



U.S. Small Business  
Administration

**FY 2022**  
**Annual Evaluation Plan**

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## Table of Contents

Introduction _____	3
<b>Strategic Goal 1: Support Small Business Revenue and Job Growth</b> _____	<b>4</b>
I. Small Business Procurement Set-Aside (Government Contracting) Surveillance Reviews Evaluation _____	4
<b>Strategic Goal 2: Build Healthy Entrepreneurial Ecosystems and Create Business Friendly Environments</b> _____	<b>6</b>
I. HUBZone Early Engagement Certification Evaluation _____	6
II. Boots to Business Virtual Training Evaluation _____	7
<b>Strategic Goal 3: Restore Small Businesses and Communities After Disasters</b> _____	<b>9</b>
I. Disaster Assistance Mitigation Loan Communication Strategies Evaluation _____	9
II. Disaster Assistance Loan Impact Evaluation _____	10

## Introduction

The Small Business Administration's (SBA) mission is to aid, counsel, assist, and protect the interests of small business concerns, to preserve free competitive enterprise, and to maintain and strengthen our nation's overall economy. 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*.<sup>1</sup> The AEP identifies the evaluation questions the Agency plans to complete through the next fiscal year.

New program evaluations are selected annually through consultations with SBA program leadership, review and development by internal program evaluators and management, and coordination with external stakeholders, including the U.S. Office of Management and Budget. The evaluations are designed to meet SBA priorities, answer research questions in the Enterprise Learning Agenda, and build a suite of evidence to inform decision-making. Evaluations highlighted in this AEP reflect the most significant planned evaluations for FY 2022. SBA defines "significant" evaluations according to their alignment with the SBA's mission as reflected in the Agency's *FY 2018-2022 Strategic Plan*<sup>2</sup> and their ability to fill important knowledge gaps that, when addressed, will most strongly support program improvement and impact small businesses and other Agency stakeholders.

Agency program evaluations follow the *SBA Framework and Guidelines for Program Evaluation at the US Small Business Administration*<sup>3</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's evaluations follow the principles of ethics, independence, rigor, relevance, and transparency. These principles reflect standards in OMB Memo M-20-12.<sup>4</sup>

After the SBA completes an evaluation, the Agency conducts pre-dissemination review with the Evaluation Officer, Performance Improvement Officer, and Associate Administrator of the evaluated program's respective office. The SBA takes actions to help programs transform processes and activities through the evidence gathered by creating recommendation action plans, where appropriate. To promote transparency, the SBA publishes its evaluations on its Program Evaluation and Evidence Registry (PEER) website, and presents results to internal and external stakeholders (e.g. presentations to SBA's Evidence and Evaluation Community of Practice, interagency committees and councils, trade associations, and grantees).<sup>5</sup>

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<sup>1</sup> [www.congress.gov/bill/115th-congress/house-bill/4174](https://www.congress.gov/bill/115th-congress/house-bill/4174)

<sup>2</sup> [www.sba.gov/document/support-sba-strategic-plan](https://www.sba.gov/document/support-sba-strategic-plan)

<sup>3</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>4</sup> [www.whitehouse.gov/wp-content/uploads/2020/03/M-20-12.pdf](https://www.whitehouse.gov/wp-content/uploads/2020/03/M-20-12.pdf)

<sup>5</sup> [www.sba.gov/document/report-program-evaluation-evidence-registry-peer](https://www.sba.gov/document/report-program-evaluation-evidence-registry-peer)

The following sections, organized by strategic goal, 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, anticipated challenges and remedies, and plans for using and disseminating results in alignment with OMB guidance.

## **Strategic Goal 1: Support Small Business Revenue and Job Growth**

### **I. Small Business Procurement Set-Aside (Government Contracting) Surveillance Reviews Evaluation**

*Overview.* In FY 2019, more than \$130 billion in federal contracts went to small businesses. The Federal Government maintains a goal of awarding at least 23% of federal contracts to small businesses and sets goals to award contracts to small businesses in specific socio-economic categories (e.g. women-owned, service-disabled veteran-owned, HUBZone, and small disadvantaged businesses). SBA negotiates with each of the 24-CFO Act agencies to ensure that a certain percentage of their contracts supports the Federal Government's achievement of the set-aside goal.

The SBA uses annual surveillance reviews as a tool to determine if agencies have been providing maximum practicable opportunity for small business participation in federal contracting. By eliminating barriers for small business and increasing agency accountability, these reviews are intended to help promote goal achievement. To complete these reviews, SBA Procurement Center Representatives (PCRs), located in major buying locations across the country, monitor approximately 30 selected buying activities per year to determine if agencies appropriately awarded contracts to small and other than small businesses. The SBA issues a report to the agency outlining the review, provides recommendations for improvement to increase small business buying activities, and rates the agency's small business buying program. The SBA performs a follow-up review the next fiscal year if the buying activity rating is below satisfactory. The SBA would like to understand the effectiveness and efficiency of these surveillance reviews, and the extent to which these reviews help agencies achieve their small business contracting goals.

*Enterprise Learning Agenda.* This evaluation supports the SBA's understanding of the following ELA question:

- What factors most influence the Federal Government's ability to reach its small business contracting goals?

*Evaluation Questions.* The SBA seeks the answer the following evaluation questions and their sub-components in this study:

- How does the government contracting surveillance review process serve as a tool to help agencies meet their small business contracting goals (including socio-economic subgoals)?
  - What aspects of the process lead to improved outcomes (e.g. small business set-aside contract awards and agency contracting goal achievement)?
  - What aspects of the process (e.g. mode of surveillance – online vs. in person) could be made more effective or efficient?
- Do SBA surveillance reviews influence federal agency buying activity use of small business programs?
  - Do agencies and contracting activities that have undergone surveillance reviews meet their small business contracting goals in later years?

**Data.** The SBA will use administrative data, including surveillance review records and federal contracting data from the System for Award Management and Federal Procurement Data System-Next Generation databases, to assess outcomes. The SBA will collect primary data through interviews or surveys of SBA PCRs and procurement officials at other federal agencies.

**Methods.** This mixed-methods evaluation will include a quantitative analysis of outcomes for contracting activities that have undergone surveillance reviews, and a qualitative analysis of potential programmatic improvements.

**Anticipated Challenges.** Surveillance review recordkeeping practices have varied over time. The SBA established the current record-keeping system in 2016, and this study may only be able to access the last five years of record data. Additionally, because many factors affect government contracting procurement, the impact of surveillance reviews may be difficult to uncover and quantify numerically. To supplement quantitative findings, qualitative research will be important as well. Finally, the high turnover rate of PCRs and procurement officials within agencies may challenge the SBA's ability to gain historical knowledge of behaviors involved in small business contracting.

**Evidence Use and Dissemination.** SBA program staff would like to receive recommendations on activities that lead to greater goal achievement, as well as activities that could be adapted to improve the effectiveness and efficiency of surveillance reviews. Results will be presented to SBA program managers and senior leadership, shared with the Small Business Procurement Advisory Council, published on the SBA website, and shared in the SBA's Evidence and Evaluation Community of Practice.

## Strategic Goal 2: Build Healthy Entrepreneurial Ecosystems and Create Business Friendly Environments

### I. HUBZone Early Engagement Certification Evaluation

*Overview.* The HUBZone program fuels the growth of small businesses in historically underutilized business zones (HUBZones) by providing certification for preferential access to federal contracts. Small businesses apply for HUBZone certification, and the Federal Government has a goal to award at least three percent of all federal contract dollars to HUBZone-certified small businesses each year. In FY 2019, more than \$11 billion in federal contracts went to small businesses located in HUBZones.

In 2017, the HUBZone program launched an early engagement initiative to further its efforts to help small businesses in economically disadvantaged urban and rural communities gain preferential access to federal procurement opportunities. Certain businesses are referred to the early engagement initiative based on their procurement readiness. This evaluation will assess the outcomes of businesses referred through the process and identify the procurement readiness selection criteria that predicts contract awards.

*Enterprise Learning Agenda.* This evaluation supports the SBA's understanding of the following ELA questions:

- What are the small business outcomes and impacts of receiving training, counseling, and technical assistance, and how do they vary by market segment?
- How does technical assistance impact small business federal contracting outcomes?

*Evaluation Questions.* The SBA seeks the answer the following evaluation questions in this study:

- Do firms that receive HUBZone certification through the early engagement initiative have better outcomes (e.g., quicker application processing, reduced rates of application declines, greater procurement readiness and potential for more federal awards, greater long-term program compliance and continued HUBZone certification) than those firms certified through the standard process?
  - What percentage of firms certified through the early engagement initiative have secured contracts, and in what timeframes (certification to contract award)?
  - What percentage of firms certified through the early engagement initiative have maintained compliance or continued HUBZone certification, and how does this population compare to firms certified through the standard process?
- What procurement readiness selection criteria predict contract award?
  - What criteria do partners use to determine procurement readiness?
  - Which HUBZone certification early engagement selection criteria predict

improved contract procurement and compliance or continued HUBZone certification outcomes?

- Do predictive criteria differ for urban and rural business entities?
- Do predictive criteria differ by socio-economic category?

*Data.* The SBA will use administrative records for firms referred through the early engagement initiative. Contract award data will be gathered through the System for Award Management and Federal Procurement Data System-Next Generation databases. The SBA will collect qualitative data from SBA program managers and other HUBZone early engagement partners.

*Methods.* The planned study is a retrospective quasi-experimental evaluation, comparing impacts for firms certified through the standard and early engagement processes. It will contain impact and formative evaluation components. It will consist of a quantitative analysis using administrative outcomes data and a qualitative component to understand readiness criteria selection.

*Anticipated Challenges.* The SBA launched the early engagement pilot in 2017. While the extent of all early engagement outcomes (e.g., contract awards) may not yet be known, sufficient time has passed to begin evaluating the initiative. Additionally, the HUBZone program has implemented some recent changes that may affect participant outcomes, so the evaluation design will need to control for certain factors such as application processing time, HUBZone locations based on new maps, and recertification changes.

*Evidence Use and Dissemination.* The SBA will use the results of this study to inform expansion of the initiative. Additionally, the findings may improve the SBA's understanding of the factors that most influence the Federal Government's ability to reach its small business contracting goals. The findings will be presented to SBA senior leadership, program staff, the HUBZone Council, HUBZone early engagement partners, Small Business Procurement Advisory Committee, other agency contracting officers, published on the SBA website, and shared in the SBA's Evidence and Evaluation Community of Practice.

## **II. Boots to Business Virtual Training Evaluation**

*Overview.* The SBA provides Boots to Business (B2B) as an entrepreneurship education and training program tailored to military service members and military families transitioning from the U.S. military. B2B is delivered in partnership with SBA resource partners and provides an overview of business ownership by introducing participants to the skills, knowledge, and resources they need to launch a business. The SBA trained more 16,000 participants through the program in FY 2019.

The Agency transitioned the B2B in-person Introduction to Entrepreneurship course to a virtual platform during the COVID-19 pandemic. While the lack of uniformly accepted virtual delivery platforms posed challenges, the transition to a virtual environment allowed for increased

participation and access to those otherwise underserved due to the location of the courses. Recognizing the need for a long-term virtual solution, this evaluation will help the SBA better understand how the B2B Introduction to Entrepreneurship course can be most effectively implemented in a virtual environment.

**Enterprise Learning Agenda.** This evaluation supports the SBA's understanding of the following ELA questions:

- What are the small business outcomes and impacts of receiving training, counseling, and technical assistance, and how do they vary by market segment?
- How satisfied are entrepreneurs with the SBA's entrepreneurial and business development services?

**Evaluation Questions.** The SBA seeks the answer the following evaluation questions and their sub-components in this study:

- How can the Boots to Business Introduction to Entrepreneurship course be most effectively implemented in a virtual environment?
  - To what extent did the virtual delivery of the Introduction to Entrepreneurship courses meet the needs of participants?
  - How could the SBA improve the virtual offering?
- Which best practices can the SBA incorporate into the creation and delivery of this virtual training?

**Data.** The SBA maintains course attendance and course quality survey data. The SBA may collect primary data from participants and stakeholders such as veterans, trainers, SBA field staff, and resource partners.

**Methods.** This formative evaluation will use a mixed method approach to examine implementation and short-term outcome of the virtual delivery.

**Anticipated Challenges.** The recency of the virtual program and the small number of courses delivered during the pandemic limit the sample and generalizability. Additionally, limited time has passed since the online training was implemented, and only short-term outcomes (e.g. user satisfaction, increased knowledge of and interest in business ownership) may be assessable.

**Evidence Use and Dissemination.** This evaluation will help the SBA better understand small business outcomes of receiving training and inform decision-making for future virtual B2B course offerings. The findings may also be used to inform other SBA virtual training offerings. The findings will be presented to SBA senior leadership, program staff, resources partners, including Veterans Business Outreach Centers, other federal Transition Assistance Program partners (e.g. Department of Defense), published on the SBA website, and shared in the SBA's Evidence and Evaluation Community of Practice.



## **Strategic Goal 3: Restore Small Businesses and Communities After Disasters**

### **I. Disaster Assistance Mitigation Loan Communication Strategies Evaluation**

*Overview.* The SBA's Office of Disaster Assistance provides low-interest loans to cover repairs and replacement of physical assets damaged in a declared disaster. In addition to low-interest, long term loans for repair and rebuilding, the SBA offers a loan option to disaster survivors to fund measures to protect the damaged or destroyed property from possible future disasters. Between fiscal years 2013-2018, the SBA approved an average of 668 mitigation loans yearly.

The SBA is currently evaluating mitigation loans between FY 2020-2021 by reviewing the descriptive information borrowers provide to the SBA on uptake. The evaluation will build on that evidence by assessing which communication strategies and marketing materials are most effective in encouraging disaster survivors to prepare for future disasters by requesting an increase in their physical disaster loan to fund mitigation measures.

*Enterprise Learning Agenda.* This evaluation supports the SBA's understanding of the following ELA question:

- How has the SBA's infrastructure helped prepare small businesses before a disaster occurs?

*Evaluation Question.* The SBA seeks the answer the following evaluation questions in this study:

- Which communication strategies are most effective in encouraging disaster survivors to request an increase on their physical disaster loans to fund mitigation measures?
- Did communication strategy outcomes differ based on disaster survivor characteristics or type of disaster?

*Data.* The SBA maintains two databases containing Disaster Assistance Loan data (DCMS 1.0 and DCMS 2.0). The SBA will also collect primary data from program participants to gain feedback on the communication materials.

*Methods.* This evaluation will employ a quasi-experimental design. The SBA will pilot different communication materials to determine comparative effectiveness.

*Anticipated Challenges.* The use of a pretest-posttest design presents a threat to internal validity, as there may be alternative explanations for an increase or decrease in the number of disaster survivors who request an increase on their physical disaster loans to fund mitigation measures. If feasible, given the communication material type and/or marketing strategy, comparison groups will be used to address this threat to internal validity.

**Evidence Use and Dissemination.** This evaluation will help the SBA better understand which communication materials encourage disaster survivors to increase their original loan amount to fund mitigation measures, thus preventing their home or business from future damage. The SBA will use this evidence to determine which messaging materials to deploy more broadly. Results will be presented to SBA program staff and senior leadership, shared with SBA resource partners and other stakeholders that engage in disaster mitigation work, published on the SBA website, and shared in the SBA's Evidence and Evaluation Community of Practice.

## **II. Disaster Assistance Loan Impact Evaluation**

**Overview.** The SBA's Disaster Assistance Loan program provides direct loans to businesses of all sizes, private non-profit organizations, homeowners, and renters who are survivors of disaster. Loans may be used to replace or repair real estate, personal property, machinery and equipment, inventory, and other business assets that have been damaged or destroyed in a disaster and to help small businesses recover from economic injury caused by a disaster. In FY 2019, the SBA approved nearly 100,000 disaster loans for \$2.2 billion.<sup>6</sup> This evaluation will determine the impacts of these loans on small business outcomes and recovery.

**Enterprise Learning Agenda.** This evaluation supports the SBA's understanding of the following ELA question:

- How do SBA Disaster Assistance Loans impact individuals and businesses recovering from a disaster?

**Research Questions.** The SBA seeks the answer the following evaluation questions in this study:

- How do SBA physical Disaster Assistance Loans impact small business outcomes such as revenue, employment, and survival?
- How do SBA physical Disaster Assistance Loans impact the timing of small business recovery as measured by revenue and employment?
- Do these impacts vary based on business characteristic (e.g., size, industry)?
- Do these impacts vary based on characteristics of the disaster (e.g., hurricane, tornado)?

**Data.** The SBA will use administrative data from the SBA Disaster Assistance Loan program, which will be matched with data at the Census Bureau. No new data collection is intended.

**Methods.** This evaluation will employ quasi-experimental methods. Comparison groups with similar program participants who did not receive an SBA Disaster Assistance Loan will be compared to recipients of SBA Disaster Assistance Loans using Census Bureau data.

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<sup>6</sup> The SBA maintains a 10-year historic average of \$1.1 billion in Disaster Assistance Loans per year. Due to the COVID-19 pandemic, the SBA has exceeded combined history of direct disaster assistance lending by approving nearly 3.4 million loans for \$178 billion as of August 8, 2020.

*Anticipated Challenges.* Some data maintained by the Census Bureau, including Internal Revenue Service (IRS) tax records, may not be available for evaluations. Additionally, SBA data may be of insufficient quality to produce an appropriate number of matches during the data linking phase. However, the SBA has linked this data with other datasets previously and found it to produce sufficient matches for analysis.

*Evidence Use and Dissemination.* The SBA will use these results to inform program and policy decisions for the Disaster Assistance Loan program and other loan programs in the Agency. The SBA may choose to enhance policy or develop different programmatic offerings based on small business need. The SBA findings will be presented to senior leadership and program staff, shared with resource partners and the U.S. Federal Emergency Management Agency (FEMA), published on the SBA website and the Census Bureau website, and shared in the SBA's Evidence and Evaluation Community of Practice.