the training and counseling needs of small business. OED manages and leverages three major resources: Small Business Development Centers (SBDCs), SCORE, and Women's Business Centers (WBCs). Additionally, the Office of Veteran Business Development partners with Veteran's Business Outreach Centers (VBOCs) to administer veteran technical assistance and training programs, mainly the Boots to Business Program. Although each resource program's goals and target audiences may vary, they share a common mission: to provide business advice, mentoring, and training to small businesses and entrepreneurs. Primarily, SBA administers these programs through grants and cooperative agreements.

OIG has identified weaknesses in SBA's oversight of recipient use of federal funds and performance outcomes. Notably, the SBDC program is the largest grant program in the Agency's portfolio. OIG has identified problems with comingling SBDC grant funds with private-enterprise contributions and accounting for required matching funds. Some SBDCs are



also colocated with Women’s Business Centers, which makes it difficult to determine what services are associated with each grant program. In addition, having two grant programs delivering similar services increases the risk of duplicating services and contributes to government waste. Our recent review of the SCORE program also identified similar significant weaknesses in SBA’s oversight of federal funds, including funds used for unallowable, unallocable, and unreasonable expenses, and reported inaccurate performance results. Further, under the Disaster Relief Appropriations Act of 2013, SBA awarded additional grants to these resource partners. OIG found that SBA did not enhance its internal controls to ensure that program goals were achieved and expenditures were allowable. As a result, SBA developed guidance to mitigate these risks in the event of future, similar grants for disaster assistance.

SBA also provides grants to states through its State Trade Expansion Program, previously piloted as the State Trade and Export Promotion grant program, as part of its strategic objective to help small business exporters succeed in global markets. At Congress’ request, OIG reviewed both the pilot program and its replacement. OIG found that SBA’s oversight of the program did not ensure that it achieved intended results. Further, SBA relied on unverified performance data and did not ensure that the grant recipients performed the activities as planned, leaving federal funds unexpended at the end of the grant.

## **Agency Management**

OIG is responsible for ensuring that Agency management appropriately safeguards SBA from fraud, waste, and abuse, and that SBA activities directly further Agency goals. As part of these efforts, OIG works with the Offices of the Chief Financial Officer, the Chief Information Officer, and the Chief Operating Officer to review financial reporting and performance management, human resources, procurements and grants, space and facilities, and maintenance of SBA’s information systems and related security controls.

SBA’s IT systems play a vital role in managing the Agency’s operations and programs, including a \$142 billion loan portfolio. However, OIG audits and other reviews have identified serious shortcomings in SBA’s information systems and related security controls. OIG reviews have found that SBA has not fully implemented adequate oversight of its IT systems, has not established an effective process to remediate security vulnerabilities, and has not developed an effective process to upgrade IT capabilities. OIG has issued management challenges recommending corrective actions in SBA’s IT security and acquisition processes.

## **OIG Oversight Activities**

Through audits and other reviews, OIG provides independent oversight of critical aspects of SBA’s programs and operations to improve the Agency’s efficiency and effectiveness. An important aspect of this work is identifying and following up on SBA’s major management and performance challenges, as required by the Reports Consolidation Act. OIG also supports SBA’s mission by detecting, investigating, and deterring fraud and other wrongdoing in the Agency’s



programs and operations. The OIG Hotline operations are poised to receive complaints of fraud, waste, and abuse from the public, Agency employees, and stakeholders. OIG serves as a governmentwide training resource for small business fraud and enforcement issues. These 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 programs because it helps ensure that the Agency's resources are used only by those who deserve and need them the most.

During FYs 2020 and 2021, in addition to conducting audits and reviews that are required by statutes and other directives, OIG will continue to focus on the most critical risks facing SBA. Several areas of emphasis are discussed below.

### **Small Business Access to Capital**

SBA paid guaranty claims totaling \$0.9 billion in FY 2018 and \$1.4 billion in FY 2019 for defaulted 7(a) loans and 504 debentures. Some of SBA's losses correlate to similar root causes reported in the mortgage industry, such as limited SBA oversight of lenders and loan agents, poor lender loan processing, unscrupulous borrowers, and complicit brokers and lenders.

OIG will continue to address financial losses in SBA's lending due to lender errors and various fraud schemes. OIG's High Risk 7(a) Loan Review Group will continue to perform in-depth analyses of high risk 7(a) loans that default within approximately 18 months of final disbursement. When lender negligence is found, this group will recommend recovery of the guaranty. OIG also will target the most offending lenders to attain corrective actions and identify trends for operational improvement by SBA. When OIG identifies suspected fraud, those loans will be investigated.

OIG will continue to focus on detecting fraud committed by loan agents, such as packagers, brokers, and lender service providers. A loan agent is sometimes hired by an applicant or lender to assist the applicant in obtaining an SBA loan or to perform some lender functions. Although honest loan agents 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 nonpayment, and SBA is forced to use taxpayer funds to purchase the guaranteed portions of the loans.

OIG also will continue to conduct audits of SBA's internal loan program operations and oversight, including audits of SBA's loan origination, closing, servicing, and liquidation processes, SBA's oversight of Small Business Investment Companies, and SBA's oversight of loan agents and lender service providers. Past work has shown that loans were not always properly originated and that effective controls and procedures were not in place to prevent improper payments.



## Disaster Assistance Program

OIG audits of SBA's Disaster Loan Program will continue to focus on applicant eligibility, loan origination, disbursements, repayment ability, loan servicing, liquidation activities related to disaster loans, and SBA's initial response to major disasters. Our focus in recent years has been on providing oversight to SBA's disaster assistance to Hurricane Sandy victims. As SBA responded to Hurricane Sandy, our oversight plans took shape, and our work began to root out fraud, waste, and abuse. Aided by vital, supplemental funding, our Audits Division initially focused its reviews on timeliness, eligibility, technical assistance grants, and early defaults. OIG issued 10 reports pertaining to our oversight efforts of SBA's Hurricane Sandy disaster assistance, including a review pertaining to loans made pursuant to the RISE After Disaster Act of 2015.

In addition to reviews of Hurricane Sandy loans, OIG has performed audits to assess SBA's response associated with more recent disasters. During 2017, three additional devastating hurricanes occurred. In August, Hurricane Harvey struck Texas. While the storm's full cost remains to be seen, the state's governor estimated losses at \$180 billion. Two weeks later, Hurricane Irma caused significant damage to the U.S. Virgin Islands, Puerto Rico, Florida, Georgia, and South Carolina. Two weeks after that, Hurricane Maria struck the U.S. Virgin Islands and Puerto Rico. The National Oceanic and Atmospheric Administration estimates damages for the three hurricanes at \$265 billion. They rank among the top five costliest U.S. hurricanes on record. In 2018, OIG issued three inspection reports assessing SBA's initial response to Hurricanes Harvey, Irma, and Maria. In 2019, OIG also assessed SBA's initial response to Hurricane Florence.

In 2019, we also assessed SBA's desktop loss verification process. The process consisted of an initial desktop verification to estimate the cost of repairs and a post desktop review, which is used to verify the initial estimate. We found that SBA had disbursed more than 36,000 loans for more than \$594 million without validating the cause and extent of damages.

We will continue to evaluate potential risks in the program, such as timely program delivery, loan affordability, training of reserve workforce, loss verification, and credit elsewhere. Our Disaster Loan Program audits will assess whether SBA processed homeowner and business loans in accordance with the Agency's procedures and established goals; ensured applicant eligibility and verified cause, extent, and cost of damages before loans were disbursed; and timely disbursed loan dollars, properly handled foreclosed properties, and appropriately identified improper payments.

For investigations, OIG will focus efforts on areas of known risk, such as unauthorized use of loan proceeds, overstatement of financial losses, material false statements in the application process, false or counterfeit supporting documentation, and false assertions regarding primary residency in affected areas at the times of the disasters. As of September 30, 2019, OIG had 48 open cases involving disaster loans with potential dollar losses of nearly \$9.0 million. From FY 2006 through FY 2019, SBA OIG, in conjunction with other law enforcement agencies,



produced 152 arrests, 165 indictments/informations, and 163 convictions related to wrongdoing in SBA's Disaster Loan Program. As of September 30, 2019, these investigations have resulted in over \$26.5 million in court-ordered restitution and related recoveries. In addition, \$7.2 million in loans was denied to potentially fraudulent borrowers through FY 2019.

Specific to Hurricane Sandy, in response to the potential for fraud, OIG joined other law enforcement organizations in support of the New Jersey Attorney General's Office Sandy Fraud Task Force. From FY 2014 through FY 2019, OIG, in conjunction with other law enforcement agencies, produced 61 indictments/informations and 47 convictions related to wrongdoing in SBA's Disaster Loan Program for Hurricane Sandy. The first OIG Sandy investigation was opened in May 2013. Subsequently, OIG has had 87 Sandy investigations, totaling nearly \$15.0 million in potential fraud. As of September 30, 2019, OIG had 17 Sandy cases open with potential fraud totaling nearly \$3.9 million.

In the aftermath of Hurricane Harvey, OIG is collaborating with federal and local agencies to coordinate responses to disaster assistance fraud. These partners include the National Center for Disaster Fraud (NCDF) in Baton Rouge, Louisiana, as well as the U.S. Attorney's Office (USAO). OIG also is working with SBA program offices to alert Hurricane Harvey victims about possible fraud schemes, particularly identity theft. From FY 2018 through FY 2019, nine Hurricane Harvey cases had been opened, with potential dollar losses exceeding \$1.6 million. During that time, there were five indictments and two convictions.

In the case of the geographically widespread Hurricanes Irma and Maria, OIG is coordinating its efforts with task forces consisting of other law enforcement agencies and USAOs, as well as following up on leads from NCDF. OIG also is working with SBA program offices to alert hurricane victims about possible fraud schemes, particularly identify theft. In addition, OIG is exploring data analytic initiatives to combine SBA's and other agencies' data to identify possible fraud. Moreover, OIG has made field visits to promote its investigative mission to stakeholders in the affected areas. From FY 2018 through FY 2019, 18 cases related to Hurricanes Irma and Maria had been opened, with potential dollar losses of nearly \$753,000. During that time, there were five indictments and four convictions.

Finally, in 2017 and 2018, wildfires across California were responsible for numerous deaths and billions in property losses. OIG's response plan is based on leveraging strong existing relationships with SBA and law enforcement partners to deter, detect, and prosecute disaster fraud schemes. Consistent with this, OIG was asked to join the Disaster Relief Fraud Task Force of federal, state, and local agencies. OIG also is working with SBA program offices to alert wildfire victims about possible fraud schemes, particularly identity theft.

## **Procurement Assistance**

SBA directs significant efforts toward 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 federal contracting opportunities and helping small disadvantaged, veteran-owned, and women-owned businesses build their potential to compete more successfully in a global economy. During FYs 2020 and 2021, OIG will focus on SBA's oversight of—and current issues affecting—government contracting and business development programs, including investigating allegations that ineligible companies are fraudulently benefitting from these programs.

As of September 30, 2019, OIG had 91 open government contracting cases, with potential dollar losses of more than \$11.8 billion based on the total dollar value of the contract. The funding requested for FY 2021 will allow OIG to continue investigating fraudulent schemes that take improper advantage of SBA's contracting assistance programs. In addition, OIG has handled several qui tam cases brought by private-sector whistleblowers alleging fraud in SBA's small business and socioeconomically disadvantaged contracting programs. Although the number of such cases has fluctuated over the years, OIG must be prepared to expend considerable resources to provide both investigative and legal assistance to the government's prosecution of these cases.

OIG's audit work will continue to assess SBA's effectiveness in ensuring only eligible small businesses benefit from these programs. Our audit teams will focus on reviewing the following areas.

The 8(a) Business Development Program continues to be susceptible to major vulnerabilities. These include limited program oversight; inequitable distribution of contracting opportunities among participants; insufficient measurable, consistent, and mandatory criteria pertaining to economic disadvantage; insufficient implemented criteria defining business success for purposes of program graduation; missed opportunities to study the long-term effects of the program on former participants; and misrepresentation by companies as small, minority-owned, or disadvantaged businesses to gain an unfair advantage in the federal marketplace. During a recent review, we found that SBA did not consistently identify ineligible firms in the 8(a) program and did not always act to remove firms it had determined were no longer eligible for the program. In addition, SBA did not perform required continuing eligibility reviews when it received specific and credible complaints regarding firms' eligibility and did not log all complaints. Ineligible firms were awarded more than \$126.8 million in new 8(a) set-aside contract obligations in FY 2017 at the expense of eligible disadvantaged firms. OIG will continue to review these issues and SBA's management of the 8(a) program. In FY 2020, we plan to review the effectiveness of the 8(a) Business Development Program. We also will continue to pursue a number of fraud investigations relating to the 8(a) program and will continue to devote resources to these investigations in FYs 2020 and 2021.

The HUBZone program provides federal contracting assistance to small businesses located in economically distressed areas with the intent of stimulating economic development. Previous OIG and GAO reviews of the program identified significant control weaknesses that have allowed ineligible firms to receive millions of dollars in contracts. Accordingly,



SBA implemented a more rigorous HUBZone certification and recertification process in the hopes of preventing ineligible firms from achieving certification. However, in a November 2013 audit report on SBA's HUBZone certification process, OIG reported that 12 firms certified into the program, including 3 ineligible ones, received 94 percent (\$34.9 million) of federal contract dollars awarded during a 6-month period in 2012, even though 367 firms were certified during that period. Similarly, in a FY 2019 audit report, we again reported that SBA did not ensure that only eligible firms entered the HUBZone program. We found that 2 of 15 firms we reviewed did not meet the principal office eligibility requirement and the HUBZone employee residency requirement. These firms received \$589,000 in HUBZone contract obligations at the expense of eligible firms. OIG currently is investigating numerous fraud cases under the HUBZone programs and will continue to pursue prosecution, civil fraud recovery, and debarment of contractors who improperly obtain HUBZone contracts. For audit work, OIG plans to review SBA's HUBZone continuing eligibility review process.

The Women-Owned Small Business (WOSB) Federal Contract program provides greater access to federal contracting opportunities for WOSBs and economically disadvantaged WOSBs (EDWOSBs). The program allows contracting officers to set aside specific contracts for certified WOSBs and EDWOSBs. Similar to other federal government programs, WOSB and EDWOSB contracting may be vulnerable to fraud and abuse. Previous OIG reviews have found false or incorrect WOSB self-certifications may be a significant governmentwide problem.

The National Defense Authorization Act for FYs 2013 and 2015 made major programmatic changes to the WOSB program and considerably increased SBA's oversight role. Specifically, the FY 2015 Act authorized grant contracting officers the authority to award sole-source awards to WOSB program firms, removed firms' ability to self-certify, and required firms to be certified. However, SBA has opted to implement the sole-source authority provision first—separate from a certification program. We believe that allowing sole-source contracting authority in the WOSB program, without implementing the contemporaneously required certification program, is inconsistent with SBA's statutory authorization and exposes the program to abuse. During our recent review of SBA's WOSB Federal Contract Program, we found that federal agencies contracting officers and firms did not comply with federal regulations for 50 of the 56 program sole-source contracts, valued at \$52.2 million. As a result, there was no assurance that these contracts were awarded to firms that were eligible to receive sole-source awards under the Program. To date, SBA has not implemented a WOSB certification program and plans to issue the final rule in June 2020. OIG plans to continue monitoring SBA's implementation of the National Defense Authorization Act for FYs 2013 and 2015 changes to the WOSB program.

The All Small Mentor-Protégé program expands the mentor-protégé program. OIG has conducted a number of fraud investigations involving the mentor-protégé programs under the 8(a) program. In August 2016, SBA issued regulations to implement a statutory mandate that expanded mentor-protégé programs to all other small businesses. The Agency accepted a number of OIG recommendations to revise these regulations to limit the opportunity for





fraudulent acquisition of government contracts. Nevertheless, OIG anticipates that these expanded programs will create opportunities for additional fraud by large, nondisadvantaged contractors and that greater OIG resources will need to be devoted to investigating this fraud. During our recent evaluation of SBA's All Small Mentor-Protégé program, we found that SBA did not implement effective controls to ensure it conducted initial application reviews and annual evaluations to fully align with program regulations. Additionally, SBA did not fully adhere to established processes or ensure it appropriately documented assessments. Further, while SBA identified program performance indicators and a process to measure results, it did not effectively monitor and evaluate the results. As a result, SBA's program may not be developing small businesses as it intended and unqualified businesses, including large businesses, may improperly benefit from the program. OIG plans to continue monitoring SBA's management of this program.

Suspension and debarment actions are designed to protect the federal government from potential harm posed by individuals or entities who demonstrate a lack of business integrity. During our recent review of SBA's suspension and debarment process, we found that SBA has not established sufficient controls over its suspension and debarment process to prevent ineligible individuals or entities from participating in small business programs or to control the risk presented by potentially irresponsible entities participating in federal government programs. Specifically, an entity convicted of a Clean Water Act violation and included on the exclusion list received an SBA 7(a) loan valued at \$2.9 million. In addition, suspending and debarring officials' delayed action to process referrals for debarment resulted in \$80.3 million in contract awards to entities who demonstrated causes for debarment. OIG will continue to provide oversight of SBA's management of this program to ensure that firms identified as ineligible are effectively removed from these programs.

There is a high level of congressional interest in the government meeting its small business contracting goals. OIG will continue to assess whether SBA is taking adequate steps to ensure the integrity of small business contracting. OIG's work will focus on issues such as the accuracy of reporting small business contract activity, the classification of large businesses as small, adherence to regulations to protect small businesses, training of government contracting personnel, deterring fraudulent acquisition of government contracts, and bundling of contracts.

## **Entrepreneurial Development**

During FYs 2020 and 2021, OIG will focus on SBA oversight of and current issues affecting entrepreneurial and veterans business development programs, with emphasis on grants awarded to SBDCs, Women's Business Centers, and Veterans Business Outreach Center programs.



## Agency Management

OIG is responsible for ensuring that Agency management appropriately safeguards SBA from fraud, waste, and abuse, and that SBA activities directly further Agency goals. As part of these efforts, OIG works with the Offices of the Chief Financial Officer, the Chief Information Officer, and the Chief Operating Officer to review financial reporting and performance management, human resources, procurements and grants, space and facilities, and maintenance of SBA's information systems and related security controls. During FYs 2020 and 2021, OIG plans to assess the effectiveness of SBA's actions to mitigate its workforce challenge risk.

### Top Management Challenges

As required by the Reports Consolidation Act, OIG annually develops the [Report on the Most Serious Management and Performance Challenges Facing SBA](#). The management challenges focus on areas that are particularly vulnerable to fraud, waste, error, and mismanagement, or that otherwise pose a significant risk and generally have been the subject of one or more OIG or GAO reports. OIG will continue to identify and report serious management challenges facing SBA and will work throughout the year with Agency management to resolve identified issues as quickly and efficiently as possible.

### Financial Management and Information Technology

OIG will continue to oversee the audits of SBA's financial statements, as well as FISMA and Federal Information Systems Controls Audit Manual reviews, which are conducted by an independent public accountant under a contract with OIG. The scope and complexity of the audit increased as a result of growing direct and guaranteed loan portfolios and as the Agency complies with the DATA Act.

OIG will provide oversight and monitoring of SBA's cloud migration, IT security, and application development activities, including new systems under development and the Agency's compliance with FISMA. The scope of the FISMA evaluation is anticipated to expand as OIG evaluates Agency progress in implementing initiatives designed to strengthen and enhance federal cybersecurity. OIG and an independent public accountant have previously identified systemic problems with security controls over SBA's IT systems and this area remains one of the most serious management challenges facing the Agency.

OIG also plans to continue to monitor systems development activities related to improvements to financial and program related systems as well as investments, cost management, and reporting in cloud computing. Specifically, OIG will continue to assess Agency progress in implementing the Federal Information Technology Acquisition Reform Act. This Act requires the Chief Information Officer to play a critical leadership role in driving reforms to help control system development risks, better manage technology spending, and achieve measurable improvements in agency performance. Related to this effort will be a preliminary assessment of



how the Agency is adopting technology business management reporting protocols initially required in the FY 2019 Capital Planning Guidance. Furthermore, the Chief Information Officer must ensure federal IT security is deployed in SBA's highly decentralized and dynamic IT environment.

OIG also will continue its mandated reviews of SBA's compliance with the DATA Act, the Improper Payments and Elimination Recovery Act, and purchase card and cash gifts acceptance and reporting guidelines.

### **Acquisition Processes**

OIG audits will continue to focus on SBA's compliance with federal contracting regulations and its policies and procedures over IT systems acquisition and project oversight. OIG efforts also will include monitoring system development activities related to SBA's certify.gov. We will validate capital investment and data security controls as well as assess whether software functionality was delivered to end users in accordance with project requirements.

### **Other OIG Activities**

In addition to investigations, audits, inspections, and other reviews, OIG will provide leadership and coordination to recommend policies for activities designed to promote economy, efficiency, and effectiveness in the administration of, and to prevent and detect fraud and abuse in, such programs and operations. The activities described below ensure that OIG is able to fulfill this statutory mandate and leverage external entities through training and outreach activities.

### **Security Operations**

OIG's Office of Security Operations will continue to perform required employee background investigations to achieve a high level of integrity in OIG's workforce and adjudicate OIG employees and contractors for issuance of personal identity verification cards pursuant to Homeland Security Presidential Directive 12 background investigation requirements.

### **OIG Hotline**

Hotline staff conduct a preliminary review and analysis of all complaints received to determine the appropriate course of action. The OIG Hotline is staffed by OIG employees who process and analyze allegations of fraud, waste, abuse, or serious mismanagement in SBA or its programs from employees, contractors, and the public. As part of the hotline process, staff may coordinate reviews of allegations within OIG, with SBA program offices, or with other governmental agencies. Most hotline complaints are submitted through an [online complaint submission](#)



[system](#) located on OIG's website. Those who report information can do so openly, anonymously, and confidentially, without fear of reprisal.

Pursuant to the Whistleblower Protection Coordination Act, OIG has designated a [Whistleblower Coordinator](#) within the hotline function to educate SBA employees about prohibitions on retaliation for whistleblowing, as well as employees' rights and remedies if anyone retaliates against them for making a protected disclosure. In addition, the National Defense Authorization Act of 2013, which was made permanent in December 2016, created a pilot program extending whistleblower protections to government contractors, subcontractors, and grantees. These provisions may result in the hotline receiving an increased number of complaints. Additionally, this law mandates OIG investigations of these complaints and a report to the SBA Administrator to consider corrective action on the part of the contractor/grantee.

### **Review of Proposed Regulations and Initiatives**

As part of OIG's proactive efforts to promote accountability and integrity and reduce inefficiencies in SBA programs and operations, OIG reviews changes that SBA is proposing to make to its program directives, such as regulations, internal operating procedures, policy notices, and SBA forms that are completed by lenders and the public. Frequently, OIG identifies concerns in these proposals and works with the Agency to implement recommended revisions to promote controls that are more effective and deter fraud, waste, or abuse.

### **Debarment and Administrative Enforcement Actions**

As a complement to criminal and civil fraud investigations, OIG continually promotes the use of suspensions, debarments, and other administrative enforcement actions to protect taxpayer funds from those who have engaged in fraud or otherwise exhibited a lack of business integrity. OIG regularly identifies individuals and organizations for debarment and other enforcement actions and submits detailed present responsibility referrals with supporting evidence to the appropriate SBA officials. OIG also supports actions at other federal agencies through training and direct case assistance.



## **Training and Outreach**

OIG will continue to conduct training and outreach sessions on topics related to fraud in government lending and contracting programs. Providing such training will better equip the federal oversight community with the knowledge and skills necessary to pursue small business contracting fraud cases. During FYs 2018 and 2019, OIG cohosted the Small Business Procurement Integrity Seminar with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Training Institute. This seminar consolidated key program information with practical lessons learned for handling small business contracting fraud in a daylong interactive training. SBA OIG also presented a stand-alone daylong small business procurement fraud program to the Department of Justice OIG on May 14, 2019, and a half-day stand-alone small business procurement fraud program to the Department of Homeland Security OIG on September 12, 2019. Additionally, the SBA OIG continued teaching a 2-hour small business procurement fraud block in the CIGIE Training Institute's Criminal Investigator Academy's Contract and Grant Fraud Training Program in Kentucky and Minnesota during May and August, respectively. These classes trained more than 150 federal oversight officials from agencies representing most of the federal government's small business purchases.

## **OIG Performance and Statistical Accomplishments**

During FY 2018, OIG achieved \$22.4 million in monetary recoveries and savings—an elevenfold return on investment to the taxpayers. During FY 2019, OIG achieved \$111.0 million in monetary recoveries and savings—a fivefold return on investment to the taxpayers.

During FY 2018, OIG issued 26 reports with 111 recommendations. OIG investigations resulted in 62 indictments and 43 convictions. It is noted that OIG investigations often involve multiple subjects, large dollar losses, various joint agencies, and substantial restitution and forfeiture monies returned to the government. During FY 2019, OIG issued 23 reports containing 94 recommendations to improve operations and reduce fraud and unnecessary losses in Agency programs. In addition, OIG investigations resulted in 49 indictments/informations and 36 convictions.



## Statistical Highlights in FY 2018

**Table 3: 2018 Summary of OIG Dollar Accomplishments**

Dollar Accomplishments as a Result of Investigations and Related Activities	
Potential Investigative Recoveries & Fines	\$55,373,556
Asset Forfeitures Attributed to OIG Investigations	\$22,930,190
Loans/Contracts Not Approved or Canceled as a Result of Investigations	\$727,039
Investigations Subtotal	\$79,030,785
Dollar Accomplishments as a Result of Audit Activities	
Disallowed Costs Agreed to by Management	\$145,441,774
Recommendations That Funds Be Put to Better Use Agreed to by Management	0
Audit Subtotal	\$145,441,774
Total OIG Dollar Accomplishments	\$224,472,559

**Table 4: 2018 Efficiency and Effectiveness Activities Related to Audit, Other Reports, and Followup Activities**

Reports Issued	26
Recommendations Issued	111
Dollar Value of Costs Questioned	\$186,580,293
Dollar Value of Recommendations That Funds Be Put to Better Use	\$0
Recommendations for Which Management Decisions Were Made	119
Recommendations Without a Management Decision	8
Collections as a Result of Questioned Costs	\$2,852,261

**Table 5: 2018 Indictments, Convictions, and Case Actions**

Indictments from OIG Cases	62
Convictions from OIG Cases	43
Cases Opened	73
Cases Closed	63

**Table 6: 2018 SBA Personnel Actions Taken as a Result of Investigation**

Dismissals	2
Resignations/Retirements	1
Suspensions	0
Reprimands	0
Other	0

**Table 7: 2018 Program Actions Taken During the Reporting Period as Result of OIG Action**

Present Responsibility Referrals to the Agency	38
Pending at the Agency as of September 30, 2018	35
Suspensions Issued by the Agency	19
Proposed Debarments Issued by the Agency	9
Final Debarments Issued by the Agency	14



Present Responsibility Referrals to the Agency	38
Proposed Debarments Declined by the Agency	1*
Administrative Agreements Entered by the Agency in Lieu of Debarment	1
Present Responsibility Actions by Other Agencies	19

\*OIG does not count matters where SBA has ceded lead agency as declinations.

**Table 8: 2018 Agency Legislative and Regulatory Proposals Reviewed**

Legislation, Regulations, Standard Operating Procedures, and Other Issuances Reviewed	112
Comments Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances	37





## Reports Issued in FY 2018

**Table 9: 2018 Credit/Capital Programs Reports**

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
Accuracy of the FY 2015 7(a) Loan Guaranty Purchase Improper Payments Rate	18-07	12/11/2017	\$2,246,579	\$0
Evaluation of SBA 7(a) Loans Made to Poultry Farmers	18-13	3/6/2018	\$0	\$0
SBA's FY2017 Progress in Reducing Improper Payments	18-17	5/15/2018	\$0	\$0
High Risk 7(a) Loan Review Program	18-21	8/15/2018	\$1,351,565	\$0
High Risk 7(a) Loan Review Program	18-23	9/13/2018	\$1,303,403	\$0
Program Subtotal	5	—	\$4,901,547	\$0

**Table 10: 2018 Disaster Assistance Programs Reports**

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
Audit of RISE Act Eligibility Controls	18-09	1/19/2018	\$2,129,689	\$0
Inspection of SBA's Initial Disaster Assistance Response to Hurricane Harvey	18-10	1/19/2018	\$0	\$0
Audit of the Accuracy of the FY 2015 Disaster Loan Program Improper Payments Rate	18-12	2/13/2018	\$0	\$0
Inspection of SBA's Initial Disaster Assistance Response to Hurricane Irma	18-16	4/26/2018	\$0	\$0
Inspection of SBA's Initial Disaster Assistance Response to Hurricane Maria	18-19	07/19/2018	\$0	\$0
Program Subtotal	5	—	\$2,129,689	\$0

**Table 11: 2018 Contracting/Counseling Programs Reports**

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
SBA's Women-owned Small Business Contracting Program	18-18	06/20/2018	\$52,229,145	\$0
The Small Business Administration's Boots to Business Program	18-20	07/19/2018	\$419,912	\$0
Improvements Needed in SBA's Oversight of 8(a) Continuing Eligibility Processes	18-22	9/7/2018	\$126,900,000	\$0



Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
Program Subtotal	3	—	\$52,775,957	\$0

**Table 12: 2018 Agency Management Reports**

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration in Fiscal Year 2018	18-01	10/12/2017	\$0	\$0
Independent Accountants' Report on SBA's Compliance with the DATA Act	18-02	11/8/2017	\$0	\$0
Independent Auditor's Report on the SBA's FY 2017 Financial Statements	18-03	11/14/2017	\$0	\$0
Independent Auditors' Report on SBA's FY 2017 Special-Purpose Financial Statements	18-04	11/15/2017	\$0	\$0
SBA's FY 2016 and 2017 Cash Contributions and Gifts	18-05	11/20/2017	\$0	\$0
Review of SBA's Implementation of the Federal Information Technology Acquisition Reform Act (FITARA)	18-06	11/28/2017	\$0	\$0
KPMG Management Letters Communicating Matters Relative to the U.S. Small Business Administration's (SBA's) FY 2017 Financial Statements and DATA Act Attestation Engagement	18-08	12/18/2017	\$0	\$0
Audit of SBA's State Trade Expansion Program	18-11	1/29/2018	\$0	\$0
Weaknesses Identified During the FY 2017 Federal Information Security Modernization Act (FISMA) Review	18-14	3/20/2018	\$0	\$0
Improvement Needed in the Accuracy of SBA Data Reported on USASpending.gov	18-15	3/20/2018	\$0	\$0
SBA's FY2017 Progress in Reducing Improper Payments	18-17	05/15/2018	\$0	\$0
FY 2018 Risk Assessment of SBA's Charge Card Programs	18-24	9/20/2018	\$0	\$0
SBA Controls Over FY 2017 and 2018 Cash Contributions and Gifts	18-25	9/20/2018	\$0	\$0
Program Subtotal	13	—	\$52,649,057	\$0



## Statistical Highlights in FY 2019

**Table 13: 2019 Summary of OIG Dollar Accomplishments**

Dollar Accomplishments as a Result of Investigations and Related Activities	
Potential Investigative Recoveries and Fines	\$72,576,053
Asset Forfeitures Attributed to OIG Investigations	\$4,827,399
Loans/Contracts Not Approved or Canceled as a Result of Investigations	\$0
Investigations Subtotal	\$77,403,453
Dollar Accomplishments as a Result of Audit Activities	
Disallowed Costs Agreed to by Management	\$33,567,403*
Recommendations That Funds Be Put to Better Use Agreed to by Management	\$0
Audit Subtotal	\$33,567,403
<b>Total OIG Dollar Accomplishments</b>	<b>\$110,970,856</b>

\*Includes \$18,733,799 in questioned costs retroactively disallowed by the Agency at the time of final action.

**Table 14: 2019 Efficiency and Effectiveness Activities Related to Audit, Other Reports, and Followup Activities**

Reports Issued	23
Recommendations Issued	94
Dollar Value of Costs Questioned	\$ 687,582,182
Dollar Value of Recommendations That Funds Be Put to Better Use	\$0
Recommendations for Which Management Decisions Were Made	91
Recommendations Without a Management Decision	11
Collections as a Result of Questioned Costs	\$408,496

**Table 15: 2019 Indictments, Convictions, and Case Actions**

Indictments From OIG Cases	49
Convictions From OIG Cases	36
Cases Opened	59
Cases Closed	66

**Table 16: 2019 SBA Personnel Actions Taken as a Result of Investigation**

Dismissals	2
Resignations/Retirements	2
Suspensions	1
Reprimands	1
Other	1



**Table 17: 2019 Program Actions Taken During the Reporting Period as Result of OIG Action**

Present Responsibility Referrals to the Agency	38
Pending at the Agency as of September 30, 2019	35
Suspensions Issued by the Agency	19
Proposed Debarments Issued by the Agency	9
Final Debarments Issued by the Agency	14
Proposed Debarments Declined by the Agency	1*
Administrative Agreements Entered by the Agency in Lieu of Debarment	1
Present Responsibility Actions by Other Agencies	19

\* OIG does not count matters where SBA has ceded lead agency as declinations.

**Table 18: 2019 Agency Legislative and Regulatory Proposals Reviewed**

Legislation, Regulations, Standard Operating Procedures, and Other Issuances Reviewed	112
Comments Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances	37



## Reports Issued in FY 2019

**Table 19: 2019 Top Management Challenges**

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
The Most Serious Management and Performance Challenges Facing SBA in FY 2019	19-01	10/11/2018	\$0	\$0
Program Subtotal	1	—	\$0	\$0

**Table 20: 2019 Agency Management**

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
Consolidated Findings of OIG Reports on SBA's Grant Programs FYs 2014-2018	19-02	11/08/2018	\$0	\$0
Independent Auditors' Report on SBA's FY 2018 Financial Statements	19-03	11/14/2018	\$0	\$0
Independent Auditors' Report on SBA's FY 2018 Special Purpose Financial Statements	19-04	11/16/2018	\$0	\$0
KPMG Management Letter Communicating Matters Relative to SBA's FY 2018 Financial Statement Audit	19-05	12/18/2019	\$0	\$0
SBA's District Offices' Customer Service Weaknesses Identified During the FY 2018 Federal Information Security Modernization Act Review	19-06	12/19/2019	\$0	\$0
SBA's Cloud Migration and Oversight	19-09	4/9/2019	\$0	\$0
SBA's FY 2018 Compliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA)	19-10	4/9/2019	\$0	\$0
SBA's 2018 and 2019 Cash Contributions and Gifts	19-13	5/23/2019	\$0	\$0
Audit of SBA's Suspension and Debarment Process	19-14	6/19/2019	\$0	\$0
FY 2019 Risk Assessment of SBA's Charge Card Programs	19-18	9/18/2019	\$83,200,000	\$0
Program Subtotal	19-21	9/25/2019	\$0	\$0
Program Subtotal	11	—	\$83,200,000	\$0

**Table 21: 2019 Credit/Capital Programs**

Title	Report Number	Issue Date	Questioned Costs	Funds for Better Use
Audit of SBA's Controls over 7(a) Loans Sold on The Secondary Market	19-07	3/14/2019	\$130,173	\$0
OIG High Risk 7(a) Loan Review Program	19-15	7/10/2019	\$5,335,790	\$0



<b>Title</b>	<b>Report Number</b>	<b>Issue Date</b>	<b>Questioned Costs</b>	<b>Funds for Better Use</b>
The Office of Inspector General High Risk 7(a) Loan Review Program	19-16	8/14/2019	\$2,059,132	\$0
Office of Inspector General High Risk 7(a) Loan Review Program	19-19	9/19/2019	\$1,267,223	\$0
Consolidated Results of the OIG High Risk 7(a) Loan Review Program	19-22	9/26/2019	\$0	\$0
Program Subtotal	5	—	\$8,792,318	\$0

**Table 22: 2019 Contracting/Counseling Programs**

<b>Title</b>	<b>Report Number</b>	<b>Issue Date</b>	<b>Questioned Costs</b>	<b>Funds for Better Use</b>
SBA's HUBZone Certification Process	19-08	3/28/2019	\$589,000	\$0
Audit of SBA's Oversight of the SCORE Association	19-12	4/25/2019	\$713,986	\$0
Evaluation of SBA's All Small Mentor-Protégé Program	19-17	9/17/2019	\$0	\$0
Review of Women's Business Center, Inc., Compliance With Cooperative Agreement Requirement	19-20	9/19/2019	\$0	\$0
Program Subtotal	4	—	\$1,302,986	\$0

**Table 23: 2019 Disaster Assistance**

<b>Title</b>	<b>Report Number</b>	<b>Issue Date</b>	<b>Questioned Costs</b>	<b>Funds for Better Use</b>
Inspection of SBA's Initial Disaster Assistance Response to Hurricane Florence	19-11	4/17/2019	\$0	\$0
Audit of SBA's Desktop Loss Verification Process	19-23	9/26/2019	\$594,286,878	\$0
Program Subtotal	2	—	\$594,286,878	\$0







## Reporting Requirements Under the Inspector General Reform Act of 2008

The following information is provided in accordance with the Inspector General Reform Act of 2008, as amended (P.L. 110-409).

**Table 24: FY 2021 Budget Request**

Dollars in Millions	FY 2019 Actual	FY 2020 Enacted	FY 2021 Request	FY 2021 Incr/Decr
New Budget Authority	\$21.9	\$21.9	\$22.0	\$0.1
Transfer from Disaster Loan Program	\$1.0	\$1.6	\$1.6	\$0.0
<b>Total</b>	<b>\$22.9</b>	<b>\$23.5</b>	<b>\$23.6</b>	<b>\$0.1</b>

OIG's FY 2021 budget request includes \$300,000 for training, which is sufficient to satisfy all training needs for the fiscal year, and \$77,500 for the operation of CIGIE.



## OIG Organizational Structure

OIG has three divisions and several supporting program offices to carry out its functional responsibilities.

The **Audits Division** performs and oversees audits and reviews to review and assist SBA in administering its programs and operations economically, efficiently, and effectively. Key areas of emphasis are SBA's loan programs, disaster assistance, business development and government contracting programs, agency management, as well as mandatory and other statutory audit requirements involving computer security and financial reporting. The balance of the engagements is discretionary and focuses on high-risk activities and management issues facing SBA.

The **Investigations Division** conducts investigations to detect and deter illegal and improper activities involving SBA's programs, operations, and personnel. SBA OIG criminal investigators carry out a full range of traditional law enforcement functions. The security operations staff conducts required OIG employee background investigations to achieve a high level of integrity in its workforce and adjudicates OIG employees and contractors for issuance of personal identity verification cards pursuant to Homeland Security Presidential Directive 12 background investigations requirements. The OIG Hotline, under the purview of the Investigations Division, reviews allegations of waste, fraud, abuse, or serious mismanagement within SBA or its programs from employees, contractors, and the public. Hotline staff conduct a preliminary review of all complaints to determine the appropriate course of action and may coordinate reviews of allegations within OIG, SBA program offices, or other government agencies.

The **Management and Operations Division** provides business support (e.g., budget and financial management, human resources, IT, procurement, and communications) for various OIG functions and activities.

The **Office of Counsel** provides legal and ethics advice to all OIG components; represents OIG in litigation arising out of or affecting OIG operations; assists with prosecuting criminal, civil, and administrative enforcement matters; processes subpoenas; responds to Freedom of Information and Privacy Act requests; provides training; and reviews and comments on proposed policies, regulations, legislation, and procedures.

OIG's headquarters is in Washington, DC. Its field staff are located in Atlanta, GA; Chicago, IL; Dallas-Fort Worth, TX; Detroit, MI; Denver, CO; Herndon, VA; Houston, TX; Los Angeles, CA; Miami, FL; New York, NY; Philadelphia, PA; Federal Way, WA; and Washington, DC.

An organizational chart for OIG is provided on the next page.



**Small Business Administration  
Office of Inspector General**

