

U.S. Small Business Administration

FY 2025 Congressional Budget Justification FY 2023 Annual Performance Report



PERFORMANCE PLAN, EVALUATION PLAN, BUDGET, AND PERFORMANCE REPORT

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FY 2022-FY 2026 Strategic Plan Goals and Objectives

Strategic Goal One – Ensure Equitable and Customer-Centered Design and Delivery of Programs to Support Small Businesses and Innovative Startups

Strategic Objective 1.1: Ensure all entrepreneurs have access to capital to start and grow their business

Strategic Objective 1.2: Build a thriving national innovation ecosystem that promotes investments in all small business communities

Strategic Objective 1.3: Grow exporting opportunities to help small businesses across the country expand into new markets

Strategic Objective 1.4: Build back an inclusive and proficient small business contracting base ready to compete for all federal procurement opportunities

Strategic Objective 1.5: Build an equitable entrepreneurial ecosystem through tailored counseling and training

Strategic Goal Two – Build Resilient Businesses and a Sustainable Economy

Strategic Objective 2.1: Help small businesses recover from the pandemic and become more resilient

Strategic Objective 2.2: Prepare small businesses and rebuild communities affected by natural disasters

Strategic Goal Three – Implement Strong Stewardship of Resources for Greater Impact

Strategic Objective 3.1: Strategically manage resources by integrating quality data, evidence, and risk in decision-making processes

Strategic Objective 3.2: Build an inclusive and high-performing workforce

Strategic Objective 3.3: Develop and deploy technology-driven solutions to enhance mission delivery

Overview of FY 2025 Budget Request and Performance Plan

The 2025 Budget requests \$1.46 billion in total new budget authority. Of this amount, \$491.7 million is requested for major disasters declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The Budget includes \$70 million in Salaries & Expenses and \$348.7 million in Disaster Loans Program funding to support administrative expenses and oversight of the agency's COVID-19 loan and grant portfolio.

The Biden-Harris Administration has worked to equip America's 33 million small businesses and innovative startups with the tools, resources, and support they need to start, grow, and expand their businesses. Small businesses are giants in our economy, delivering two-thirds of net new jobs, employing nearly half of our private sector workforce, and producing over 40 percent of the nation's economic output. They also play a central role in this Administration's work supporting underserved communities, powering innovation, increasing competition, addressing the climate crisis, and improving the nation's technology and security posture.

Today, thanks to President Biden's leadership, America's economy is experiencing a small business boom. Since the Administration's first year, more than 16 million Americans have applied to start new businesses. Our nation's small businesses are powering a world-leading recovery from COVID-19 and supporting strong job creation, historically low unemployment, a return of Made in America manufacturing, and much more.

U.S. Small Business Administration's (SBA or the Agency) programs and services — small business lending, Federal contracting support, technical and skills training, investment and innovation, and disaster response — are at the heart of this success, opening doors of opportunity for countless small businesses and entrepreneurs nationwide to thrive, including Main Street economies and innovation hubs.

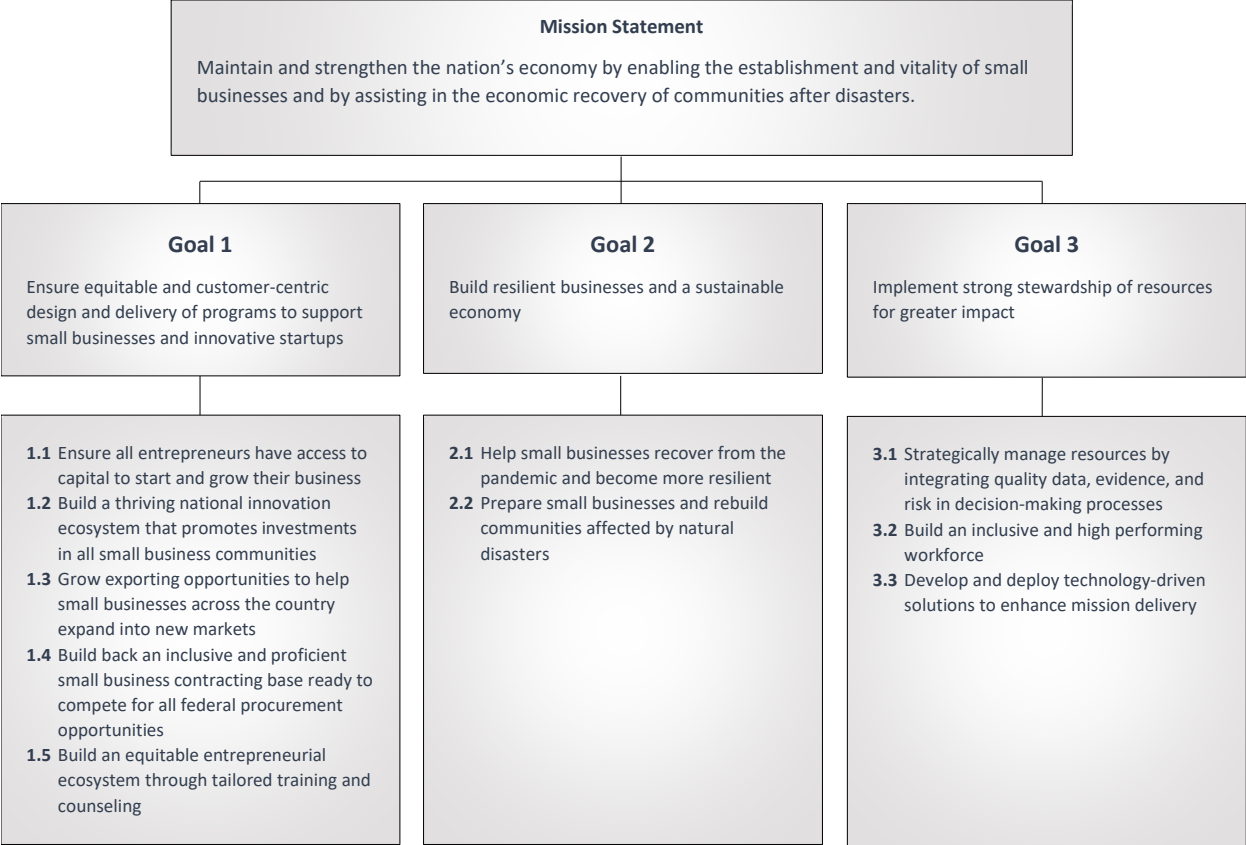
To achieve these historic outcomes, in FY 2023, the SBA undertook significant policy reforms and programmatic improvements across the agency. These reforms and initiatives support the Administration's directives and priorities, including support for Executive Orders prioritizing customer service and equity, diversity, and inclusion. The Agency has scaled its use of technology and prioritized customer experience to streamline processes; increase accessibility; and deliver broad, equitable support across programs to more communities and entrepreneurs who have faced historic barriers to small business ownership and access to capital. Additionally, with the resources in the FY 2025 Budget, the SBA will be able to continue the necessary pandemic program oversight and improve its fraud risk management and fiscal stewardship of taxpayer dollars.

As our economy continues to grow and more Americans pursue small business ownership, the SBA must continue to adapt. The Agency's *FY 2025 Annual Performance Plan and Budget* responds to the evolving circumstances small businesses face across the United States with upgrades and improvements that align critical capacities with demand for services — advancing key Administration priorities for the coming fiscal year. These priorities include strengthening and empowering the Federal workforce, enhancing the nation's climate resilience, and implementing evidence- and data-driven management throughout its policymaking process.

The SBA continues to embrace the Administration’s commitment to the modernization of technology. The successful launch of MySBA and the Unified Lending Platform, and the transition of VetCert from the Department of Veterans Affairs to the SBA will help small businesses use the latest online tools to manage their loans, get help after a disaster, make payments, and get certified to do business with the Federal government. Additionally, with more small businesses pivoting to e-commerce, they are increasingly using digital tools to sell products and services to reach new customers and markets online. At the same time, cybersecurity threats have increased over the past year. The SBA continues to replace legacy IT systems and build resilient, secure, and streamlined platforms that prioritize customer experience and offer more equitable access to services. As part of the SBA’s technology modernization, the Agency is focused on continuing to advance efforts to modernize and streamline SBA’s customer experience across SBA programs and processes. These initiatives will help the Agency better serve small business owners.

The SBA’s *FY 2025 Annual Performance Plan and Budget* was organized around its *FY 2022–2026 Strategic Plan* goals and objectives. This strategic plan serves as a blueprint for SBA planning and underscores the Agency’s commitment to ensuring that all small businesses and entrepreneurs have the opportunity to grow, enhance their communities, and provide for the Nation’s economic growth. This includes investing in the Community Navigators Pilot Program to continue building equitable and targeted access for entrepreneurs, particularly for underserved communities.

As we have seen, especially since the start of the Biden-Harris Administration, not only does funding for America’s small businesses and innovative startups continue to have a powerful, positive impact on our Nation’s economy, more Americans than ever before are choosing entrepreneurship to pursue their American Dreams. The SBA will work with the Office of Management and Budget (OMB) and leaders across the Administration to advance a FY 2025 Budget in Congress that meets the growing needs of America’s small businesses and startups in the year ahead.



FY 2025 Legislative Proposals

The table below displays legislative proposals included for the FY 2025 Congressional Budget Justification. Proposals include a short topic title, narrative, and the legislative language.

| Topic | FY 2025 Legislative Proposal Narrative | Legislative Language |
|--------------------------------|---|---|
| SBA Loan Limit Increase | <p>The SBA requests raising the maximum loan (and corresponding guarantee) limits for manufacturing and trade loans to \$7.5 million. This includes manufacturing loans in the 504 Loan Program and manufacturing and trade loans in the 7(a) Loan Program (International Trade and Export Working Capital).</p> <p>Trade and manufacturing are capital-intensive industries that play an outsized role in domestic job creation. Lenders and small businesses seeking to finance small business exports have observed a particular need for a higher loan maximum due to the extended sales cycles of international trade.</p> <p>Since 2020, the SBA has requested in its annual Congressional Budget Justification an increase in the maximum allowable 504 Loan for small manufacturers from \$5.5 million to \$6.5 million. In today’s dollars, that initial \$6.5 million request would be \$7.5 million.</p> | <p>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 "\$7,500,000".</p> <p>INTERNATIONAL TRADE LOANS. – Section 7(a)(3)(B) of the Small Business Act (15 USC 636(a)(3)(B)) is amended – (1) by striking "4,500,000" and inserting "6,750,000"; (2) by striking "5,000,000" and inserting "7,500,000"; and (3) by striking "4,000,000" and inserting "6,000,000".</p> <p>EXPORT WORKING CAPITAL LOANS. – Section 7(a)(14)(B)(i) of the Small Business Act (15 USC 636(a)(14)(B)(i)) is amended by striking "\$5,000,000" and inserting "\$7,500,000."</p> <p>7(a) MANUFACTURING LOANS. -- Section 7(a)(3)(A) of the Small Business Act (15 U.S.C. 636(a)(3)(A)) is amended by striking "except as provided in subparagraph (B)" and inserting "except as provided in subparagraph (B) and section 7(a)(14), and except that for small manufacturers the total amount outstanding and committed would not exceed \$5,625,000 (or the gross loan amount would not exceed \$7,500,000);".</p> |
| Loan Guarantee Dilution | <p>The statutory requirements of the 7(a) program impose limitations to both the maximum loan amount and the maximum guaranty amount. Restricting both imposes a duplicative and unnecessary restriction on loan structures, adversely impacting a lender’s ability to create a facility that meets the needs of the business.</p> <p>The SBA proposes to allow a lender to dilute their guaranty to meet the needs of the business when a single request exceeds the established loan limit. A version of this principle is already in practice within the 504 Loan Program, as lenders can take a larger first lien position on larger transactions.</p> <p>Since guaranty dilution does not result in the SBA taking on any additional exposure, it also means that this functionality will not result in any additional costs for the business. When</p> | <p>Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended – (1) in paragraph (2)(A)(i), by striking "or"; (2) in paragraph (2)(A)(ii), by striking "equal to \$150,000." and inserting "equal to \$150,000; or"; (3) in paragraph (2)(A), by adding at the end the following new clause: “(iii) up to 50 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance exceeds \$5,000,000.”</p> <p>Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended – (1) in paragraph (3)(A) by striking "5,000,000" and inserting "\$7,500,000"; and, (2) in paragraph (3)(B) by striking "5,000,000" and inserting "\$7,500,000".</p> |

| Topic | FY 2025 Legislative Proposal Narrative | Legislative Language |
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| | <p>exceeding the maximum gross loan limit, the SBA proposes establishing a minimum guaranty of a single loan at 50%, which is equal to that of the SBA Express Program.</p> <p>Under this proposal, a standard 7(a) loan could be as large as \$7.5 million and would receive a 50% guarantee.</p> <p>Permitting a lender to dilute the guaranty when a single request exceeds the established loan limit would afford greater flexibility to lenders across SBA lending.</p> | |
| 7(a) Small Loan Authority | <p>While the 7(a) Loan Program has demonstrated significant progress over the last two fiscal years in increasing small-dollar lending, there remains a critical lack of affordable small loans for small businesses in the marketplace, particularly in rural and other underserved communities. Section 7(a) of the Small Business Act authorizes the SBA to make direct general business loans to small businesses that cannot qualify for credit conventionally or through SBA guaranteed lending. The SBA requests a legislative change to increase the maximum allowable rate of interest on direct loans. This adjustment will enable the SBA to offer affordable, small-dollar loans to creditworthy and capital-ready businesses unable to secure credit elsewhere, meeting particularly the need of new and underserved small businesses.</p> | <p>Section 7(a)(4)(A) of the Small Business Act (15 U.S.C. 636(a)(4)(A)) is amended by striking “1 per centum per annum” and inserting “6 per centum per annum”.</p> |
| 504 Refi and Regular Fees Sunset | <p>The SBA requests the authority to sunset the supplemental fees currently required on the debt refinancing without expansion program. Due to the increasing demand for 504 funding, the SBA requests to combine the 504 Program and the 504 refinancing without expansion program into one program. To accomplish this, the supplemental fee on 504 refinancing without expansion must be sunset. The SBA has studied the performance of 504 refinancing without expansion and supports the blending of the two programs. The results would be a \$15 billion 504 Program with the Administrator having the flexibility to determine the level of refinancing without expansion needed and the remainder could be used to meet the rising demand for 504 loans.</p> | <p>COMBINED 504 LOAN PROGRAM. Section 502(7)(C) of the Small Business Investment Act of 1958 (15 U.S.C. 696(7)(C)) is amended— In clause (ii)(III), by striking “equal to” and by inserting “as determined by the Administrator not to exceed”; (2) by striking clause (v).</p> |
| 7(a) Secondary Market Guarantee Program | <p>The Agency requests authority to introduce an annual fee not to exceed 0.05 percent per year on the outstanding</p> | <p>SECONDARY MARKET FEE PROVISIONS. — Section 5(g)(2) of the Small Business Act is amended—</p> |

| Topic | FY 2025 Legislative Proposal Narrative | Legislative Language |
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| | <p>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.</p> | <p>(1) by redesignating the current paragraph as subparagraph (A); and (2) by adding a new subparagraph (B) to read as follows:</p> <p style="padding-left: 40px;">(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 Congressional Budget Act of 1974) to the Administration of such guarantee, and any amounts received that exceed the cost of the payment guarantee shall be maintained in accordance with title V of the Congressional Budget Act of 1974. 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.</p> |
| <p>Microloan 1/55th Rule</p> | <p>To improve program efficiency, the SBA requests authority to change the 1/55th rule to a 1/25th rule. Currently, during the first six months of a fiscal year, the SBA is restricted from putting more than 1/55th of available microloan funding into any one state. The 10 states with the highest percentage of SBA loan funds comprise 53.44 percent 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.</p> <p>Under the 1/55th rule, funds allocated to these 10 states are limited to 9.84 percent. If the rule were adjusted to 1/25th, the SBA could allocate up to 40 percent of available funds to these 10 states in the first six months of a fiscal year, which would align supply and demand. This operational change would maintain a distributional</p> | <p>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”.</p> |

| Topic | FY 2025 Legislative Proposal Narrative | Legislative Language |
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| | guardrail but provide greater flexibility to lenders and access to financing for small businesses. | |
| <p>Surety Bond Guarantee: Create one guarantee limit for non-Federal and Federal contracts</p> <p>and</p> <p>Strike Contracting Officer certification requirement</p> | <p>The SBA requests to replace the two-tier surety bond guarantee limit with a single \$14,000,000 limit for all bond guarantees, which would be adjusted for inflation.</p> <p>The need for SBA bond guarantees is determined by the availability of reasonable bonding to an eligible small business. Contracting officers do not have the industry knowledge or capacity to make such a certification. The SBA experiences difficulties in obtaining the certification from the contracting officers.</p> | <p>Small Business Investment Act of 1958, title IV Part B</p> <p>§411(a)(1) [15 USC §694b (a)(1)]</p> <p>(a)(1) The Administration may, upon such terms and conditions as it may prescribe, guarantee and enter into commitments to guarantee any surety against loss resulting from a breach of the terms of a bid bond, payment bond, performance bond, or bonds ancillary thereto, by a principal on any total work order or contract amount at the time of bond execution that does not exceed \$14,000,000, as adjusted for inflation in accordance with section 1908 of title 41.</p> |
| <p>Surety Bond Guarantee: Reprogram Revolving Fund</p> | <p>The SBA requests authority to allow for program office to use one third of the guaranty revolving fund for administrative expenses.</p> <p>The guaranty fund pays all expenses for the program, except administrative expenses. This additional flexibility will allow the program to remain self-sufficient.</p> | <p>Small Business Investment Act of 1958, title IV Part B</p> <p>§(a) [15 USC § 694c]</p> <p>(a) There is created within the Treasury a separate fund for guarantees which shall be available to the Administrator without fiscal year limitation as a revolving fund for the purposes of this part. All amounts received by the Administrator, including any moneys, property, or assets derived by him from his operations in connection with this part, shall be deposited in the fund. The Administrator may expend up to one third of the fund balance, as measured at the end of the prior fiscal year, for program enhancements to support operations under this part.</p> |
| <p>Paycheck Protection Program: Advance Purchase of Covered Loans</p> | <p>The SBA requests repeal of Section 1106(c)(4) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), codified at 15 USC 636m(c)(4). This section titled Advance Purchase of Covered Loan, states, in summary, that the Administrator shall purchase the expected forgiveness amount of a Paycheck Protection Program (PPP) loan within 15 days of the receipt of a report of the expected forgiveness amount from a lender. This option was not used. There was no interest in the Advance Purchase option from Lenders, and Lenders were able to obtain liquidity to make PPP loans from another source. On April 16, 2020, the Federal Reserve announced a PPP Liquidity Facility, which supplied liquidity by extending credit to eligible participating financial institutions through term financing backed by PPP</p> | <p>REPEAL OF AUTHORITY FOR ADVANCE PURCHASE OF COVERED LOANS</p> <p>Section 7A(c)(4) of the Small Business Act (15 U.S.C. 636m(c)(4)) is repealed.</p> |

| Topic | FY 2025 Legislative Proposal Narrative | Legislative Language |
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| | loans and taking those loans as collateral at face value. | |
| SBIR/STTR Permanency | The SBA requests permanent enactment of the Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) programs to support small business innovation, given the overwhelming success of these programs over the past 40 years. These programs allocate billions of dollars in Federal research and development budgets to small firms, which enhances the innovation ecosystem. These funds allow smaller entities to compete in a competitive market and spur job creation and the development of new products and services. | SBIR AND STTR PERMANENCY. (a) SBIR.—Section 9(m) of the Small Business Act (15 U.S.C. 638(m)) is repealed. (b) STTR.—Section 9(n)(1)(A) of the Small Business Act (15 U.S.C. 638(n)(1)(A)) is amended— (1) by striking “through fiscal year 2025”; and (2) by striking “for that fiscal year” and inserting “for such fiscal year” |
| SBIC Program Licensee Leverage Ceiling Adjustments | Based on the risk-return profile different investment funds investing in small businesses and innovative startups, the SBA requests the removal of the set dollar amount limits on Licensee Leverage in favor of setting a Leverage multiple limit of 200 percent per Licensee with the exclusion of qualifying low-income investments and Energy Saving qualified investments. | Section 303(B)(2)(A) of the Small Business Investment Act (15 U.S.C. 681) is amended — a. By striking “the lessor of —” and inserting “200 percent of such company’s private capital.” b. by striking paragraph (i); and c. by striking paragraph (ii). |
| Expanding Opportunities for U.S. Institutional Investment in SBIC Licensed Funds | This proposal expands opportunities for investment capital for U.S. institutional investors with Federal funds or indirect Federal funds. By expanding the capital definition, this will create more opportunities for institutional investors to participate as investors in the Small Business Investment Company (SBIC) program, who can commit capital to underserved communities and undercapitalized industries critical to national security. | The Small Business Investment Act of 1958 (15 U.S.C. 661 et seq.) is amended— (A) in section 103 (15 U.S.C. 662)— (i) in paragraph (9) subparagraph (B)(iii), (I) by striking “or indirectly” and by striking “State, or local government, or any”; (II) by striking “the business revenues (excluding any governmental appropriation) of” in subparagraph (I); (III) by striking “or indirectly” in subparagraph (III) (ii) in paragraph (13)— (I) in subparagraph (A), by striking “on or before August 16, 1982,” and by adding “or invested in any applicant or licensee explicitly for national security purposes.” at the end; (II) by striking subparagraph (B); (III) by striking from subparagraph (C) “in an aggregate amount that does not exceed 33 percent of the private capital of the applicant or licensee;” |
| Reduce Ongoing Costs to Administer the SBIC Program | Based on the Fund model employed in the Small Business Investment Act Part B Section 412 which provides for the retention, reinvestment, and program operational use of revenues generated by programs under this part, the SBA requests authority to similarly add all moneys or assets derived from Section 301 programs in excess of guaranteed principal and guaranteed interest amounts on | Title III of the Small Business Investment Act of 1958 is amended by adding at the end thereof the following new section: SEC. 321. (15 U.S.C. 687n) FUND (a) There is hereby created within the Treasury a separate fund for guarantees which shall be available to the Administrator without fiscal year limitation as a revolving fund for the purposes of lending to or investing in Small Business |

| Topic | FY 2025 Legislative Proposal Narrative | Legislative Language |
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| | <p>Section 301 Debentures issued and fees from Section 301 Licensees and fees from Investors in Section 301 Licensees, with the exclusion of the Annual Charge amount necessary to operate the SBIC program at zero subsidy. The SBA further requests to amend the acceptable SBIC Licensing Fees to include fees charged to:</p> <ol style="list-style-type: none"> 1. Prospective or current investors, 501c(7) entities, and for-profit entities with reporting and data requests; 2. Legal representatives of License Applicants for: <ol style="list-style-type: none"> a. Non-standard legal agreements b. Excessive quantities of legal agreements and letters 3. SBIC Debenture Selling Agent | <p>Investment Companies and for the administration of the Small Business Investment Company program. All amounts received by the Administrator, including any fees, moneys, property, or assets derived in connection with this part, shall be deposited in the fund. Expenses and payments pursuant to operations of the Small Business Investment Company Program under this part can be paid from the fund. Moneys in the fund not needed for the payment of current operating expenses may be invested Small Business Investment Companies or bonds or other obligations guaranteed as to principal and interest by, the United States.</p> <p>(b) Such sums as may be appropriated to the Fund to carry out the Small Business Investment Company program <u>shall be without fiscal year limitation.</u></p> <p>Title III of the Small Business Investment Act of 1958 is amended by adding at the end thereof the following new section: SEC. 322. (15 U.S.C. 687o) FEES The Administration may fix such uniform fees for the processing of Small Business Investment Company applicants, investors and Selling Agent legal agreements, contracts, and letter reviews and for processing Small Business Investment Company program data requests as the Administrator determines are reasonable and necessary to pay the administrative expenses that are incurred in connection therewith.</p> |
| <p>504 Loan and SBIC Program Debenture Commitment Ceiling Adjustment</p> | <p>The SBA requests the authority for the Administrator to increase commitments for certified development company financings if the program is likely to exceed its limit on the total amount of commitments. The Administrator may make commitments for those loans for that fiscal year in an aggregate amount equal to not more than 15 percent of that limit in line with the 7(a) Loan Program.</p> <p>The SBA also requests for the Administrator to increase commitments for debentures (i.e., the SBA’s commitment of capital to SBICs) under section 303(b) of the Small Business Investment Act of 1958 if the program is likely to exceed its limit on the total amount of commitments within that fiscal year. The Administrator may make commitments for those loans for that fiscal year in an aggregate amount</p> | <p>Section 20(g) of the Small Business Act (15 U.S.C. 631 note) is amended—</p> <p>(1) in the heading, by striking "GENERAL BUSINESS LOANS" and inserting "COMMITMENTS FOR LOANS AND DEBENTURES"; and</p> <p>(2) in paragraph (1)-</p> <p>(A) by striking "2019" and inserting "2023";</p> <p>(B) by striking "section 7(a)" and inserting "paragraphs (1) through (35) of section 7(a) of the Small Business Act, guarantees of debentures under section 303(b) of the Small Business Investment Act of 1958, or loans authorized under section 503 of the Small Business Investment Act of 1958,"; and</p> <p>(C) by inserting "or debentures" prior to "under this Act"; and</p> <p>(D) by inserting "or debentures" prior to "for that fiscal year."</p> |

| Topic | FY 2025 Legislative Proposal Narrative | Legislative Language |
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| | equal to not more than 15 percent of that limit in line with the 7(a) Loan Program. | |
| Export Finance Staffing Levels | <p>Under the Small Business Jobs Act of 2010, the SBA was required to hire no fewer than three Export Finance Specialists in each region, a total of at least 30 nationally.</p> <p>Based on a consolidating banking industry and advancing technology, the SBA can support lenders and small business exporters remotely while ensuring that SBA personnel are deployed in the markets where they can make the greatest impact locally. Based on these changing parameters, the SBA recommends adjusting its staffing from a region-based goal to a national goal.</p> | <p>ADJUST EXPORT FINANCE SPECIALIST STAFFING LEVELS.</p> <p>Section 22(k)(1)(B) of the Small Business Act (15 U.S.C. § 649(k)(1)) is amended—</p> <p>(1) by striking “not fewer than 3 export finance specialists in each region of the Administration” and inserting “not fewer than 20 export finance specialists nationally”.</p> |
| Removal of WOSB NAICS Industry Restrictions | <p>The SBA requests a statutory change to remove the industry restriction from the Women-Owned Small Business (WOSB) Program. Under current law, the WOSB Program can operate only in industries identified by an SBA study as ones in which WOSBs are underrepresented. Restricting the industries dissuades otherwise qualified women-owned firms from participating in the WOSB program and generates wide confusion about whether the WOSB Program applies to any given contract. In the history of the WOSB Program, the Federal Government has met the 5% statutory goal only twice, most recently in FY 2019. The most recent data from FY 2022 shows that Federal obligations to WOSBs have consistently declined since FY 2019. Obligations in the service-disabled veteran-owned small business (SDVOSB) program have overtaken those in the WOSB Program, even though the SDVOSB has a lower 3% goal and there are far fewer SDVOSBs than WOSBs in SAM.gov (about 27,000 SDVOSBs against 76,000 WOSBs). Women own 1 in 5 businesses with employees in the U.S. economy, according to the Census Bureau, but the Federal government is not able to meet its target to spend just 5% of contracting dollars with women-owned small businesses.</p> <p>The SBA has kept the industry information up to date, but this has not succeeded in bringing the government in line with the 5% goal. The SBA believes that lifting the industry restriction would attract more participants to the WOSB Program and</p> | <p>Procurement Program for Women-Owned Small Business Concerns</p> <p>Authority to Restrict Competition— Paragraph (2) of subsection (m) of section 8 of the Small Business Act (15 U.S.C. 637(m)) is amended—</p> <p>by striking “who are economically disadvantaged (and such ownership is determined without regard to any community property law)” of paragraph (2)(A);</p> <p>by striking paragraph (2)(C);</p> <p>by redesignating paragraph (2)(D) as paragraph (2)(C); and</p> <p>by redesignating paragraph (2)(E) as paragraph (2)(D).</p> <p>(b) WAIVER AND IDENTIFICATION OF INDUSTRIES—Paragraphs (3) and (4) of subsection 15 U.S.C. 637(m) of such Act are struck and paragraphs (5) and (6) are amended—</p> <p>(1) by redesignating paragraph (5) as paragraph (3); and</p> <p>(2) by redesignating paragraph (6) as paragraph (4).</p> <p>(c) AUTHORITY FOR SOLE SOURCE CONTRACTS FOR ECONOMICALLY DISADVANTAGED SMALL BUSINESS CONCERNS OWNED AND CONTROLLED BY WOMEN—Paragraph (7) of subsection 15 U.S.C. 637(m) of such Act is amended—</p> <p>(1) in the subsection heading, by striking “ECONOMICALLY DISADVANTAGED”;</p> <p>(2) by striking “described in paragraph (2)(A)”;</p> <p>(3) in paragraph (7)(A), by striking “paragraph (2)(A)” and replacing it with “ this paragraph ; and</p> <p>(4) by redesignating paragraph (7) as paragraph (5).</p> <p>(d) Authority for Sole Source Contracts for Small Business Concerns Owned and Controlled by Women in Substantially Underrepresented Industries— Paragraph (8) of subsection 15 U.S.C. 637 of such Act is amended—</p> <p>by striking paragraph (8);</p> <p>by striking paragraph (8)(A);</p> <p>by striking paragraph (8)(B);</p> |

| Topic | FY 2025 Legislative Proposal Narrative | Legislative Language |
|--|---|--|
| | <p>remove a major impediment to widespread program usage by agencies. In FY 2022, the government spent only \$1.56 billion on set-aside and sole-source awards in the WOSB Program. This represents just 0.26% of total contract spending and was by far the lowest amount of any of SBA’s set-aside programs (by comparison, the SDVOSB program supports a lower statutory goal and accounted for \$12.6 billion in set-aside contracts in FY 2022). Lifting the industry restriction—which does not exist in any other SBA program—will bring consistency to SBA’s set-aside programs and enable the government to fully use the program.</p> | <p>by striking paragraph (8)(B)(i); by striking paragraph (8)(B)(ii); and by striking paragraph (8)(C). (e) Study and Report on Representation of Women— Section 29 of such Act (15 U.S.C. 656) is amended— by striking paragraph (o); by striking paragraph (o)(1); and by striking paragraph (o)(2).</p> |
| <p>HUBZone Program Proposal to Expand Footprint</p> | <p>The SBA recommends statutory revisions to four Historically Underutilized Business Zone (HUBZone) designations to enable more communities and small businesses to benefit from greater stability and alignment of HUBZone designations.</p> <p>1. Governor’s Designated Covered Areas: Permit Governors to select all eligible areas that meet the definition rather than only 10% of eligible areas each year and align expiration of all Governor’s Designated Covered Areas with five-year map update.</p> <p>2. Qualified Census Tract: Remove the 20% cap applied by HUD in selecting Qualified Census Tracts eligible for HUBZone designation. This would afford all disadvantaged communities that meet HUBZone’s technical definition the ability to benefit from the HUBZone designation.</p> <p>3. Redesignated Areas: Extend eligible periods from the current three years to five years in order to align with the current five-year map updates.</p> <p>4. Qualified Disaster Area: Amend the definition to specify that QDAs will be treated as HUBZone’s for 5 years.</p> | <p>1. Governor’s Designated Covered Areas Section 31(b) of the Small Business Act (15 U.S.C. 657a) is amended in paragraph (3)(F)(iii) by striking “except that the total number of covered areas included in such petition may not exceed 10 percent of the total number of covered areas in the State”.</p> <p>Section 31(b)(3)(F)(iv) of the Small Business Act (15 U.S.C. 657a) is amended to read as follows: (iv)Duration A census tract or non-metropolitan county shall be considered to be a Governor’s Designated Covered Area from the date the Administrator grants a petition under subsection (b)(3)(F)(ii) until the Administrator updates the online tool described under subsection (d)(7) in accordance with subsection (d)(7)(A)(I), or one year after the petition is approved, whichever is later.</p> <p>2. Qualified Census Tract Section 31(b)(3)(A) of the Small Business Act (15 U.S.C. 657a) is amended —</p> <ul style="list-style-type: none"> a. by inserting in clause (i) “as applied without regard to subclause (II) of such section” after “section 42(d)(5)(B)(ii) of title 26”; b. by striking paragraph (ii); c. by striking paragraph (ii)(I); and d. by striking paragraph (ii)(II). <p>3. Redesignated Areas Section 31(b) of the Small Business Act (15 U.S.C. 657a) is Amended in paragraph (3)(D) by striking “3” and inserting “5”.</p> <p>4. Qualified Disaster Area Section 31(b) of the Small Business Act (15 U.S.C. 657a) is further amended in paragraph (3)(E)(ii) —</p> <ul style="list-style-type: none"> a. by striking “only” after “clause (i)”; |

| Topic | FY 2025 Legislative Proposal Narrative | Legislative Language |
|--|---|--|
| | | <ul style="list-style-type: none"> b. by striking “the” prior to “period of” and inserting “a”; c. by striking “time” and inserting “five years”; and d. by striking “ending on the date the area ceases to be a qualified census tract under subparagraph (A) or a qualified nonmetropolitan county under subparagraph (B), in accordance with the online tool prepared by the Administrator described under subsection (d)(7) and”. |
| 8(a) Program sole source thresholds | Propose statutory revisions to the sole source caps for contracts awarded to qualified 8(a) Program Participants. Similar to previously submitted language on this specific issue, proposed legislation to increase the sole-source contract thresholds for the 8(a) Program from \$4.5 million total contract value to \$10 million total contract value, and from \$7.5 million to \$12 million for manufacturing North American Industry Classification System (NAICS). Reference Section 8(a)(1)(D)(i)(II) of the Small Business Act. | <p>SEC. X. MAXIMUM AWARD PRICE FOR SOLE SOURCE MANUFACTURING CONTRACTS.</p> <p>Section 8(a)(1)(D)(i)(II) of the Small Business Act (15 U.S.C. 637(a)(1)(D)(i)(II)) is amended —</p> <p>(1) by striking “\$7,000,000” and inserting “\$12,000,000”; and</p> <p>(2) by striking “3,000,000” and inserting “10,000,000”.</p> |

Understanding the Budget Tables

This budget request is submitted in accordance with FY 2025 guidance from the OMB. The Increase/Decrease (Incr/Decr) column on each of the budget tables reflects the changes between the FY 2025 request and an FY 2024 Annualized Continuing Resolution (CR).

Table 1 – Summary of New Budget Authority

Table 1 shows the gross amount of new non-supplemental funding Congress appropriated for FY 2023, the SBA's FY 2024 Annualized CR level, the requested funding for FY 2025, and the change from FY 2024's Annualized CR. New budget authority is different from total funding, as 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 Congress appropriated.
- *Salaries and Expenses, Entrepreneurial Development Programs, Business Loan Program, Disaster Loan Program, Inspector General, Office of Advocacy, and Surety Bond Guarantees* are the seven SBA appropriation accounts. The SBA will exercise its authority to operate an Information Technology Working Capital Fund (IT WCF).

Table 1 can be cross-referenced with Table 2 and Table 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 the SBA receives reimbursable budget authority from other Federal Government agencies. The bottom portion of Table 2 identifies the major expenditures of the Salaries and Expenses appropriation, as shown in Table 3 through Table 5 and Table 9. Table 2 does not include supplemental administrative authority that was provided for the SBA's pandemic response.

Table 3 – Office Operating Budgets

Table 3 shows the Salaries and Expenses 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 Salaries and Expenses 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 Details

Table 7 shows the details for all the appropriation accounts, including supplemental funding received for the SBA’s pandemic and disaster response. The Disaster Assistance and Business Loans appropriations include additional details regarding the administrative and loan program components. The Business Loan administrative account and the Disaster Loan 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, including surge hires for the SBA’s pandemic response. 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 Office of the Inspector General, the Office of Advocacy, and line-item initiatives also appear in this table. Regular Funds include 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 full cost 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 and included in the Performance Budget. Table 10 does not include subsidy budget authority for the Business and Disaster Loan Programs or appropriation for Surety Bond Guarantees.

Table 11 – IT Investment Summary

Table 11 shows a summary of the SBA’s IT investments by fiscal year and major program and IT investment projects across all of the SBA’s funding authorities.

FY 2025 Budget Tables

Table 1
FY 2025 Congressional Budget Justification
SUMMARY OF NEW BUDGET AUTHORITY
(Dollars in Thousands)

| | FY 2023 Enacted | FY 2024 Annualized CR | FY 2025 Request | FY 2025 Incr/Decr |
|--|--------------------|--------------------------|--------------------|----------------------|
| Gross New Budget Authority | | | | |
| Salaries and Expenses | 326,000 | 326,000 | 396,907 | 70,907 |
| Salaries and Expenses - Congressional Initiatives | 179,710 | 179,710 | | (179,710) |
| Entrepreneurial Development Programs | 320,000 | 320,000 | 320,000 | - |
| Business Loan Program | | | | |
| <i>Administration</i> | 165,300 | 165,300 | 162,000 | (3,300) |
| <i>Loan Subsidy - Microloan</i> | 6,000 | 6,000 | 3,000 | (3,000) |
| <i>Business Loan Program - Total</i> | 171,300 | 171,300 | 165,000 | (6,300) |
| Disaster Loan Program | | | | |
| <i>Administration - Disaster Relief (Stafford Act)</i> | 143,000 | 143,000 | 491,674 | 348,674 |
| <i>Administration</i> | 36,000 | 36,000 | 32,000 | (4,000) |
| <i>Administration - Total</i> | 179,000 | 179,000 | 523,674 | 344,674 |
| Inspector General | 32,020 | 32,020 | 47,020 | 15,000 |
| Office of Advocacy | 10,211 | 10,211 | 10,211 | - |
| Total, Gross New Discretionary Budget Authority | 1,075,241 | 1,075,241 | 971,138 | (104,103) |
| Total, Gross New Budget Authority (includes Stafford Act disaster funds) | 1,218,241 | 1,218,241 | 1,462,812 | 244,571 |
| Total, Net Budget Authority | 1,218,241 | 1,218,241 | 1,462,812 | 244,571 |

Table 2
FY 2025 Congressional Budget Justification
SALARIES & EXPENSES BUDGET
SOURCES and EXPENDITURES
(Dollars in Thousands)

| | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request | FY 2025 Incr/Decr |
|---|--------------------|--------------------------|--------------------|----------------------|
| SOURCES: Salaries & Expenses Budget | | | | |
| Net Salaries and Expenses Appropriation | 326,000 | 326,000 | 396,907 | 70,907 |
| Salaries and Expenses Appropriation - Congressional Initiatives | 179,710 | 179,710 | | (179,710) |
| Business Loan Administration Appropriation | 165,300 | 165,300 | 162,000 | (3,300) |
| Subtotal, Appropriated Funds | 671,010 | 671,010 | 558,907 | (112,103) |
| Transfer from Disaster Loans | 8,400 | 8,400 | 6,294 | (2,106) |
| Transfer to Working Capital Fund | (13,082) | - | - | - |
| Reimbursable Funding | 2,475 | 3,000 | 3,000 | - |
| Fee Collections | 32,090 | 34,000 | 34,000 | - |
| Net Carryover and Lapsed Balances | (3,896) | - | - | - |
| Business Transfer | 420 | 420 | 210 | (210) |
| Total Sources of Funds | 697,417 | 716,830 | 602,411 | (114,419) |
| EXPENDITURES: Salaries & Expenses Appropriated Funds | | | | |
| Office Operating Budgets | 128,919 | 118,349 | 113,487 | (4,862) |
| Congressional Initiatives | 179,709 | - | | - |
| Agency-Wide Costs | 51,706 | 61,389 | 64,876 | 3,487 |
| Compensation and Benefits | 291,041 | 311,562 | 380,544 | 68,982 |
| Subtotal, Agency Operating Budget | 651,375 | 491,300 | 558,907 | 67,607 |
| Additional Operating Expenses | | | | |
| Net Transfer Expenses | 8,413 | 8,820 | 6,504 | (2,316) |
| Fee Expenses | 35,709 | 34,000 | 34,000 | - |
| Reimbursable Expenses | 1,920 | 3,000 | 3,000 | - |
| Total Expenditures of Funds | 697,417 | 537,120 | 602,411 | 65,291 |

Table 3
FY 2025 Congressional Budget Justification
OFFICE OPERATING BUDGETS
(Dollars in Thousands)

| | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request | FY 2025 Incr/Decr |
|---|--------------------|--------------------------|--------------------|----------------------|
| Executive Direction ¹ | 14,206 | 14,206 | 14,344 | 138 |
| Capital Access | 15,111 | 15,111 | 15,111 | - |
| Credit Risk Management | 7,373 | 7,373 | 7,373 | - |
| Investments & Innovation | 2,536 | 2,536 | 2,536 | - |
| Government Contracting & Business Development | 17,889 | 17,889 | 12,889 | (5,000) |
| Entrepreneurial Development | 2,738 | 2,750 | 2,750 | - |
| Chief Operating Officer ² | 15,330 | 15,330 | 15,330 | - |
| Chief Information Officer | 50,042 | 39,494 | 39,494 | - |
| International Trade | 686 | 625 | 625 | - |
| Office of Field Operations | 2,642 | 2,700 | 2,700 | - |
| Office of Veterans Business Development | 366 | 335 | 335 | - |
| Total | <u>128,919</u> | <u>118,349</u> | <u>113,487</u> | <u>(4,862)</u> |

¹ 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 Planning, Performance, and Chief Financial Officer, Office of Continuous Operations and Risk Management, and Office of the National Ombudsman.

² Chief Operating Officer includes the Office of Human Resources Solution, Office of Diversity, Inclusion and Civil Rights, and Office of Executive Management, Installation and Support Services.

Table 4
FY 2025 Congressional Budget Justification
AGENCY-WIDE COSTS
(Dollars in Thousands)

| | FY 2023 | FY 2024 | FY 2025 | FY 2025 |
|---------------------------------|----------------|----------------------|----------------|------------------|
| | Actuals | Annualized CR | Request | Incr/Decr |
| Arbitration/Conflict Resolution | 71 | 106 | 106 | - |
| Express Mail | 332 | 609 | 609 | - |
| Evidence/Evaluation | 2,122 | 2,125 | 2,232 | 107 |
| Centralized Training | 873 | 900 | 1,000 | 100 |
| Judgment Fund | 183 | 837 | 837 | - |
| Performance Awards | 5,837 | 6,504 | 7,452 | 948 |
| Postage | 74 | 150 | 150 | - |
| Reasonable Accommodations | 271 | 297 | 297 | - |
| Rent / Office Security | 32,170 | 40,000 | 42,000 | 2,000 |
| Telecommunications | 7,731 | 7,539 | 7,539 | - |
| Transit Subsidy | 320 | 600 | 900 | 300 |
| Unemployment Compensation | 150 | 150 | 150 | - |
| Workers Compensation | 1,572 | 1,572 | 1,604 | 32 |
| Total | 51,706 | 61,389 | 64,876 | 3,487 |

Table 5
FY 2025 Congressional Budget Justification
SUMMARY OF CHANGES - Agency Operating Budget
(Dollars in Thousands)

SBA - FY 2025 Congressional Budget Justification Summary of Changes

| | |
|--|----------------|
| FY 2023 S&E Enacted (Excluding Congressional Initiatives) | 326,000 |
| FY 2023 Business Loan Admin Transfer to S&E | 165,300 |
| Total FY 2023 S&E Enacted | 491,300 |
| Changes from FY24 Annualized CR | |
| Additional funding for Oversight and Management of SBA Loan and Grant Programs | 70,000 |
| Funding Increase for 2% payraise | 4,598 |
| Operating efficiency savings from IT modernization efforts | (5,616) |
| Agency Wide Increases for inflationary costs | 3,487 |
| USDS IAA for digital service expertise and assistance attracting and hiring technical talent | 138 |
| Veterans Certification Program adjustments | (5,000) |
| Total FY 2025 S&E Request | 558,907 |

Table 6
FY 2025 Congressional Budget Justification
 Entrepreneurial Development Programs
(Dollars in Thousands)

| | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request | FY 2025 Incr/Decr |
|--|--------------------|--------------------------|--------------------|----------------------|
| Empowered to Grow (formerly 7(j)) | 1,687 | 4,000 | 6,800 | 2,800 |
| Cybersecurity for Small Business Pilot Program | 5,864 | 3,000 | - | (3,000) |
| Entrepreneurship Education | 4,027 | 3,000 | 3,500 | 500 |
| Federal And State Technology Partnerships | 5,304 | 10,000 | 10,000 | - |
| Growth Accelerators | 7,100 | 10,000 | 10,000 | - |
| HUBZone Program | 3,065 | 4,000 | 4,000 | - |
| Microloan Technical Assistance | 39,733 | 41,000 | 41,000 | - |
| National Women's Business Council | 1,193 | 1,500 | 1,500 | - |
| Native American Outreach | 2,888 | 4,000 | 4,000 | - |
| PRIME Technical Assistance | 8,016 | 8,000 | 12,500 | 4,500 |
| Regional Innovation Clusters | 7,982 | 10,000 | 10,000 | - |
| SCORE | 17,000 | 17,000 | 10,200 | (6,800) |
| Small Business Development Centers (SBDC) | 139,767 | 140,000 | 121,000 | (19,000) |
| State Trade Expansion Program (STEP) | 19,993 | 20,000 | 19,500 | (500) |
| Veterans Outreach ¹ | 17,378 | 17,500 | 19,000 | 1,500 |
| Women's Business Centers (WBC) | 21,300 | 27,000 | 27,000 | - |
| Community Navigator Pilot Program | - | - | 20,000 | 20,000 |
| Total, Entrepreneurial Development Programs | 302,297 | 320,000 | 320,000 | - |

¹ Includes Funding for Veterans Business Outreach Centers (VBOC), Boots to Business, Service-Disabled Veteran Entrepreneurship Training Program (SDVETP), Entrepreneurship Bootcamp for Veterans with Disabilities (EBV), Veteran Federal Procurement Entrepreneurship Training Program (VFPETP), and Women Veteran Entrepreneurship Training Program (WVETP).

Table 7
FY 2025 Congressional Budget Justification
 APPROPRIATION DETAIL
 (Dollars in Thousands)

| | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request | FY 2025 Incr/Decr |
|---|--------------------|--------------------------|--------------------|----------------------|
| Salaries and Expenses Appropriation | | | | |
| New Budget Authority | 505,710 | 505,710 | 396,907 | (108,803) |
| Supplemental Appropriations for Pandemic Response | - | - | - | - |
| Transfer to Working Capital Fund | (13,082) | - | - | - |
| Carryover from prior year | 966,280 | 1,179,172 | 279,172 | (900,000) |
| Carryover into next fiscal year | (1,179,172) | (279,172) | (113,172) | 166,000 |
| Permanently Reduced | (5) | - | - | - |
| Transfer from Business Loans Administrative Expenses | 165,300 | 165,300 | 162,000 | (3,300) |
| Transfer from Business Loans | - | - | - | - |
| Transfer from Business Microloans | 420 | 420 | 210 | (210) |
| Transfer from Disaster Loans Administrative Expenses | 8,400 | 8,400 | 6,294 | (2,106) |
| Transfer from Disaster Loans | 1,023,822 | 169,000 | 497,000 | 328,000 |
| Reimbursable Authority | 2,475 | 3,000 | 3,000 | - |
| Estimated Fee Income | 32,090 | 34,000 | 34,000 | - |
| <i>Office of Credit Risk Management (OCRM)</i> | 21,909 | 23,000 | 23,000 | - |
| <i>Other Lending Fees</i> | 991 | 1,000 | 1,000 | - |
| <i>Office of Investment and Innovation (OII) - License Fees</i> | 1,495 | 2,000 | 2,000 | - |
| <i>Office of Investment and Innovation (OII) - Exam Fees</i> | 7,695 | 8,000 | 8,000 | - |
| Recoveries | 56,382 | - | - | - |
| Expired Balances | (1,654) | (179,710) | - | 179,710 |
| Total Obligations | 1,566,966 | 1,606,120 | 1,265,411 | (340,709) |
| IT System Modernization and Working Capital Fund | | | | |
| New Budget Authority | - | - | - | - |
| Carryover from prior year | 15,225 | 22,073 | 873 | (21,200) |
| Carryover into next fiscal year | (22,073) | (873) | - | 873 |
| Transfer from Salaries and Expenses | 13,082 | - | - | - |
| Recoveries and/or Expired balances | - | - | - | - |
| Total Obligations | 6,234 | 21,200 | 873 | (20,327) |
| Entrepreneurial Development Program Appropriation | | | | |
| New Budget Authority | 320,000 | 320,000 | 320,000 | - |
| Supplemental Appropriations | - | - | - | - |
| Carryover from prior year | 50,622 | 56,353 | 42,353 | (14,000) |
| Carryover into next fiscal year | (56,353) | (42,353) | (28,353) | 14,000 |
| Rescission of Unobligated Balances | (1,442) | - | - | - |
| Recoveries and/or Expired balances | 2,575 | - | - | - |
| Total Obligations | 315,402 | 334,000 | 334,000 | - |
| Business Loans Appropriation | | | | |
| <i>Administrative Expenses</i> | | | | |
| New Budget Authority | 165,300 | 165,300 | 162,000 | (3,300) |
| Transfer to Salaries & Expenses | (165,300) | (165,300) | (162,000) | 3,300 |
| Total Obligations | - | - | - | - |

Table 7 (Continued)
FY 2025 Congressional Budget Justification
APPROPRIATION DETAIL

(Dollars in Thousands)

| | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request | FY 2025 Incr/Decr |
|---|--------------------|--------------------------|--------------------|----------------------|
| Loan Subsidy | | | | |
| New Budget Authority | 6,000 | 6,000 | 3,000 | (3,000) |
| New Budget Authority - Re-estimates | 107,997 | 360,454 | - | - |
| Supplemental Appropriations | - | - | - | - |
| Carryover from prior fiscal year | 3,057,127 | 91,367 | 64,623 | (26,744) |
| Carryover into next fiscal year | (91,367) | (64,623) | (56,782) | 7,841 |
| Rescission of Unobligated Balances | (2,993,797) | (20,818) | - | 20,818 |
| Transfer to Salaries & Expenses | (420) | (420) | (210) | 210 |
| Recoveries and/or Expired balances | 26,707 | - | - | - |
| Total Obligations | 112,247 | 371,960 | 10,631 | (361,329) |
| Disaster Assistance Appropriation | | | | |
| Administrative Expenses | | | | |
| New Budget Authority-Disaster Relief (Stafford Act) | 143,000 | 143,000 | 491,674 | 348,674 |
| New Budget Authority | 36,000 | 36,000 | 32,000 | (4,000) |
| Supplemental Appropriations | 858,000 | - | - | - |
| Carryover from prior fiscal year | 21,944 | 13,487 | - | (13,487) |
| Carryover into next fiscal year | (13,487) | - | - | - |
| Recoveries | 63,231 | - | 124,000 | 124,000 |
| Rescission of Unobligated Balances | (12,275) | - | - | - |
| Transfer to Salaries & Expenses - Direct | (1,019,000) | (169,000) | (497,000) | - |
| Transfer to Inspector General | (9,600) | (1,600) | (20,380) | (18,780) |
| Transfer to Salaries & Expenses - Indirect | (8,400) | (8,400) | (6,294) | 2,106 |
| Total Obligations | 59,413 | 13,487 | 124,000 | 110,513 |
| Loan Subsidy | | | | |
| New Budget Authority - Reestimates | 28,554,343 | 33,680,448 | - | (33,680,448) |
| Supplemental Appropriations | - | - | - | - |
| Carryover from prior fiscal year | 731,560 | 431,622 | 205,572 | (226,050) |
| Carryover into next fiscal year | (431,622) | (205,572) | - | 205,572 |
| Rescission of Unobligated Balances | (2,324,980) | - | - | - |
| Transfer to S&E and OIG | - | - | - | - |
| Transfer from Shuttered Venue Grant Program | - | - | - | - |
| Transfer from EIDL Advance | 810,706 | - | - | - |
| Recoveries | 1,503,927 | - | - | - |
| Total Obligations | 28,843,934 | 33,906,498 | 205,572 | (33,700,926) |
| EIDL Advance | | | | |
| Supplemental Budget Authority | - | - | - | - |
| Adj to SOY bal brought forward | (27,839) | - | - | - |
| Carryover from prior fiscal year | 885,896 | 1,215 | 2,708 | 1,493 |
| Carryover into next fiscal year | (1,215) | (2,708) | (4,201) | (1,493) |
| Recoveries | 2,067 | 1,493 | 1,493 | - |
| Transfer to Salaries & Expenses | - | - | - | - |
| Transfer to Disaster Loan Subsidy | (810,706) | - | - | - |
| Rescission of Unobligated Balances | (48,178) | - | - | - |
| Total Obligations | 25 | - | - | - |

Table 7 (Continued)
FY 2025 Congressional Budget Justification

APPROPRIATION DETAIL

(Dollars in Thousands)

| | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request | FY 2025 Incr/Decr |
|--|--------------------|--------------------------|--------------------|----------------------|
| Shuttered Venue Grant Program | | | | |
| Carryover from prior fiscal year | 459,888 | 23,178 | - | (23,178) |
| Carryover into next fiscal year | (23,178) | - | - | - |
| Transfer to S&E | | | - | |
| Recoveries | 27,849 | 42,292 | 42,292 | - |
| Rescission of Unobligated Balances | (459,000) | - | - | - |
| Total Obligations | 5,559 | 65,470 | 42,292 | (23,178) |
| Restaurant Revitalization Grant Program | | | | |
| Capital Transfers | (78,438) | (8,655) | - | 8,655 |
| Carryover from prior fiscal year | 132,328 | 8,655 | - | (8,655) |
| Carryover into next fiscal year | (8,655) | - | - | - |
| Recoveries | 37,779 | - | - | - |
| Rescission of Unobligated Balances | - | - | - | - |
| Total Obligations | 83,014 | - | - | - |
| Inspector General Appropriation | | | | |
| New Budget Authority | 32,020 | 32,020 | 47,020 | 15,000 |
| Transfer from Disaster Loan Program Account | 9,600 | 1,600 | 20,380 | 18,780 |
| Carryover from prior fiscal year | 39,833 | 34,742 | 7,600 | (27,142) |
| Carryover into next fiscal year | (34,742) | (7,600) | (6,500) | 1,100 |
| Recoveries and/or Expired balances | (195) | - | - | - |
| Reimbursable Authority | 17 | - | - | - |
| Total Obligations | 46,533 | 60,762 | 68,500 | 7,738 |
| Office of Advocacy Appropriation | | | | |
| New Budget Authority | 10,211 | 10,211 | 10,211 | - |
| Carryover from prior fiscal year | 4,776 | 6,123 | 5,334 | (789) |
| Carryover into next fiscal year | (6,123) | (5,334) | (4,545) | 789 |
| Recoveries | 120 | - | - | - |
| Total Obligations | 8,984 | 11,000 | 11,000 | - |

Table 8
FY 2025 Congressional Budget Justification
SUMMARY OF CREDIT PROGRAMS & REVOLVING FUND
(Dollars in Millions)

| | Program Level | | | Subsidy Amount | | | Subsidy Rate | | |
|-------------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
| | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request |
| Section 7(a) | 26,067 | 35,000 | 35,000 | - | - | - | 0.00% | 0.00% | 0.00% |
| Section 504 | 6,364 | 15,000 | 16,500 | - | - | - | 0.00% | 0.00% | 0.00% |
| SBIC - Debentures | 4,052 | 5,000 | 7,000 | - | - | - | 0.00% | 0.00% | 0.00% |
| Microloan Direct Program | 52 | 101 | 110 | 4.0 | 6.0 | 3.0 | 8.18% | 10.46% | 10.53% |
| Total Business Loans | 36,535 | 55,101 | 58,610 | 4.0 | 6.0 | 3.0 | | | |
| Secondary Market Guarantees | 8,999 | 15,000 | 15,000 | - | - | - | 0.00% | 0.00% | 0.00% |
| Disaster Assistance | 1,794 | 1,100 | 1,100 | - | - | - | 12.91% | 20.55% | 22.03% |
| Surety Bond Guarantee Program | 2,333 | 6,000 | 6,000 | - | - | - | N/A | N/A | N/A |

Table 9
FY 2025 Congressional Budget Justification
FULL TIME EQUIVALENT (FTE) EMPLOYEES

| | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request | FY 2025 Incr/Decr |
|---|--------------------|--------------------------|--------------------|----------------------|
| Regular Funds | 1,736 | 1,736 | 1,736 | - |
| Investment Proposals | - | | | - |
| Lender Oversight (Fee Funded) | 9 | 9 | 9 | - |
| Entrepreneurial Development Programs | 20 | 20 | 20 | - |
| Temp Employees for Pandemic Fraud Risk Management | 552 | 490 | 345 | (145) |
| Sub-Total, Regular S&E | 2,317 | 2,255 | 2,110 | (145) |
| Disaster Loan Making | 2,143 | 2,143 | 800 | (1,343) |
| Disaster Loan Servicing | 142 | 142 | 160 | 18 |
| Temp Employees for Pandemic Fraud Risk Management | 1,661 | 2,232 | 2,232 | - |
| Sub-Total, Disaster | 3,946 | 4,517 | 3,192 | (1,325) |
| Office of Advocacy | 39 | 55 | 55 | - |
| Inspector General | 153 | 154 | 159 | 5 |
| Temp Employees for Pandemic Response Oversight | 24 | 88 | 88 | - |
| Sub-Total, Inspector General | 177 | 242 | 247 | 5 |
| Total | 6,479 | 7,069 | 5,604 | (1,465) |

Table 10
FY 2025 Congressional Budget Justification
TOTAL COST BY PROGRAM AND ACTIVITY
(Dollars in Thousands)

| | | FY 2023 | FY 2024 | FY 2025 |
|--------------------------------|--|---------|---------------|---------|
| | | Actuals | Annualized CR | Request |
| <u>Capital Programs</u> | | | | |
| 7a Loans | 7(a) Loan Making | 44,027 | 50,938 | 51,342 |
| | 7(a) Loan Servicing | 3,649 | 6,394 | 6,814 |
| | 7(a) Loan Liquidation | 15,855 | 19,388 | 19,882 |
| | 7(a) CARES Act Sec 1112 Debt Relief | 4,865 | 3,187 | 2,213 |
| | Subtotal | 68,396 | 79,907 | 80,251 |
| 504 Loans | 504 Loan Making | 25,942 | 29,751 | 30,306 |
| | 504 Loan Servicing | 3,157 | 4,671 | 4,779 |
| | 504 Loan Liquidation | 4,034 | 5,396 | 5,468 |
| | 504 CARES Act Sec 1112 Debt Relief | 1,208 | 1,134 | 502 |
| | Subtotal | 34,341 | 40,952 | 41,055 |
| Microloan | Microloan Loan Making | 4,531 | 6,270 | 6,329 |
| | Microloan Loan Servicing | 587 | 1,007 | 1,098 |
| | Microloan Loan Liquidation | 130 | 278 | 287 |
| | Microloan Technical Assistance Program | 55,658 | 65,937 | 66,727 |
| | Microloan CARES Act Sec 1112 Debt Relief | 568 | 520 | 218 |
| | Subtotal | 61,473 | 74,012 | 74,659 |
| PPP | PPP Loan Making | 674 | - | - |
| | PPP Loan Servicing | 161,489 | 154,882 | 86,036 |
| | PPP Loan Liquidation | 12,077 | 11,571 | 10,515 |
| | PPP Lender Oversight | 11,273 | 11,111 | 6,576 |
| | Subtotal | 185,513 | 177,564 | 103,127 |
| | Prime Technical Assistance | 8,865 | 11,170 | 12,383 |
| | Surety Bond Program | 6,013 | 7,505 | 7,617 |
| | Lender Oversight | 49,012 | 53,951 | 54,033 |
| | Restaurant Revitalization Fund | 90,854 | 940 | 377 |

Table 10 (Continued)
FY 2025 Congressional Budget Justification
TOTAL COST BY PROGRAM AND ACTIVITY
(Dollars in Thousands)

| | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request |
|---|--------------------|--------------------------|--------------------|
| <u>Contracting Programs</u> | | | |
| Empowered to Grow (formerly 7(J)) | 2,819 | 6,014 | 7,877 |
| 8(A) Program | 62,021 | 73,694 | 73,785 |
| HUBZone Program | 9,455 | 11,779 | 11,790 |
| Prime Contracting Assistance | 17,234 | 24,080 | 24,525 |
| Mentor-Protégé Program | 1,664 | 2,585 | 2,593 |
| Womens Business Program | 3,562 | 6,123 | 6,274 |
| Subcontracting Program | 3,692 | 5,416 | 5,503 |
| Veteran Small Business Certification | 26,468 | 27,544 | 27,731 |
| Subtotal | 126,916 | 157,235 | 160,078 |
| <u>Entrepreneurship Programs</u> | | | |
| SCORE | 21,888 | 24,982 | 16,682 |
| Small Business Development Centers | 151,611 | 165,193 | 130,868 |
| Native American Outreach | 3,669 | 6,523 | 5,253 |
| Women's Business Ownership | 28,330 | 40,237 | 34,842 |
| Entrepreneurship Education | 10,335 | 8,052 | 11,352 |
| Cybersecurity | 6,063 | 5,914 | 624 |
| Community Navigator Pilot Program | 11,010 | 11,660 | 30,351 |
| Subtotal | 232,907 | 262,561 | 229,972 |
| <u>Export Programs</u> | | | |
| International Trade Promotion | 12,320 | 14,287 | 14,469 |
| STEP Program | 22,474 | 24,523 | 25,570 |
| Subtotal | 34,794 | 38,810 | 40,039 |
| <u>Investment Programs</u> | | | |
| SBIC Loan Making | 7,080 | 12,152 | 12,727 |
| SBIC Loan Servicing | 15,774 | 17,252 | 17,910 |
| SBIC Loan Liquidation | 4,755 | 6,257 | 6,334 |
| Subtotal | 27,608 | 35,661 | 36,971 |
| SBIR/STTR Programs | 3,235 | 4,978 | 5,316 |
| FAST Program | 6,864 | 18,708 | 14,032 |
| Growth Accelerators | 7,621 | 18,784 | 14,910 |
| Regional Innovation Clusters | 8,174 | 20,104 | 12,419 |

Table 10 (Continued)
FY 2025 Congressional Budget Justification
TOTAL COST BY PROGRAM AND ACTIVITY
(Dollars in Thousands)

| | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request |
|---|--------------------|--------------------------|--------------------|
| <u>Disaster Assistance Program</u> | | | |
| Disaster Loan Making | 453,371 | 456,032 | 329,839 |
| Disaster Loan Servicing | 32,210 | 44,503 | 44,069 |
| Disaster Loan Liquidation | 10,303 | 14,990 | 15,456 |
| COVID EIDL | | | |
| Disaster Loan Making | 38,569 | - | - |
| Disaster Loan Servicing | 181,032 | 347,284 | 343,907 |
| Disaster Loan Liquidation | 28,758 | 32,008 | 32,538 |
| Targeted EIDL Advance | 22,162 | 4,713 | 1,246 |
| Shuttered Venue Operators | 37,817 | 32,742 | 12,644 |
| Subtotal | 804,221 | 932,272 | 779,699 |
| <u>Veterans Programs</u> | | | |
| Veterans Business Development | 26,840 | 28,182 | 28,746 |
| <u>Executive Direction</u> | | | |
| National Women's Business Council | 1,526 | 2,101 | 2,108 |
| Ombudsman | 1,409 | 1,731 | 1,794 |
| Faith Based Initiatives | 551 | 579 | 633 |
| Subtotal | 3,486 | 4,411 | 4,535 |
| <u>Regional and District Office Programs</u> | | | |
| Field Offices - Counseling | 21,035 | 24,078 | 24,254 |
| Field Offices - Training | 25,260 | 27,133 | 28,186 |
| Subtotal | 46,296 | 51,211 | 52,440 |
| <u>Other</u> | | | |
| Inspector General | 63,358 | 78,476 | 78,744 |
| Advocacy | 12,817 | 14,645 | 14,673 |
| Congressional Initiatives | 182,527 | - | - |
| Subtotal | 258,703 | 93,121 | 93,417 |
| Total Obligations | 2,092,130 | 2,112,039 | 1,846,076 |

Table 11
FY 2025 Congressional Budget Justification

IT Investment Summary¹

(Dollars in Thousands)

| Program | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request | FY 2025 Incr/Decr |
|-------------------------------|----------------------------|----------------------------------|----------------------------|------------------------------|
| Capital Access | \$ 119,128 | \$ 115,010 | \$ 103,926 | \$ (11,084) |
| Investment and Innovation | \$ 2,175 | \$ 2,283 | \$ 2,304 | \$ 21 |
| Government Contracting | \$ 31,031 | \$ 14,637 | \$ 10,040 | \$ (4,597) |
| Veterans Business Development | \$ 2,220 | \$ 2,495 | \$ 2,547 | \$ 52 |
| Entrepreneurial Development | \$ 6,880 | \$ 10,432 | \$ 6,508 | \$ (3,924) |
| Disaster Assistance | \$ 9,116 | \$ 9,920 | \$ 9,230 | \$ (690) |
| Financial Management | \$ 9,347 | \$ 9,311 | \$ 10,188 | \$ 877 |
| Executive Management | \$ 4,673 | \$ 5,933 | \$ 8,179 | \$ 2,245 |
| Human Resource Solutions | \$ 5,982 | \$ 6,517 | \$ 6,646 | \$ 129 |
| Chief Information Officer | \$ 112,114 | \$ 146,076 | \$ 143,660 | \$ (2,416) |
| Cybersecurity | \$ 19,627 | \$ 29,131 | \$ 25,266 | \$ (3,865) |
| Total | \$ 322,292 | \$ 351,745 | \$ 328,493 | \$ (23,252) |

¹Major IT Investment projects include Disaster Credit Management Modernization, Capital Access Financial Systems, Loan/Lender Monitoring System, VetCert, Certify.SBA.GOV, Financial and Contract Management Systems, Entrepreneurial Learning Initiative, Small Business Innovative Research, Human Resource Line of Business, Boots to Business Management System, E-GOV, IT standard investments, and SBA.gov.

FY 2025 Performance Plan and FY 2023 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 for small businesses, the SBA provides counseling and entrepreneurial ecosystem building, access to capital, contracting expertise, trade support, and disaster assistance so that businesses can confidently start, grow, expand, and recover. Through the Agency's premier counseling and entrepreneurial development, capital access, investments and innovation, contracting, trade, and disaster assistance programs, small businesses are equipped with the resources to start, grow, and recover.

The Agency has organized its *FY 2025 Annual Performance Plan* and *FY 2023 Annual Performance Report* around its *FY 2022–2026 Strategic Plan*. The SBA uses this report to monitor, track, and report programmatic performance by summarizing key successes, opportunities, challenges, and risks identified by SBA program areas. This document is outlined by the SBA's 3 Strategic Goals and 10 Strategic Objectives. Each objective highlights SBA programs that were identified by key stakeholders in meeting the goals and objectives within the Strategic Plan. To ensure accountability, the SBA has Agency Priority Goals and Strategic, Customer-Centric, and Equity Measures to support its Strategic Goals and Objectives. In support of these measures, the SBA also tracks program-specific measures.

The SBA manages its performance through the development and analysis of dashboards that contain key metrics; rigorous data-driven quarterly performance reviews to discuss progress toward these goals; and evaluations of programs, strategies, and initiatives by senior leadership. In FY 2025, the SBA will support at least \$43 billion in 7(a), 504 and micro small business loans (based on past lending levels and anticipated demand), support over \$7 billion in bonding (including both bids and final bonds), support over \$45 billion in overall investment capitalization to startups and growth-oriented firms, help facilitate 23 percent of all Federal contracting dollars to small businesses, help small businesses access over 4 billion in innovative research awards, counsel and train over 1 million small business owners and entrepreneurs, and provide billions in loans to disaster survivors. The SBA also has an important task in executing and monitoring resources associated with the CARES Act; the American Rescue Plan (ARP) Act; and other COVID-19 supplemental appropriations.

FY 2023 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, improve program outcomes, and ensure efficient operations. In FY 2023, the SBA 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 three objectives as making noteworthy progress or needing improvement:

1. The SBA, in consultation with the Office of Management and Budget (OMB), has identified Strategic Objectives 1.5 (Counseling and Training) as making noteworthy progress. The SBA has made noteworthy progress in its counseling and training programs by expanding outreach to entrepreneurs in underserved communities through encouraging funding opportunities in Small Business Development Centers that focus on Minority Serving Institutions (MSIs) and including Historically Black Colleges and Universities (HBCUs) in Women's Business Center engagement plans. The SBA has built cohesion and established goals for community-level impacts through SBA

Resource Partners. The Agency has expanded the number of Veteran’s Business Outreach Centers (VBOCs) from 22 to 28 centers which has increased the capacity of the SBA to reach Veterans in rural and underserved communities. In local communities, the SBA is connecting unbanked and underbanked small businesses with SBA resources to grow those local entrepreneurial ecosystems and is supporting a surge in new business applications.

2. The SBA, in consultation with OMB, has identified Strategic Objective 3.1 (Financial Management) as a focus area for improvement. The heightened response to the COVID-19 pandemic exposed gaps in the SBA’s financial management internal control protocols. The SBA has prioritized addressing and mitigating the material weaknesses in internal controls identified in its financial statement audits. To address the material weaknesses and enhance the SBA’s fraud/risk management program in parallel to financial statement audit remediation, the SBA has onboarded a fraud risk program manager and is working to strengthen internal control practices. The Agency is working to reduce material weaknesses to improve outcomes in its financial statement audit.

The SBA consulted with OMB in the summer of 2023 on its strategic objective review. A progress update has been incorporated into the *FY 2025 Annual Performance Plan* and *FY 2023 Annual Performance Report* for each strategic objective.

Equity at the SBA

The SBA has, through its Equity Action Plan¹, outlined the barriers to access, evidence, strategies, and actions the SBA will take to further equity across its programs. The Equity Action Plan puts the SBA’s best and most impactful programs to work, ensuring the Agency is as entrepreneurial as the small businesses it serves. The SBA informed its Equity Action Plan through regular engagement with the small business community and stakeholders. For example, SBA’s Council on Underserved Communities (CUC) continues to consult directly with the Administrator and SBA executive leaders, and the input is invaluable as the SBA continues to formulate meaningful, equity-conscious policies, practices, and strategies that can create opportunities for underserved firms. The strategies in the FY 2023 Equity Action Plan also build on the accomplishments of the FY 2022 Equity Action Plan with continuing actionable steps that expands access to the SBA’s products and services so it can serve underserved communities better.

To advance and embed equity across the SBA, equity is one of the FY 2024-2025 Agency Priority Goals, and the SBA has identified executives from across the program areas to participate in the Equity Council. During this Administration, five new Women’s Business Centers have been funded and launched on HBCU campuses. To fulfill its commitment to Executive Order 13988, 14020, and 14075 the SBA has developed a Sexual Orientation and Gender Identity (SOGI) Data Action Plan that contributes to the SOGI Federal Evidence Agenda and National Strategy on Gender Equity and Equality. The Agency has also been leading a cross-agency evaluation involving equity in procurement that will provide information and recommendations that build capacity and expertise in equity initiatives for federal contracting. The SBA is an active participant in the OMB Interagency Technical Working Group on Race and Ethnicity Standards to update Statistical Policy Directive 15 (SPD 15).

¹ [2023 Equity Action Plan \(sba.gov\)](https://www.sba.gov/equity-action-plan)

Customer Experience at the SBA

The SBA is continuing a multi-year initiative, MySBA, designed to unify the customer experience of SBA programs, harmonize business processes, and institutionalize the measurement and use of customer insights to improve service delivery. As a result, the SBA is streamlining access to programs by small business owners and disaster survivors while empowering SBA personnel to better understand and serve agency customers, fellow employees, and partner entities-- priorities that directly align with the President's Management Agenda (PMA), Executive Order 14058, and guidance in OMB Circular A-11 Section 280 and Delivering a Digital-First Public Experience through M-23-22. The initial MySBA focus concerns improvement of digital experiences, particularly those that require customers to log in to receive a service benefit and unifying and leveraging customer data. Technologically, the foundational components include a singular customer login/access point, a dashboard in which customers can track their interactions with the agency, and an enterprise-wide customer relationship management (CRM) system. Building on the successful launch of the MySBA Unified Lending Portal, the VetCert program, and the MySBA account, the next stage in unifying the customer experience is the development of a unified small business certification system. By integrating SBA certification programs like 8(a) Business Development, HUBZone, Women-Owned Small Business, and Veteran-Owned Small Business Certifications into the MySBA structure, small businesses will have one point of entry to apply for certifications and access their information. These programs have a substantial impact with more than \$150 billion in small business contracts being awarded each year. Similar to the lending efficiencies realized under the MySBA Unified Lending Portal, benefits of the certification integration include streamlining the application process, helping the SBA service more small businesses, supporting voice of the customer functionality, and improving program risk management. To advance and embed CX across the SBA, CX is one of the FY 2024-2025 Agency Priority Goals.

In addition to the development work underway, the SBA continues to prioritize the resourcing of a dedicated digital service and CX team. The MySBA division, operated out of the Office of the Administrator (OA), has worked closely with the U.S. Digital Service to develop a staffing plan and hiring strategy to build a cadre of service delivery expertise within the agency. The SBA is working towards a federated staffing model for service delivery work: this includes a core team comprised of subject matter experts in design, product, and engineering, positioned within OA, with correlating data scientists, product owners and CX analysts embedded in the Offices of the Chief Information Officer, Performance, Planning and the Chief Financial Officer, and Field Operations (OCIO, OPPCFO and OFO).

FY 2024-2025 Agency Priority Goals

To support the whole-of-agency approach the SBA is taking towards equity and CX, the Agency's FY 2024-2025 Agency Priority Goals reflect that approach and are cross-program goals that demonstrate the depth and breadth of work at the SBA in these areas. Mission offices will be taking part in these goals to be true Agency-wide priority goals.

Cross-Program Equity Agency Priority Goal

The SBA is committed to improving its reach into underserved communities to better connect entrepreneurs to information and services, and identifying where Agency programs, services, and processes can be improved to equitably serve all eligible individuals. Historically underserved communities and individuals have experienced hardships and barriers to accessing SBA support and services. Communication gaps prevent current and potential SBA clients from knowing where to receive support and benefit from the Agency's services. Existing programs and processes may present significant financial or administrative barriers for individuals seeking the opportunities that entrepreneurship offers.



For the FY 2024-2025 APG cycle, the SBA is using the mechanism, structure, and accountability of the Agency Priority Goal across mission-focused programs to reduce service gaps and institutionalize and sustain policies and practices to reduce barriers to access. This APG will serve as a force-multiplier to build a cohesive and integrated plan.

By September 30, 2025, the SBA will build its Equity capacity across all mission offices and through evidence-building activities, assessment of programs and process, performance measures, expanding products and services to underserved markets, and embedding equity principles in SBA programs, which will be measured, among other things, through:

- Increasing Federal contracting awards to small disadvantaged businesses (SDBs) to 15 percent
- Increasing the loan portfolio of the Community Advantage Small Business Lending Company program by 10 percent over the FY 2023 baseline
- Increasing the number of underserved small businesses supported by SBA’s entrepreneurial development programs by 10% over the FY 2023 baseline.

| FY 2024–2025 Priority Goal | | APG Goal | APG Result |
|----------------------------|---|----------|------------|
| Equity Goal | Increase Federal Contracting to SDBs | 15% | TBD |
| | Increase CA SBLC loan portfolio | +10% | TBD |
| | Increase underserved small businesses supported by SBA’s Entrepreneurial Development programs | +10% | TBD |

Cross-Program Customer Experience Agency Priority Goal

The SBA is engaged in a whole-of-Agency effort to understand, clarify, and improve its customers’ experiences with the Agency’s products, services, and technical assistance. The SBA must standardize its understanding of the customer experience to improve the full scope of programs, reduce inefficiencies, standardize data collection, and share, analyze, and adopt CX management practices to provide a best-in-class customer experience across all products to raise the bar on how the SBA services its customers. For the FY 2024-2025 APG cycle, the SBA is using the mechanism, structure, and accountability of the Agency Priority Goal to provide a clarified, easier, and more consistent experience across programs through customer journey mapping, customer feedback, and assessing processes to eliminate inefficiencies and duplication.

By September 30, 2025, the SBA will advance customer experience in its mission-based program offices through customer-driven strategies that drive improvements in customer access and in SBA policies, processes, and procedures, which will be measured, among other things, through:

- Unifying certification programs onto a single platform
- Implementing a customer platform where small business owners can access at least 50 percent of SBA services using one log-in
- Launching two new surveys for the SBA’s High Impact Service Provider (HISP) designated services

| FY 2024–2025 Priority Goal | | APG Goal | APG Result |
|----------------------------|--------------------------------|-----------------|------------|
| CX Goal | Certification Programs | Single Platform | TBD |
| | SBA Services through one login | 50% | TBD |
| | HISP Surveys | 2 | TBD |



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 the following link: 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, policy analysis, and research. Evidence and evaluations were used to develop the *FY 2022–2026 Strategic Plan* and the *FY 2025 Annual Performance Plan and FY 2023 Annual Performance Report*. Where evidence is weak or non-existent, the SBA prioritizes building new evidence to inform decision-making. To that end, the SBA has hired two staff to support the SBA Statistical Official and to build its data capacity. Further, the SBA is developing a proposal to build strategic management decisions across SBA programs by linking SBA data on small businesses that receive SBA assistance to data from Federal Statistical agencies. Linking data, not only across the SBA but across government will inform key aspects of a future National Secure Data Service (NSDS). The SBA’s support for the Statistical Official includes supporting the environmental-economic accounting capacity in accordance with the National Strategy to Develop Statistics for Environmental-Economic Decisions (2023 National Strategy).

The SBA developed its *FY 2022–2026 Enterprise Learning Agenda* (ELA) to identify policy questions and report on evidence-building activities. The *FY 2025 Annual Evaluation Plan* (AEP) prioritizes upcoming major evaluations and other evidence projects that foster an environment of continuous learning. In FY 2023, the SBA initiated multi-year evaluations which will be complete in FY 2024. SBA program managers use the results, along with other evidence, to help make decisions and identify areas where further evidence is needed to improve operations and outcomes. In addition, the SBA continued its agreement with the U.S. Census Bureau to expand data sharing and research on SBA’s programs and will continue to work with partners to identify new areas of research and best practices.

The SBA will continue developing and refining its program evaluation and evidence framework, initiate and coordinate more evaluations, and build evaluation capacity through its internal Evidence and Evaluation Community of Practice, which shares best practices and methods with program managers across the Agency. Additionally, the SBA will complete evaluations for the following programs in FY 2024: Community Development Financial Institution and Minority Depository Institution Lender Participation in SBA Loan Programs; 8(a) Business Development Service Delivery; Government Contracting Certification Program Customer Experience; Community Navigator Pilot Program Implementation; Shuttered Venue Operators Grant Outcomes; and Disaster Assistance Loan Impacts.

The SBA has submitted with this FY 2025 Congressional Budget Justification, its *FY 2025 Annual Evaluation Plan*. This Plan includes proposals that further develop the SBA’s evidence, evaluation, statistics, performance, and other analysis capacity in support of the Foundations for Evidence-Based Policymaking Act of 2018. These programs are described in detail in the *FY 2025 Annual Evaluation Plan*. More information on the SBA’s evidence and evaluation building efforts can be found at www.sba.gov/evaluation.

Cross-Agency Priority Goals

In accordance with the requirements of the GPRA Modernization Act to address Cross-Agency Priority (CAP) Goals in the Strategic Plan, Annual Performance Plan, and Annual Performance Report, please refer, where applicable, to www.Performance.gov for more on the Agency’s contributions to CAP goals and progress.

SBA Organizational Chart

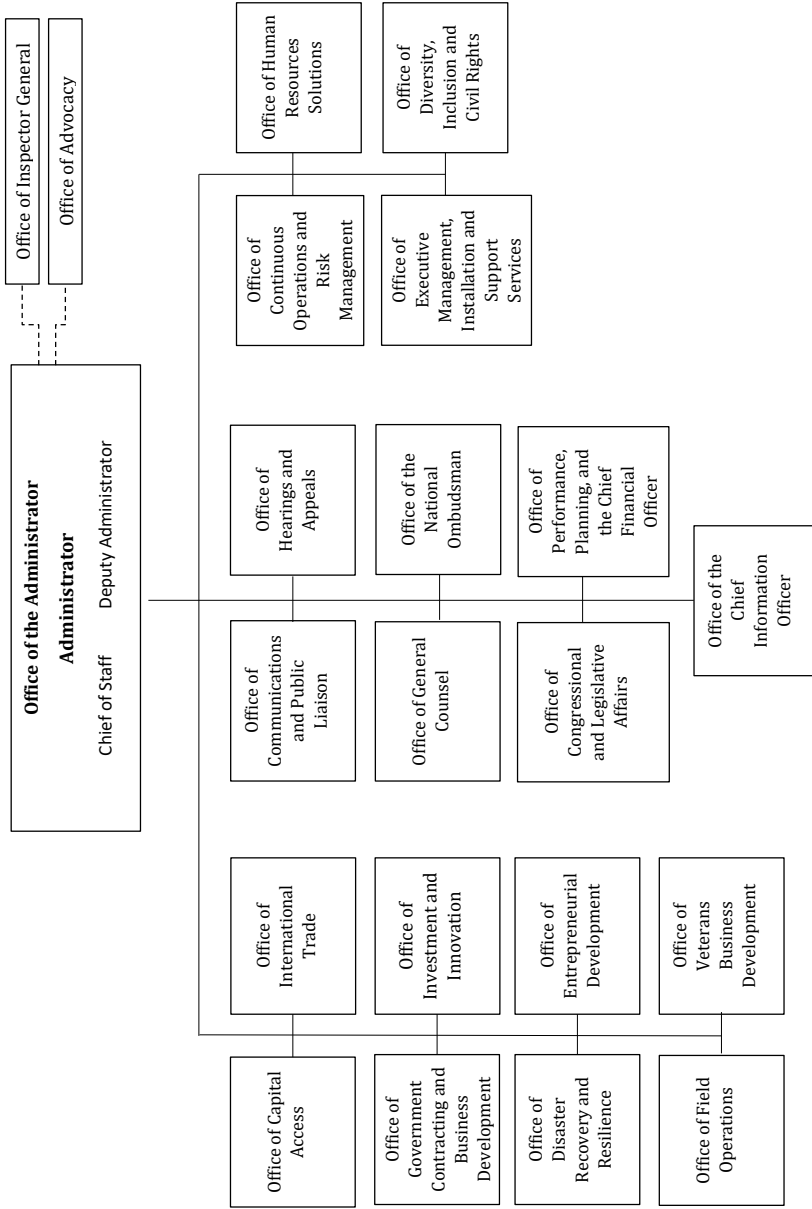


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Strategic Goal: 1) Ensure Equitable and Customer-Centric Design and Delivery of Programs to Support Small Businesses and Innovative Startups

Strategic Objective: 1.1) Ensure All Entrepreneurs Have Access to Capital to Start and Grow Their Business

Objective Lead: Associate Administrator for Capital Access

IG Management Challenges: 4) SBA Risk Management and Oversight Practices Need Improvement to Ensure the Integrity of Loan Programs; 6) Identification of Improper Payments in SBA's Loan Programs Remains a Challenge

Programs: 7(a) Loans, 504 Loans, Microloans, PRIME Technical Assistant Grants, Credit Risk Management, Surety Bond Guarantee

Objective Overview: 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, which can more readily take on a conventional bank loan. New entrepreneurs may not have credit scores to help them secure a loan, especially on a new or innovative product. In addition, entrepreneurs in underserved markets are more likely to be denied credit and often rely on high interest rate credit cards and online lenders to sustain their businesses.²

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 can access credit. 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 Agency's emphasis on new technology, streamlined loan processes, and focused outreach continues to enable small businesses to start and expand.

Progress Update: In FY 2023, the SBA approved more than 57,000 7(a) loans totaling \$27.5 billion. In the 504 loan program, the SBA approved nearly 6,000 loans for \$6.4 billion. The Microloan Program delivered more than 5,500 loans totaling \$86.4 million. The SBA's capital lending and bond programs supported more than 743,500 jobs, and 68 percent of those loans and bonds went to underserved communities. The SBA exceeded its FY 2023 Lender Match Agency Priority Goal target by enrolling 254 Community Financial Institutions (CFIs) into Lender Match, helping to increase the number of lender and small business connections, and improving access to capital.

In FY 2023, the SBA began implementing additional policies aimed at expanding access to capital by modernizing the SBA's signature 7(a) and 504 Loan Programs. The loan program improvements will increase small businesses' ability to access funding to start up and grow through a broader network of lenders with streamlined lender procedures. The new, simplified guidelines for lenders are part of three updated Standard Operating Procedures (SOPs), including updated origination policies and procedures, lender participation requirements, and 7(a) loan servicing and liquidation requirements. In accordance with OMB Memorandum M-22-17, *Further Addressing the Impact of Medical Debt on American Families*, the SBA has taken steps to minimize the impact of medical debt on its loan and loan guarantee programs. The SBA has updated its written guidance, including revising the *Lender and Development Company Loan Programs SOP*, to encourage SBA lenders not to consider medical debt when making lending decisions, and has been providing flexibility for lenders on credit history. The SBA's loan programs do not prohibit loans based on delinquent personal debt.

The table below highlights progress toward SBA Strategic Measures identified in the *FY 2022–2026 Strategic Plan*.

² Effects of Small Loans on Bank and Small Business Growth, SBA Office of Advocacy, March 2021.

| Strategic Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|----------|---------|---------|---------|---------|
| Number of Jobs Supported by 7(a) Loans, 504 Loans, Microloans, and Surety Bonds | Target | 683,500 | 675,500 | 681,500 | 681,750 | 683,000 | 723,000 | 728,000 | 762,500 |
| | Actual | 619,386 | 556,019 | 552,497 | 729,034 | 657,093 | 743,501 | | |
| | Variance | -9% | -18% | -19% | 7% | -4% | 3% | | |
| Additional Information: This measure tracks the number of jobs created and retained from SBA capital access programs and through the Surety Bond Guarantee Program. The information on jobs supported is derived from Agency records that are submitted by the Agency's participant lenders engaged in making SBA loans. | | | | | | | | | |
| Equity Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of Loans and Bonds to Underserved Small Businesses Supported by 7(a) Loans, 504 Loans, Microloan, and Surety Bonds | Target | N/A | N/A | N/A | Baseline | 45% | 68% | 69% | 70% |
| | Actual | N/A | N/A | N/A | 66% | 67% | 68% | | |
| | Variance | N/A | N/A | N/A | N/A | 49% | 0% | | |
| Additional Information: This measure tracks the percent of underserved businesses assisted through SBA's capital programs. Program-specific definitions for the underserved businesses measured are provided in the sections below. | | | | | | | | | |
| Customer-Centric Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Average Business Days to Process Small Non-Delegated 7(a) Loan Applications | Target | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| | Actual | 2 | 2 | 3 | 7 | 4 | 2 | | |
| | Variance | 33% | 33% | 0% | -133% | -33% | 33% | | |
| Additional Information: This measure tracks the number of business days for the Loan Guaranty Processing Center to process a loan application for \$350,000 or under from the day of receipt to the approval/denial notification to the lender. The Center was able to achieve a two-day processing time this fiscal year; however, the goal will remain at three days. | | | | | | | | | |
| FY 2022–2023 Priority Goal | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of CFIs Enrolled in Lender Match | Target | N/A | N/A | N/A | N/A | 220 | 240 | 250 | 255 |
| | Actual | N/A | N/A | N/A | 200 | 236 | 254 | | |
| | Variance | N/A | N/A | N/A | N/A | 7% | 6% | | |
| Additional Information: The SBA established this Agency Priority Goal to increase the number of CFI lenders in Lender Match. CFIs include Community Development Financial Institutions (CDFIs), Minority Depository Institutions (MDIs), Community Development Corporations (CDCs) and SBA Microlenders. | | | | | | | | | |

7(a) Loan Program

Program Description: The 7(a) Loan Program is the SBA's primary small business loan program, assisting small businesses with financing when they are unable to access credit elsewhere. The Agency guarantees a portion of each loan (ranging from 50 to 90 percent) that a participating lender makes to an eligible small business. To offset program costs, the SBA is authorized to charge lenders an up-front, one-time guaranty fee and an annual, ongoing service fee for each 7(a) loan approved and disbursed. Maintaining a high volume of active lenders from one fiscal year to the next creates a consistent pipeline of SBA loans for small businesses.

Small business borrowers apply for a 7(a) loan through private lenders. The lender reviews the loan application and either approves it or determines that the borrower does not meet standard, conventional underwriting guidelines, and thus the loan requires additional support in the form of an SBA guaranty. The SBA guaranty assures the lender that if the borrower does not repay the loan and the lender has adhered to all applicable regulations concerning the loan, the SBA will reimburse the lender for its loss, up to the percentage of the SBA's guaranty. The small business borrowing the money remains obligated for the amount due.

The SBA’s 7(a) program has several delivery methods that offer streamlined and expedited loan procedures, including the SBA Express Program and Community Advantage Pilot Program. The SBA Express Program, established as a pilot program by the SBA in 1995 and made permanent through legislation, is designed to increase the availability of credit to small businesses by permitting lenders to use their existing documentation and procedures in return for receiving a reduced SBA guarantee on loans. The program historically provided a 50-percent loan guarantee on loan amounts of \$350,000 or less. The CARES Act (P.L. 116-136) permanently increased the maximum SBA Express loan size to \$500,000 effective October 1, 2021. The Community Advantage (CA) pilot program sunsetted September 30, 2023, because these lenders have been granted permanence as Community Advantage Small Business Lending Companies (CA SBLC).

The guaranteed portion of SBA 7(a) loans can be sold in the secondary market either as individual loans with a Guaranteed Interest Certificate or as loan pools with a Guaranteed Loan Pool Certificate. Under the terms of the Guaranteed Interest Certificate, the SBA guarantees the payment of principal and interest on the loan underlying the certificate. The SBA will pay principal and interest on the loan up through the date of payment. In this form, payment of principal and interest up to the time of payment is guaranteed by the SBA, which is backed by the full faith and credit of the United States, but such payment is not guaranteed as to timeliness.

When individual loans are sold and formed into pools, the purchaser of the pool receives a Guaranteed Loan Pool Certificate. Under the terms of the Guaranteed Loan Pool Certificate, the SBA guarantees the timely payment of principal and interest on the loans underlying the Pool Certificate. The SBA will pay principal and interest on the loans underlying the Pool Certificate through the date of payment by the SBA, with such payments guaranteed as to timeliness.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$58,493,000 | \$67,267,000 | \$68,396,000 | \$79,907,000 | \$80,251,000 |

Performance Plan: The SBA will provide access to capital to small businesses by approving 50,000 loans in FY 2024 and 51,000 loans in FY 2025 through the 7(a) loan program. The SBA will continue to identify ways to reach more underserved small businesses and strengthen its relationship with 7(a) lenders with timely and reliable information to support up to \$35 billion in lending in FY 2024 and FY 2025. The SBA will continue engaging small businesses in rural markets through partnerships with the U.S. Department of Agriculture and by collaborating with credit unions and Community Development Financial Institutions (CDFIs) to reach underserved communities across the country.

Performance Report: In FY 2023, the SBA supported more than 50,600 small businesses in accessing 7(a) loans totaling \$27.5 billion. The SBA continued to modify and streamline procedures, including enhancing and expanding the use of virtual processes and technology solutions implemented during the COVID-19 pandemic. Small dollar loans of \$350,000 or less represented 70 percent of all 7(a) loans made in FY 2023, with businesses in underserved markets representing a higher percentage of small-dollar loan recipients.

The Community Advantage Pilot Program sunset on September 30, 2023, with lenders granted permanence as Community Advantage Small Business Lending Companies. The SBA, through rulemaking, has removed the moratorium on SBLCs for CA SBLCs and has decided to add up to three new regular SBLCs per the final



rule. Permanent lender status for CA Lenders and three new SBLCs were planned to fill market gaps and expand use of the 7(a) program. The SBA made significant changes to the procedures through which lenders process and approve loans, including the expansion of credit scoring and streamlining the underwriting for loans of \$500,000 or less. Further, to reduce the burden on SBA lenders, the Agency has determined to make the eligibility determinations for all 7(a) loans based on applicant certifications. This decision was made to ensure that more lenders can focus on their customers and expand lending, especially small-dollar lending. The SBA authorized additional grant funds to provide comprehensive training for new 7(a) Community Advantage Lenders and Microloan Intermediaries. In partnership with the National Credit Union Administration, the SBA continued to engage credit unions in regular loan programs.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|-----------------|---------|---------|---------|----------|---------|---------|---------|---------|
| Billions of Dollars of 7(a) Loans Approved | Target | 26.0 | 26.0 | 26.0 | 26.0 | 26.0 | 28.0 | 28.0 | 33.0 |
| | Actual | 25.4 | 23.2 | 22.6 | 36.6 | 25.7 | 27.5 | | |
| | Variance | -2% | -11% | -13% | 41% | -1% | -2% | | |
| Additional Information: This measure tracks the total dollars of 7(a) loans approved. The increase in the actual loans approved in FY 2021 can be attributed to the fee relief authorized by the CARES Act and the recovering business environment. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Small Businesses Assisted by 7(a) Loans | Target | 60,000 | 62,000 | 62,500 | 62,500 | 62,500 | 62,500 | N/A | N/A |
| | Actual | 53,761 | 46,111 | 42,303 | 46,156 | 47,678 | 50,608 | | |
| | Variance | -10% | -26% | -32% | -26% | -24% | -19% | | |
| Additional Information: This measure tracks the number of small businesses receiving a 7(a) loan. This metric is being replaced by Number of 7(a) Loans Approved for better consistency with other SBA reports. Although the SBA did not meet the ambitious target for FY 2023, the Agency assisted more businesses in accessing 7(a) loans than in any year since FY 2018. The Agency expects that the regulatory changes made in FY 2023 will expand access to capital through the 7(a) and other loan programs. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of 7(a) Loans Approved | Target | N/A | N/A | N/A | N/A | N/A | N/A | 50,000 | 51,000 |
| | Actual | 60,354 | 51,907 | 42,302 | 51,856 | 47,678 | 57,362 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This measure tracks the number of 7(a) loans that are approved. This metric is being introduced to replace the Number of Small Businesses Assisted by 7(a) Loans. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Jobs Supported by 7(a) Loans | Target | 600,000 | 600,000 | 600,000 | 600,000 | 600,000 | 600,000 | 600,000 | 625,000 |
| | Actual | 543,171 | 482,083 | 454,311 | 593,277 | 507,602 | 622,010 | | |
| | Variance | -9% | -20% | -24% | -1% | -15% | 4% | | |
| Additional Information: This measure tracks the number of jobs created and retained from SBA 7(a) loan guarantees. Approximately 70% of 7(a) loans approved in FY 2023 were considered small (\$350,000 or less). These small loans generally reach the underserved and start up markets, which typically employ fewer people, contributing to a lower number of jobs supported. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Lenders Providing 7(a) Loans | Target | 2,100 | 2,100 | 1,750 | 1,750 | 1,700 | 1,700 | 1800 | 2000 |
| | Actual | 1,810 | 1,708 | 1,673 | 1,738 | 1,636 | 1,524 | | |
| | Variance | -14% | -19% | -4% | -0.7% | -4% | -10% | | |
| Additional Information: The SBA actively recruits lenders, but the trend toward continual bank mergers continues to negatively impact the number of active lending partners providing 7(a) loans. The SBA has focused on increasing participation in the 7(a) program from CFLs. Program changes implemented in Q3 and Q4 of FY 2023 are expected to increase the number of lenders participating in the coming years. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of Loans to Underserved Small Businesses by 7(a) Loans | Target | N/A | N/A | N/A | Baseline | 43% | 68% | 69% | 70% |
| | Actual | N/A | N/A | N/A | 66% | 68% | 68% | | |
| | Variance | N/A | N/A | N/A | N/A | 58% | 0% | | |
| Additional Information: This measure tracks the percent of underserved businesses assisted through the 7(a) loan program. This measure aligns Agency efforts to improve equity across its capital programs. The 7(a) program defines the underserved population | | | | | | | | | |



to include Black or African American, Asian, Native Hawaiian or Other Pacific Islander, American Indian or Alaska Native, Hispanic or Latino, veteran, and women-owned small business owners and businesses located in rural counties and HUBZones.

504 Loan Program

Program Description: The 504 Loan Program is one of the SBA’s key economic development programs, providing financing for plant, real property, and major equipment. The program also provides the refinancing of debt incurred for these major fixed assets. This program statutorily mandates job creation, community development, and 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 a small business (and its affiliates) may borrow is \$5 million (including the 504 Debt Refinancing Program loans). Additionally, 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, supporting the Administration’s clean energy initiatives to increase resilience to climate impacts. Loan maturities can be set for 10, 20, or 25 years.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$29,270,000 | \$34,345,000 | \$34,341,000 | \$40,952,000 | \$41,055,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will assist small businesses in accessing 7,500 loans through the 504 loan program each year. The SBA will continue to educate field staff and 504 lenders on policy changes and identify ways to create more efficient operations. The Agency will review program changes to determine their effectiveness and use this evidence to improve program outcomes.

Performance Report: In FY 2023, the SBA assisted nearly 6,000 small businesses in accessing \$6.4 billion in capital through the 504 program. In FY 2023, the SBA adjusted the 504 program dollar-per-job requirement due to inflation. This adjustment increased the eligible per-project amount for 504 projects. The 19-percent increase matched the CPI increase for the past 5 years.

The Agency expanded servicing delegations in the Accredited Lender Program (ALP) Express component of the Economic Aid Act and updated the electronic Loan Terms and Conditions. Delegated authority reduced the volume of loans that were processed and approved at SBA’s Loan Processing Center, giving CDCs greater control over application approval times. While the temporary ALP Express authorization sunset on September 30, 2023, the SBA utilized its pilot authority to continue the initiative for two more years as an ALP Express Pilot with the same policies in place. The ALP Express Pilot will extend through September 30, 2025, at which time, the SBA will further measure and analyze the impacts of delegated authority and make decisions on whether there were beneficial changes that warrant consideration as a permanent part of the 504 program under ALP authority.

SBA program staff coordinated with District Offices and energy company executives to discuss opportunities to assist CDCs with promoting the 504 loan program to high-volume energy consumer small businesses. The SBA initiated the proof-of-concept stage and began testing this approach in four states including Alabama,

Illinois, Idaho, and Washington. The Hawaii District Office conducted training in January 2023 with all local Federal agencies having energy reduction programs for small businesses on financing energy improvements.

Additionally, the SBA approved a new CDC in Alabama and provided technical assistance on two new CDC applications for Colorado and Texas. The Colorado applicant is coordinating with the IRS on nonprofit status for the new CDC entity. The Texas CDC applicant is raising capital to start-up the CDC. The addition of these new CDCs is intended to provide additional small business access to the program in these underserved locations.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|-----------------|---------|---------|---------|----------|---------|---------|---------|---------|
| Number of Small Businesses Assisted by 504 Loans | Target | 6,000 | 6,000 | 6,200 | 6,200 | 7,000 | 7,500 | N/A | N/A |
| | Actual | 5,787 | 6,008 | 7,119 | 9,510 | 9,254 | 5,835 | | |
| | Variance | -4% | 0% | 15% | 53% | 32% | -22% | | |
| Additional Information: The SBA tracks the number of small businesses assisted by a 504 loan. The Economic Aid Act provided incentives that led to a record year in FY 2021 followed by high demand for the program in FY 2022 due to low but rising interest rates. Continued rising interest rates in FY 2023 has led to a reduction of demand from the previous two years. This measure is being replaced by the "Number of 504 Loans Approved" for greater consistency with other SBA reports. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of 504 Loans Approved | Target | N/A | N/A | N/A | N/A | N/A | N/A | 7,500 | 7,500 |
| | Actual | 5,874 | 6,099 | 7,119 | 9,676 | 9,254 | 5,924 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This measure tracks the number of 504 loans that are approved. This metric is being introduced to replace the "Number of Small Businesses Assisted" by 504 Loans. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Billions of Dollars of 504 Loans Approved | Target | 5.1 | 5.1 | 5.2 | 5.3 | 12.0 | 10.0 | 10.0 | 10.5 |
| | Actual | 4.8 | 5.0 | 5.8 | 8.2 | 9.2 | 6.4 | | |
| | Variance | -6% | -2% | 11% | 55% | -23% | -36% | | |
| Additional Information: The SBA tracks the dollars approved on a 504 loan. The Economic Aid Act provided incentives that led to a record year in FY 2021 followed by high demand for the program in FY 2022 due to low but rising interest rates. Continued rising interest rates in FY 2023 has led to a reduction of demand from the previous two years, but FY 2023 volume remained above pre-COVID levels. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Jobs Supported by 504 Loans | Target | 66,000 | 58,000 | 60,000 | 60,000 | 60,000 | 65,000 | 70,000 | 75,000 |
| | Actual | 55,729 | 52,701 | 57,727 | 84,176 | 97,310 | 64,206 | | |
| | Variance | -16% | -9% | -4% | 40% | 62% | -1% | | |
| Additional Information: 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 on a mandatory basis. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of CDCs Providing 504 Loans | Target | 235 | 216 | 215 | 215 | 210 | 210 | 198 | 198 |
| | Actual | 217 | 212 | 208 | 186 | 193 | 198 | | |
| | Variance | -8% | -2% | -3% | -13% | -8% | -6% | | |
| Additional Information: This measure tracks the number of active CDCs providing 504 loans. The SBA reviewed the activity levels of CDCs and worked diligently to address underperforming entities. The number of CDCs declined in FY 2023 due to industry mergers. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of Loans to Underserved Small Businesses by 504 Loans | Target | N/A | N/A | N/A | Baseline | 33% | 59% | 65% | 67% |
| | Actual | N/A | N/A | N/A | 57% | 60% | 64% | | |
| | Variance | N/A | N/A | N/A | N/A | 82% | 8% | | |
| Additional Information: This measure tracks the percent of underserved businesses assisted through the 504 loan program. This measure aligns with Agency efforts to increase equity across its capital programs. The 504 program defines the underserved population to include Black or African American, Asian, Native Hawaiian or Other Pacific Islander, American Indian or Alaska | | | | | | | | | |



Native, Hispanic or Latino, veteran, and women-owned small business owners and businesses located in rural counties and HUBZones.

Microloan Program

Program Description: The Microloan Program, begun in 1992, provides loans to nonprofit intermediary lenders that subsequently lend funds, in amounts of \$50,000 or less, to small businesses and startups. Although the program is open to all small businesses, it targets new and early-stage businesses in underserved markets, including borrowers with little to no credit history, low-income borrowers, and women and minority entrepreneurs in both rural and urban areas who generally do not qualify for conventional loans or other, larger SBA-guaranteed loans.

Microloan Intermediary lenders also receive grants of up to 30 percent of their SBA loan balance to help offset their cost of providing business-based training and technical assistance to microborrowers. The combination of capital, technical assistance, and training helps enhance the capacity of the microborrowers, enabling them to become profitable, improve operations, grow businesses, and support job creation and retention.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$66,647,000 | \$76,831,000 | \$61,473,000 | \$74,012,000 | \$74,659,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will approve 5,000 loans to small businesses in the Microloan program, supporting 24,000 and 25,000 jobs in FY 2024 and FY 2025, respectively. The SBA will manage 155 microlenders to counsel 23,500 small businesses each year. The SBA will continue to update and modernize its Microloan information management system for Microloan Intermediary reporting. The Agency will also conduct outreach to underserved and underbanked communities to encourage program participation.

Performance Report: In FY 2023, the SBA's Microloan Intermediaries approved microloans for over 5,500 small businesses totaling \$86.4 million. The Agency awarded grants to Microloan Intermediaries to provide business-focused training and technical assistance to active and potential microborrowers. Microloan Program technical assistance grants were closely integrated with each intermediary lender. Assistance from these grants promoted business survival skills and helped to mitigate the risk of business failure. In FY 2023, technical assistance reached nearly 22,200 small businesses.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Small Businesses Assisted by Microloans | Target | 4,500 | 4,500 | 5,600 | 5,650 | 5,650 | 5,750 | N/A | N/A |
| | Actual | 5,457 | 5,532 | 5,892 | 4,514 | 5,055 | 5,550 | | |
| | Variance | 21% | 23% | 5% | -20% | -11% | -3% | | |

Additional Information: Microloan Intermediaries must make at least 10 microloans per fiscal year to meet performance levels. The decrease in FY 2021 actuals from the prior year stemmed from intermediaries shifting their focus to other funding resources better suited to their borrower's needs for pandemic relief. Intermediaries continued to use other pandemic related funds in FY 2022, reducing

| | | | | | | | | | |
|--|----------|---------|---------|---------|----------|---------|---------|---------|---------|
| reliance on Microloans. This measure is being replaced by the "Number of Microloans Approved" for greater consistency with other SBA reports. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Microloans Approved | Target | N/A | N/A | N/A | N/A | N/A | N/A | 5,000 | 5,000 |
| | Actual | 5,445 | 5,527 | 5,886 | 4,508 | 4,884 | 5,549 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This measure tracks the number of Microloans loans that are approved. This metric is being introduced to replace the "Number of Small Businesses Assisted by Microloans Loans". | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Jobs Supported by Microloans | Target | 17,500 | 17,500 | 21,500 | 21,750 | 23,000 | 24,000 | 24,000 | 24,250 |
| | Actual | 20,486 | 21,235 | 24,596 | 17,531 | 19,154 | 19,322 | | |
| | Variance | 17% | 21% | 14% | -19% | -17% | -19% | | |
| Additional Information: The SBA tracks the number of jobs supported from each loan. Fewer jobs have been created as a result of fewer dollars going to startup businesses, and lower amounts of funds being used for working capital, and greater funds being used for equipment, supplies and inventory. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Thousands of Dollars in Loans Approved by the SBA to Microlenders | Target | 40,000 | 43,000 | 43,000 | 44,000 | 48,000 | 49,000 | 49,000 | 49,000 |
| | Actual | 35,886 | 42,266 | 55,235 | 48,622 | 41,899 | 53,699 | | |
| | Variance | -10% | -2% | 28% | 10.5% | -13% | 10% | | |
| Additional Information: The SBA tracks the dollar of loans that each microlender makes. Demand for Microloan funds were down slightly in FY 2022 because other pandemic-related funding was available to intermediaries. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Thousands of Dollars in Loans Approved by Lenders to Microborrowers | Target | 62,800 | 65,000 | 82,000 | 82,500 | 83,000 | 84,000 | 85,000 | 86,000 |
| | Actual | 76,743 | 81,529 | 84,985 | 74,694 | 82,600 | 86,352 | | |
| | Variance | 22% | 25% | 4% | -10% | -0.5% | 3% | | |
| Additional Information: This measure tracks the aggregate loan amounts approved by the microlender to the borrower. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Small Businesses Counseled by Microlenders | Target | 16,000 | 17,000 | 21,800 | 22,500 | 23,000 | 23,500 | 23,500 | 23,500 |
| | Actual | 21,800 | 22,100 | 23,550 | 18,040 | 20,220 | 22,200 | | |
| | Variance | 36% | 30% | 8% | -20% | -12% | -6% | | |
| Additional Information: The SBA tracks the number of small businesses that receive technical assistance from Microlenders as part of the Agency's effort to promote business capacity building. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Grant-eligible Microlenders | Target | 140 | 144 | 150 | 150 | 155 | 155 | 155 | 155 |
| | Actual | 147 | 144 | 155 | 140 | 150 | 148 | | |
| | Variance | 55% | 0% | 3% | -7% | -3% | -5% | | |
| Additional Information: Grant-eligible microlenders are lenders who comply with program requirements. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of Loans to Underserved Small Businesses by Microloans | Target | N/A | N/A | N/A | Baseline | 80% | 85% | 85% | 85% |
| | Actual | N/A | N/A | N/A | 87% | 85% | 86% | | |
| | Variance | N/A | N/A | N/A | N/A | 6% | 1% | | |
| Additional Information: This measure tracks the percent of underserved businesses assisted through the Microloan program. This measure aligns with Agency efforts to improve equity across its capital programs. The Microloan program defines the underserved population to include Black or African American, Asian, Native Hawaiian or Other Pacific Islander, American Indian or Alaska Native, Hispanic or Latino, veteran, women-owned small business owners, and businesses located in rural counties. | | | | | | | | | |

PRIME Technical Assistance Grants Program

Program Description: The PRIME Technical Assistance Grants Program provides training and technical assistance to underserved entrepreneurs and microenterprise development organizations and programs. It also aids in research and development of best practices for microenterprise and technical assistance programs for disadvantaged entrepreneurs. The grants require a 50-percent match of each dollar awarded.



The program offers four types of grants: Technical Assistance Grants (training and technical assistance to disadvantaged microentrepreneurs); Capacity Building Grants (training and capacity building services to microenterprise development organizations to help them develop microenterprise training and services); Research and Development Grants (supporting the development and sharing of best practices in the field of microenterprise development and technical assistance programs for disadvantaged microentrepreneurs); and Discretionary Grants (other activities consistent with these purposes).

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Request | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------|--------------------|
| \$5,545,000 | \$7,705,000 | \$8,865,000 | \$11,170,000 | \$12,383,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will award and manage approximately 35 PRIME grants each year. The grant recipients will provide training and technical assistance to clients located in low- and moderate-income areas and provide capacity building to Microenterprise Development Organizations. This training and capacity building will help strengthen disadvantaged entrepreneurs and microenterprise organizations across the Nation.

Performance Report: In FY 2023, the SBA continued to award and monitor PRIME program grants that served low-income entrepreneurs with technical assistance. PRIME grants supported training and technical assistance to clients located in low- and moderate-income communities.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Small Businesses Assisted with PRIME Training or Capacity Building Services | Target | 7,430 | 24,050 | 25,750 | 25,750 | 27,050 | 30,000 | 30,000 | 27,050 |
| | Actual | 15,130 | 28,165 | 42,712 | 12,700 | 15,489 | 15,462 | | |
| | Variance | 104% | 17% | 66% | -50% | -42% | -48% | | |
| Additional Information: This measure tracks the number of small businesses that receive either training or capacity building services from PRIME Grant awardees. The lower actuals since FY 2021 compared to the prior fiscal years reflect the difficulty of grantees changing their delivery, which previously relied on face-to-face and group training, to a remote model. | | | | | | | | | |

Credit Risk Management Program

Program Description: For the 7(a) Loan, 504 Loan, Microloan, and PPP, the SBA ensures 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 risk-based review and soundness exams of SBA lending partners. 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 supervision. These tools and review processes promote cost-effective risk mitigation.

Program Budget: The table 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.



| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$29,005,000 | \$34,902,000 | \$49,012,000 | \$53,951,000 | \$54,033,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will continue to identify and mitigate existing and emerging risk in Agency business loan portfolios. The Agency will continue administering Risk-Based Reviews (RBRs) and Examinations (Exams) for 7(a) and 504 lenders while continuing to oversee and monitor performance of the PPP portfolio. The SBA will also continue to serve as the primary Federal regulator for SBLCs, including the three newly licensed SBLCs and the 143 new CA SBLCs. The SBA will also continue to oversee the Non-Federally Regulated Lenders (NFRLs), CDCs and Microlender Intermediaries. For the new CA SBLCs, formerly Community Advantage Pilot Program Lenders, the Agency will provide support through training events designed to facilitate and expand their lending activity, fulfill the SBLC reporting requirements, and effectively manage risk. Microloan Intermediary oversight activities will be performed in collaboration with the Office of Field Operations (OFO). Finally, the SBA will monitor portfolio performance by analyzing data from the L/LMS and will monitor the L/LMS data warehouse for risk trends. The SBA will continue to conduct training to help lenders and intermediaries achieve compliance with program requirements and assist the Agency in effectively managing risk. The SBA will continue to refine monitoring and review methodologies to ensure consistency in assessing risk across all business loan programs.

The SBA will enhance and expand the use of the Loan Review Tool (LRT) across all 7(a) lender segments, including those that participated in the PPP, using the Office of Credit Risk Management (OCRM) PPP Technology and Compliance Solution. In addition, the SBA will finalize and implement the Lender Review Examination SOP 51 00 to incorporate recent regulatory changes made in the loan programs and review methodologies.

Performance Report: In FY 2023, the SBA continued to make significant progress in lender monitoring and reviews with new review variations and enhanced oversight management to ensure that each lender with a portfolio of \$10 million or more received a risk-based review at least once every 24 months and that lenders with 7(a) portfolios that exceed \$350 million received more frequent reviews. The SBA also initiated targeted Bank Secrecy Act (BSA) and Know Your Customer (KYC) reviews and began testing new RBR variations. Oversight activities for PPP continued with a focus on facilitating lender compliance with BSA and KYC, 1502 reporting, loan servicing, and liquidation.

The Agency continued to monitor portfolio risk and assess lender performance by conducting RBRs and Examinations of 7(a), 504, and Microlender Intermediaries. To monitor lender performance, the SBA used two composite RBR methodologies and scoring guides: the Portfolio Performance, Asset Management, Regulatory Compliance, Risk Management, Special Items (PARRiS) lender risk framework for 7(a) Lenders; and the Solvency and Financial Condition, Management and Board Governance, Asset Quality and Servicing, Regulatory Compliance, and Technical Issues and Mission (SMART) lender risk framework for 504 lenders. These risk frameworks use portfolio metrics to analyze risk and identify emerging trends.

The SBA monitored portfolio risk at the loan and lender level through the L/LMS, which tracks monthly performance by lender and assesses quarterly credit scores for all 7(a) and 504 loans. The data provided by the L/LMS and other systems help the SBA to assess the risk of the SBA loan portfolio of each 7(a) lender, CDC, and Microlender Intermediary. They also help identify SBA lenders whose portfolio performance or other lender-specific risk-related factors demonstrates the need for additional monitoring.

The SBA enforced 7(a) and 504 loan program requirements through increased supervision and enforcement actions. The SBA initiated 309 increased supervision actions. These actions included 281 shortened renewals of delegated authority. The SBA’s reviews for Community Advantage and other NFRLs included Quarterly Financial Condition Reviews, Lender Profile Assessments (LPAs), Analytical Reviews, Targeted Reviews, and/or Full Scope Reviews. The Agency also performed selective loan file reviews to ensure they were underwritten and closed in compliance with loan program requirements. The SBA continued to refine oversight of Microloan Intermediaries in collaboration with its field operations. The LRT continues to be enhanced to provide comprehensive, consistent, and targeted review of 7(a) loan files.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Risk-based Reviews of 7(a) Lenders and CDCs | Target | 300 | 445 | 500 | 500 | 550 | 550 | 750 | 750 |
| | Actual | 399 | 489 | 622 | 823 | 810 | 1,086 | | |
| | Variance | 33% | 10% | 24% | 65% | 47% | 97% | | |
| Additional Information: The SBA reviews 7(a) lenders, CDCs, and Microlender Intermediaries participating in SBA loan programs. Risk-based reviews include desktop, diagnostic, analytical, targeted, and full scope risk-based reviews. OCRM exceeded 1,000 lender reviews in FY 2023 due to the addition of more varied review types and more frequent reviews of high-volume lenders. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Desktop and Analytical Risk-based Reviews of 7(a) Lenders and CDCs | Target | 140 | 280 | 300 | 300 | 325 | 325 | N/A | N/A |
| | Actual | 248 | 294 | 282 | 436 | 224 | 273 | | |
| | Variance | 77% | 5% | -6% | 45% | -31% | -16% | | |
| Additional Information: Analytical (desktop and expanded) reviews are a basic diagnostic assessment and may conclude with a review report or with additional assessment activities required. This measure is being retired as the reviews are reported under the “Number of Risk-based Reviews of 7(a) Lenders and CDCs”. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Targeted Risk-based Reviews of 7(a) Lenders and CDCs | Target | 103 | 100 | 150 | 150 | 175 | 175 | N/A | N/A |
| | Actual | 105 | 150 | 316 | 221 | 420 | 735 | | |
| | Variance | 2% | 50% | 111% | 47% | 140% | 320% | | |
| Additional Information: The targeted review may be a mid-level review, requiring examination of loan files and analysis of specific components of the loan lifecycle. Performance exceeded the target in this category through additional staffing support. This measure is being retired as the reviews are reported under the “Number of Risk-based Reviews of 7(a) Lenders and CDCs”. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Full Risk-based Reviews of 7(a) Lenders and CDCs | Target | 57 | 65 | 50 | 50 | 50 | 50 | N/A | N/A |
| | Actual | 46 | 45 | 24 | 15 | 10 | 10 | | |
| | Variance | -19% | -31% | -52% | -70% | -80% | -80% | | |
| Additional Information: These reviews include all the features of the desktop, diagnostic, analytical, and limited scope/targeted reviews. In addition, full reviews examine 1502 reporting, an onsite management walk-through and a sampling of individual loan files to assess compliance with SBA requirements. This measure is being retired as the reviews are being reported under the “Number of Risk-based Reviews of 7(a) Lenders and CDCs”. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Delegated Authority Reviews of 7(a) Lenders and CDCs | Target | N/A | N/A | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,100 |
| | Actual | N/A | 1,049 | 1,279 | 1,155 | 1,258 | 1,102 | | |
| | Variance | N/A | N/A | 7% | -4% | 5% | -8% | | |
| Additional Information: The SBA performs Delegated Authority reviews of 7(a) lenders and CDCs with Delegated Authority, such as those participating in Preferred Lender Program (PLP) and the Accredited Lender Program (ALP). | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Financial Statement Reviews | Target | N/A | N/A | 460 | 460 | 460 | 460 | 460 | 460 |



| | | | | | | | | | |
|---|----------|-----|-----|-----|-----|-----|-----|--|--|
| for Community Advantage Small Business Lending Companies, SBLCs, and Non-Federally Regulated Lenders | Actual | N/A | 114 | 424 | 460 | 470 | 460 | | |
| | Variance | N/A | N/A | -8% | 0% | 2% | 0% | | |
| Additional Information: The SBA performs quarterly and annual financial statement reviews of 7(a) lenders participating in the CA SBLC, SBLC, and NFRL programs. | | | | | | | | | |

Surety Bond Guarantee Program

Program Description: The SBA supports small and emerging businesses’ ability to compete and receive construction, service, and supply projects through the Surety Bond Guarantee Program. A surety bond is a three-party instrument between a surety (someone who agrees to be responsible for the debt or obligation of another), a contractor, and a project owner. The agreement binds the contractor to comply with the terms and conditions of a contract. The program guarantees individual contracts of up to \$6.5 million and up to \$10 million for Federal contracts if a Federal contracting officer certifies that such a guarantee is necessary. The SBA’s guarantee ranges from a maximum of 80 percent to 90 percent of the surety’s loss if a default occurs. Surety bonds encourage project owners to contract with small businesses that may not have the credit history or prior experience of larger businesses and are at greater risk of failing to comply with the contract’s terms and conditions.

Many Federal, state, local, and private projects require small businesses to obtain bonding, which can be difficult to find 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.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|----------------|----------------|----------------|-----------------------|-----------------|
| \$5,413,000 | \$4,842,000 | \$6,013,000 | \$7,505,000 | \$7,617,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will support \$6.8 billion and \$7.0 billion in surety bond guarantees and 36,000 and 37,000 jobs each year, respectively. The SBA will continue outreach with participating sureties and agents and with prospective participants virtually. The Agency will seek new partnerships with national and regional trade associations and other contracting-related entities.

The SBA will focus on supporting small business concerns competing for Bipartisan Infrastructure Law (BIL) Federal, state, and local contracting opportunities. The SBA will work with Federal and state agency small business and procurement offices to increase BIL small business participation in all geographical areas, especially in underserved markets.

The SBA will make regulatory modifications to improve customer experience by aligning procedures and policies with surety bond industry standards and practices and enhance surety admissions procedures. The SBG program will propose increasing its guarantee limits as adjusted for inflation in accordance with section 1908 of title 41. Revisions will be made to SOP 50 45 3 for the SBG program to update, clarify, and improve program procedures. Lastly, the SBA will strengthen its information collection procedures and program

forms to enhance its ability to collect pertinent small businesses information and to ease application requirements.

Performance Report: In FY 2023, the SBA guaranteed more than 9,200 bid and final (payment and performance) bonds for a combined contract value of over \$7.2 billion, which supported nearly 38,000 jobs. The Agency focused its outreach efforts on strengthening relationships with existing surety companies and agents to ensure that more small businesses had access to surety agents located conveniently within their geographical locations. The Agency conducted outreach activities to strengthen the relationship between the SBG program and Bipartisan Infrastructure Law (BIL) contract opportunities. The Agency conducted SBG program presentations for the U.S. Department of Veterans Affairs (VA), the U.S. General Services Administration, and the U.S. Department of Transportation (USDOT) and its subagency, the Federal Aviation Administration. Additionally, the SBA and USDOT entered a Memorandum of Understanding (MOU) to collaborate and provide surety bond technical assistance. The Agency also participated in the leading surety bond industry conference to engage the surety bond industry for increased participation in the SBG program.

The Agency compiled and released SBG program data for the SBA’s Open Data website. The statistical data provide the public more transparency on SBG program activity and its economic impact. The data are released by decade and are available to the public for further analysis of program participation.

Additionally, the Associate Administrator for OCA conducted multiple listening sessions with surety industry partners. The outreach was designed to better understand how the Agency can improve working capital tools to support small business contracts relating to BIL opportunities. Through discussions, the Agency began developing tools that specifically addressed the small business gap in working capital to qualify for BIL contracts.

Finally, the SBA executed an MOU with USDOT that solidifies the commitment of both agencies to jointly assist transportation-related small and disadvantaged business concerns seeking BIL opportunities. USDOT’s Bonding Education Program began collaborating with the SBA’s SBG program. This collaboration is planned to take place over a 5-year period and is intended as an exchange of program data, jointly performing outreach activities with small businesses for the purpose of increasing small business eligibility for BIL opportunities.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Contract Value (Billions) of Bid and Final Bonds | Target | 7.00 | 7.10 | 6.70 | 7.40 | 7.40 | 6.58 | 6.79 | 7.02 |
| | Actual | 6.59 | 6.48 | 7.19 | 6.97 | 6.38 | 7.32 | | |
| | Variance | -6% | -9% | 7% | -6% | -14% | 11% | | |
| Additional Information: This measure tracks bid and final bond contract values. The contract value of bonds and out-year targets have been adjusted to reflect changes in the contract bond market. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Bid and Final Bonds Guaranteed | Target | 12,000 | 12,000 | 11,000 | 11,350 | 11,350 | 8,610 | 8,900 | 9,300 |
| | Actual | 10,866 | 9,905 | 10,577 | 9,633 | 8,333 | 9,265 | | |
| | Variance | -9% | -17% | -4% | -15% | -27% | 8% | | |
| Additional Information: This measure tracks the bid and final bonds guaranteed. The number of bonds secured and out-year targets have been adjusted to reflect changes in the contract bond market. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| | Target | 26,000 | 33,000 | 35,000 | 36,000 | 36,000 | 34,200 | 36,200 | 37,500 |



| | | | | | | | | | |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Number of Jobs Supported by SBGs | Actual | 31,837 | 32,598 | 30,299 | 34,053 | 33,110 | 37,963 | | |
| | Variance | 22% | -1% | -13% | -5% | -8% | 11% | | |
| Additional Information: This measure tracks the number of jobs created and retained from final bond guarantees approved. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Small Businesses Assisted by SBGs | Target | N/A | N/A | N/A | Baseline | 1,750 | 1,775 | 1,800 | 1,900 |
| | Actual | 1,870 | 1,933 | 1,820 | 1,675 | 1,691 | 1,886 | | |
| | Variance | N/A | N/A | N/A | N/A | -3% | 6% | | |
| Additional Information: This measure tracks small businesses that have received at least one approved surety bond guarantee during the fiscal year. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Treasury-Listed Surety Companies | Target | N/A | N/A | N/A | Baseline | 42 | 32 | 34 | 35 |
| | Actual | 31 | 36 | 39 | 38 | 32 | 32 | | |
| | Variance | N/A | N/A | N/A | N/A | -24% | 0% | | |
| Additional Information: This measure reflects active surety partners in the program. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of Surety Bonds to Underserved Small Businesses | Target | N/A | N/A | N/A | Baseline | 64% | 62.5% | 63% | 64% |
| | Actual | N/A | N/A | N/A | 62% | 62% | 62.4% | | |
| | Variance | N/A | N/A | N/A | N/A | -3% | 0% | | |
| Additional Information: This measure tracks the percent of underserved businesses assisted through the program. These data are self-reported, and disclosure is voluntary. The Surety Bond Guarantee program defines the underserved population to include Black or African American, Asian, Native Hawaiian or Other Pacific Islander, American Indian or Alaska Native, Hispanic or Latino, veteran and veteran spouse, women-owned small business owners, businesses located in rural counties and HUBZones, and those that are 8(a) certified. The SBA has corrected its FY 2021 baseline data and future targets because of a change of methodology to align with other Capital Access programs. | | | | | | | | | |

Strategic Goal: 1) Ensure Equitable and Customer-Centric Design and Delivery of Programs to Support Small Businesses and Innovative Startups

Strategic Objective: 1.2) Build a Thriving National Innovation Ecosystem that Promotes Investments in all Small Business Communities

Objective Lead: Associate Administrator for Investment and Innovation

Programs: Small Business Investment Companies, Small Business Innovation Research, Small Business Technology Transfer, Federal and State Technology Partnership, Growth Accelerator Fund Competition, Regional Innovation Clusters

Objective Overview: Private investments provide opportunities for small businesses to start, grow, sustain, and innovate. Such investments enable many small businesses and startups to support jobs, bolster economic activity, and become important research and development engines in the U.S. economy. The SBA increases small business access to investment capital otherwise unobtainable in private capital markets through the Small Business Investment Companies (SBICs) program, promoting a more equitable allocation of private capital that is more geographically dispersed³ than investments from non-SBIC private equity and private credit funds.⁴

The SBA also encourages greater access to investment opportunities and to research and development funds for small businesses through the SBIR and STTR programs that help stimulate technology innovation and commercialization through small businesses. By bringing new technologies from lab to market, financing the domestic infrastructure and industrial energy transition, and supporting the sustainability and growth of millions of small businesses, the SBIR and STTR programs play a critical role supporting American global competitiveness and economic development, protecting national security interests, and combatting the climate crisis. Each year, agencies with research and development budgets that exceed specific thresholds must allocate a specified portion of these funds for awards to small businesses.

Progress Update: The SBA established two new Federal advisory councils, managed by the SBA's Office of Investment and Innovation, to help the Agency improve programs and policies to strengthen the innovation ecosystem across the nation, to better serve its customers, and to accelerate the flow of capital to innovative startups and small businesses. The SBA supported and accelerated the flow of private capital to small businesses by licensing 26 SBICs with nearly \$2 billion in private capital commitments. The SBIC program's combined private and SBA-guaranteed capital now exceeds \$42 billion in committed and invested capital and is the highest amount in program history. The SBIC program has helped create and sustain over 130,000 jobs in FY 2023. The SBICs provided 25 percent of their program financings to women-owned, minority-owned, and veteran-owned small businesses. Of the private funds receiving an SBIC license in FY 2023, 62 percent were managed by general partnerships that were inclusive of women, minority, or veteran investment principals. While capital raising and deployment for U.S. private funds faced challenges during FY 2023, the SBA maintained its pace and committed over \$4 billion to SBIC licensees, which enabled these licensees to deploy \$8.0 billion in financing to U.S. small businesses and startups, resulting in a 3-percent increase from FY 2022.

For FY 2023, the SBA completed 234 exams and maintained 100 percent statutory compliance and 100 percent credit compliance for the fourth year in a row. The SBA recovered over \$23 million in defaulted payments through a combination of secondary transactions, restructurings, and portfolio liquidations totaling 12 percent of the liquidation balance.

³ As of 2020, 70 percent of private equity and private credit investments to small businesses were made in five metropolitan areas in California, Massachusetts, and New York [SBIC Rural Investments Environmental Scan and Evaluability Assessment](#) (SBA, 2020).

The SBIR and STTR programs were reauthorized by Congress on September 30, 2022. Across FY 2023, SBIR/STTR contract and grant awards provided nearly 34 percent of its awards to women-owned, minority-owned, veteran-owned, and rural small businesses. The SBA also enhanced U.S. innovation ecosystem connectivity and the customer experience for entrepreneurs and ecosystem support organizations. The SBA worked with its Federal and State Technology (FAST) resource partners to host America’s Seed Fund Road Tours and execute the National SBIR/STTR Conference, which was attended by innovators representing 44 states and territories while increasing attendance 212 percent over FY 2022 (and 162 percent compared to pre-pandemic attendance in FY 2019).

During FY 2023, the SBA established the Division of Investment and Innovation Ecosystem Development (IIED) to build stakeholder networks nationwide to raise awareness of and facilitate access to Federal, state, and private resources available to assist and finance entrepreneur support organizations (ESOs), intermediary partners, and U.S. small businesses as they navigate the path from inception to growth to sustainability. The SBA hosted several events, including the second SBA Innovation Ecosystem Summit, with 1,591 attendees (a 22-percent increase over FY 2022), to enhance the ecosystem connectivity and customer experience for entrepreneurs and ecosystem support organizations, and the second America’s Seed Fund Startup Competition and Expo, which showcased 9 SBIR awardees, almost half of which were companies representing underrepresented communities. During FY 2023, the SBA expanded the entrepreneur support network by 11 percent to over 3,300 individuals and collaboratively increased public engagement to reach almost 25,000 entrepreneurs and partnering organizations.

The SBA operates the Growth Accelerator Fund Competition (G AFC), which in FY 2023 received a total of 355 unique submissions for Stage One funding. After administrative review, 238 applications, representing 45 U.S. states and territories, were sent to judges for scoring. Each of the 40 Stage One winners received \$50,000 and the opportunity to submit to Stage Two request for an additional \$150,000 prize. The SBA received 38 submissions and awarded 35 Stage Two awards, totaling \$5,250,000. GACF cash awards for FY 2023 totaled \$7,250,000.

The SBA moved the management of an important component of the U.S. innovation ecosystem, the Regional Innovation Cluster (RIC) initiative under the new IIED division. RICs assist businesses in matching innovative technology to industry needs to increase the number of innovative small businesses and entrepreneurs in the Nation’s supply chain. With new FY 2023 awards, IIED expanded both the regional reach and the number of industries supported by awarding contracts to 2 new RICs resulting in 16 RICs nationwide at the close of FY 2023.

The table below highlights progress toward SBA Strategic Measures identified in the *FY 2022–2026 Strategic Plan*.

| Strategic Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Jobs Supported by SBIC Financings | Target | 115,000 | 115,000 | 115,000 | 115,000 | 130,000 | 130,000 | 135,000 | 140,000 |
| | Actual | 106,021 | 111,201 | 91,557 | 126,431 | 129,098 | 130,281 | | |
| | Variance | -8% | -3% | -20% | 10% | -1% | 0% | | |
| Additional Information: The SBA tracks the number of jobs supported that SBICs financed during the fiscal year. Historical data, which combine jobs created and jobs retained, use the “1999 Arizona Venture Capital Impact Study.” The study estimated that 1 job is supported for every \$36,000 (adjusted for inflation) of SBIC financings provided. | | | | | | | | | |
| Equity Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of Underserved Small Businesses Financed by SBICs | Target | N/A | N/A | N/A | N/A | 25% | 26% | 26% | 27% |
| | Actual | N/A | N/A | N/A | 23% | 27% | 25% | | |
| | Variance | N/A | N/A | N/A | N/A | 8% | -4% | | |



| | | | | | | | | | |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Additional Information: Underserved businesses include those owned by women, veterans, or minorities, or are located in underserved geographic areas, which include low- and moderate-income areas. SBICs determine their investment choices. | | | | | | | | | |
| Equity Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of SBIR/STTR Awards to Underserved Communities | Target | N/A | N/A | N/A | N/A | Baseline | 35% | 36% | 36% |
| | Actual | N/A | N/A | N/A | 33.5% | 33.9% | 34% | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | -3% | | |
| Additional Information: The SBA tracks the percent of awards going to underserved communities. Underserved is measured as firms that are women-owned, minority-owned, veteran-owned, located in a HUBZone, or rural area. | | | | | | | | | |
| Customer-Centric Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Average Time (Months) to License an SBIC | Target | N/A | Baseline | 6 | 6 | 6 | 6 | 6 | 6 |
| | Actual | N/A | 6.8 | 5.8 | 6.3 | 7.8 | 12.7 | | |
| | Variance | N/A | N/A | 2% | -5% | -30% | -111% | | |
| Additional Information: This measure tracks the average time (in months) that the SBA takes to license an SBIC. In FY 2023, the SBA was unable to meet this ambitious target due to several complex applications and longer than average legal reviews. Regulatory changes implemented in FY 2023 and the accompanying business process reengineering is expected to streamline and improve efficiencies. | | | | | | | | | |

Small Business Investment Company Program

Program Description: The SBA’s Small Business Investment Company Program (SBIC) seeks to stimulate and supplement the flow of private equity capital, long-term debt, and loan funds to small businesses that need them for the sound financing of their business operations and for their inception, growth, expansion, and modernization when such capital is not available in adequate supply. The SBA, through the SBIC program, licenses privately managed investment funds that raise capital from private institutional and individual investors and then combines this private capital with capital obtained through the SBIC’s issuance of a fund-level debenture, or loan, guaranteed by the SBA. SBICs invest this combined capital in qualifying U.S. small businesses. The SBIC program was created to address concerns regarding a deficiency in the capital markets for long-term funding for growth-oriented small businesses.

The SBA does not invest directly into small businesses through the SBIC program, but it instead provides funding to qualified investment management firms with investment expertise in certain sectors, industries, and investment strategies. SBICs are privately owned and managed investment funds that are licensed and regulated by the SBA. SBICs raise their own private and/or public capital to make long-term private equity and/or debt investments in qualifying small businesses.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-----------------------|-----------------------|-----------------------|------------------------------|------------------------|
| \$21,492,000 | \$24,345,000 | \$27,608,000 | \$35,661,000 | \$36,971,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA, through intermediary SBICs, will provide financing to over 1,000 small businesses each year. The SBA anticipates this will increase the overall capitalization of the SBIC program to \$45 billion or more. The SBA will continue to work to provide more funds to underserved small business owners (women, minorities, veterans, urban, and rural). The SBA will continue to license more SBICs with members of underserved communities as partners and members of investment committees, which have a proven track record, on average, of making more investments to underserved small businesses. The SBA established an external advisory committee in FY 2023 and will continue to expand communication with industry stakeholders to further the Administration’s objectives, which include achieving more equity-

oriented financings, shortening licensing times, creating more efficient operations, providing greater analytical tools, and reducing credit risk. In FY 2023, the SBA established and began to implement a series of new SBIC program initiatives (Accrual SBICs, Reinvestor SBICs, and an investment partnership initiative with the U.S. Department of Defense (DOD), the SBIC Critical Technology Initiative). In FY 2024, the SBA will focus on the implementation of these important initiatives. During FY 2025, the SBA will assess these initiatives and institute changes where appropriate. The SBA will also examine opportunities to enter memorandums of agreement with other government departments and agencies.

The Agency will continue to implement program efficiencies, support SBIC licensing, upgrade its IT systems, and implement its fraud assessment improvements. Investment into the SBIC IT systems will enhance the external customer experience, improve oversight and risk assessments to minimize defaults and maximize recoveries, increase productivity by decreasing the complexity of data entry and review, and provide better analytical tools for trend analyses. These processes will allow the program to attract new applicants and investors, including those serving underserved markets. The SBA will also continue to provide consistent oversight and reduce risk in its SBIC program portfolio. To reduce the risk of fraud, the SBA intends to upgrade record keeping regarding fraudulent actions to better direct examination activity and assess potential best practice improvements.

Performance Report: In FY 2023, the SBIC program had over \$42 billion in private capital, outstanding SBA-guaranteed debenture leverage, and SBA leverage commitments—the highest amount of combined capital under management in the program’s history. The SBA continued to promote outreach events to increase awareness of the SBIC program, with a focus on underrepresented private equity funds and equity funds focused on investing in underserved markets. These outreach and development efforts yielded a diverse pipeline of prospective SBIC funds. For FY 2023, the SBA licensed 26 SBICs and supported \$2 billion in private capital. SBIC financings supported 1,208 small businesses.

The SBA’s SBIC Investment Diversification and Growth Rule took effect on August 17, 2023. The rule is designed to reduce barriers to program participation for new SBIC fund managers and for funds investing in underserved communities and geographies, capital-intensive investments, and technologies critical to national security and economic development. The rule introduced an additional type of SBIC (“Accrual SBICs”) to increase program investment diversification and patient capital financing for small businesses and to modernize rules that will reduce financial barriers to program participation.

Finally, the SBA made IT investments including security measures to further protect the sensitive financial and other information that the SBA maintains for the oversight of an average of 300 federally regulated financial institutions and the thousands of small businesses in their collective portfolios.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|----------|----------|---------|---------|---------|---------|---------|---------|
| Number of Small Businesses Financed by SBICs | Target | Baseline | 1,130 | 1,130 | 1,130 | 1,130 | 1,130 | 1,240 | 1,300 |
| | Actual | 1,151 | 1,191 | 1,063 | 1,080 | 1,217 | 1,208 | | |
| | Variance | N/A | 5% | -6% | -4% | 8% | 7% | | |
| Additional Information: This measure tracks the number of small businesses financed through SBICs. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Jobs Supported by Underserved Small Businesses Financed by SBICs | Target | N/A | Baseline | 35,000 | 35,000 | 35,000 | 35,000 | 36,000 | 37,000 |
| | Actual | N/A | 23,103 | 19,687 | 29,673 | 32,801 | 35,221 | | |
| | Variance | N/A | N/A | -44% | -15% | -6% | 1% | | |



| | | | | | | | | | |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Additional Information: This measure's methodology estimates that one job is supported for every \$36,000 (adjusted for inflation) of SBIC financings provided (methodology from the Arizona Venture Capital Impact Study). The number of jobs supported by underserved small businesses financed by SBICs was approximately 25 percent of the total number of jobs supported by small businesses financed by SBICs. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| First Time Applicants for Initial Review | Target | N/A | Baseline | 5 | 5 | 5 | 6 | 10 | 11 |
| | Actual | N/A | 5 | 14 | 12 | 9 | 19 | | |
| | Variance | N/A | N/A | 180% | 140% | 80% | 226% | | |
| Additional Information: This measure tracks the number of first-time applicants to the program submitting a Management Assessment Questionnaire to the SBA as part of the first phase of the licensing process. The SBA exceeded the FY 2023 target as a result of the Agency's focus on customer service to attract more first-time licensees. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of SBIC Collections of Leverage Balance in Liquidation | Target | N/A | Baseline | 14% | 14% | 14% | 14% | 15% | 15% |
| | Actual | N/A | 20% | 19% | 42% | 39% | 25% | | |
| | Variance | N/A | N/A | 36% | 200% | 179% | 79% | | |
| Additional Information: This measure tracks total SBIC collections in liquidation as a percent of the beginning leverage in liquidation. The SBA exceeded the FY 2023 target as a result of focusing resources on ensuring that the percent of collections of leverage balance in liquidation is optimized so the program maximizes recoveries regardless of the amount of leverage balance. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of Leveraged SBICs Examined | Target | N/A | Baseline | 70% | 70% | 70% | 70% | 70% | 70% |
| | Actual | 68% | 74% | 100% | 90% | 100% | 100% | | |
| | Variance | N/A | N/A | 43% | 29% | 43% | 43% | | |
| Additional Information: The statute requires the SBA to examine its SBICs once every two years. The SBA exceeded the FY 2023 target for examining leveraged SBICs as a result of focusing its examination resources on these SBICs to reduce credit risk. | | | | | | | | | |

Small Business Innovation Research and Technology Transfer Programs

Program Description: The Small Business Innovation Research Program (SBIR) and the Small Business Technology Transfer Program (STTR) fund small businesses to develop and commercialize innovations that meet Federal research and development (R&D) needs. The SBA serves as the coordinating agency for 11 participating Federal agencies. Both the SBIR and STTR programs have three phases: Phase I funds feasibility-related R&D related to agency requirements; Phase II supports further R&D efforts initiated in Phase I that meet program needs and exhibit potential for commercial application; and Phase III focuses on commercialization of the results of Phase I and Phase II awards. The SBIR and STTR programs only provide funding in Phase I and II. Among other responsibilities, the Agency issues policy guidance, monitors agencies, provides coordinated outreach and training opportunities, and manages SBIR.gov—the business intelligence data platform that collects and maintains program data. The SBA assists innovative entrepreneurs in competing for SBIR and STTR awards by supporting the innovation ecosystem resource partners that work with local entrepreneurs, especially those that target underserved markets, including small businesses located in states where businesses have historically received few SBIR or STTR awards and socially or economically disadvantaged small businesses.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request |
|-----------------------|-----------------------|------------------------|------------------------------|------------------------|
| \$5,028,000 | \$3,873,000 | \$3,235,000 | \$4,978,000 | \$5,316,000 |

Performance Plan: The SBIR/STTR programs allocate billions of dollars in Federal research and development budgets to small businesses and innovative startups, enhancing the innovation ecosystem and growing the

U.S. economy. The SBA requests permanent enactment of the SBIR/STTR programs to support small business innovation, given the overwhelming success of these programs over the past 40 years and their importance to the innovation ecosystem. These funds allow smaller entities to compete in a competitive market and spur job creation and the development of new products and services.

In FY 2024 and FY 2025, the SBA will continue to focus on the oversight and monitoring of the implementation of the SBIR and STTR Extension Act of 2022 (P.L. 117-183) and continue to increase the success rate of underserved populations when applying for SBIR and STTR awards. The SBA will continue to modernize and enhance SBIR.gov, expand its training materials, increase its collaboration with ESOs and stakeholders to build SBIR/STTR knowledge, and coordinate outreach with 11 Participating Agencies. The SBA will promote and expand its online training modules for small businesses and the Navigating America's Seed Fund online training program targeted toward SBA's resource partners and innovation providers that work directly with entrepreneurs. To ensure programmatic compliance, the SBA will continue to coordinate and lead interagency meetings, produce annual reports, and provide program oversight to mitigate fraud, waste, and abuse. The SBA will issue policy guidance for Participating Agencies through an updated SBIR/STTR Policy Directive that interprets statutory provisions for the SBIR/STTR Programs, including requirements resulting from the SBIR and STTR Extension Act of 2022. In addition, the SBA will manage and maintain a database of small business participants and SBIR/STTR awards for public and agency users.

The SBA plans to publish on SBIR.gov its FY 2020, FY 2021, FY 2022, and FY 2023 SBIR/STTR Annual Reports to Congress, which will include more detailed data on the number of women-owned and minority-owned small businesses that apply for and receive awards. The SBA will continue to track the time from proposal submission, selection, and award to the total time it takes an agency to make an award, and the Agency will track the percentage of funding and awards going to first-time awardees and firms receiving more than 15 Phase II awards in 5 years. The SBA will also continue to enhance data quality and transparency and it will update SBIR.gov content to help manage security risks, improve site functionality, and allow for a mobile-friendly design.

The SBA will expand outreach both virtually and at in-person events through the America's Seed Fund Road tours, bringing the Federal research and development principals into underserved states and communities to engage directly with innovative startups and small businesses. The Agency will continue the successful virtual America's Seed Fund weeks for scalable engagement to facilitate awareness and participation in the SBIR and STTR programs. The SBA will also support entrepreneurial support organizations and other stakeholders through the Navigating America's Seed Fund training program, web-based training modules, and other resources provided to the expansive ecosystem support network, which is critical to creating an inclusive SBIR awardee base. This funding helps the SBA connect Federal resources with partners across the innovation ecosystem to build connections with the White House National Science and Technology Council, the Council for Inclusive Innovation led by the U.S. Patent and Trademark Office (USPTO), the Federal Laboratory Consortium for Technology Transfer, the White House Initiative on HBCU, and the continued buildout of public-private partnerships.

Performance Report: The SBA coordinated the 11 Participating Agencies' implementation of the SBIR and STTR Extension Act of 2022, including developing and distributing best practices in coordination with other Federal agency stakeholders and partners.

The SBA enhanced its outreach and technical assistance for innovative startups and high-growth small businesses by growing and training the innovation ecosystem support network and improving communications. The SBA leads a number of significant platform public engagements. Those engagements include the America's Seed Fund Startup Expo prize competition to showcase innovative small businesses

supported by the SBIR and STTR programs and connect them with the resources to enable them to scale, grow, and thrive. The Agency also led the second America’s Seed Fund Week, which presented a series of vital events led by the SBA and state-based resource partners. That event was designed to increase the awareness and diverse participation in the SBIR and STTR programs, connecting thousands of U.S. innovators and exhibitors with the SBIR and STTR Program, which annually supports over \$4 billion in technology funding. These and other public engagements touched more than 25,000 entrepreneurs and partnering organizations, including collaborations with the Minority Business Development Agency (MBDA), the USPTO, the Federal Laboratory Consortium for Technology Transfer (FLC), and national nonprofit organizations, with a focus on reaching underserved entrepreneurs.

In FY 2023, the SBA facilitated the first on-time submission of annual reporting data from all 11 Participating Agencies, supporting the monitoring, oversight, and public transparency of America’s Seed Fund. The SBA’s SBIR.gov portal provided support to a growing user base, with more than 6 million-page views. The SBA led service design customer discovery to engage entrepreneurs, support organizations, Federal agencies, and other key stakeholders to initiate SBIR.gov modernization efforts. Enhancements in company commercialization reporting through SBIR.gov enabled the execution of Commercialization Benchmark requirements and reduced duplicative reporting for small business awardees.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|-----------------|---------|---------|---------|---------|---------|----------|---------|---------|
| SBIR/STTR Dollars (Billions) Obligated | Target | 2.30 | 2.25 | 2.50 | 4.0 | 4.5 | 4.6 | 4.7 | 4.7 |
| | Actual | 3.17 | 3.71 | 4.00 | 3.97 | 4.7 | Data Lag | | |
| | Variance | 38% | 65% | 60% | -1% | 4% | N/A | | |
| Additional Information: Participating Federal agencies have until March of the following fiscal year to submit their data, therefore, FY 2023 data are not anticipated until March 2024. The SBA has set its FY 2024 and FY 2025 targets to reflect the implementation requirements of the SBIR and STTR reauthorization. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of SBIR/STTR Phase I and Phase II Awards | Target | 4,750 | 4,500 | 5,000 | 6,000 | 7,000 | 7,350 | 6,500 | 6,750 |
| | Actual | 5,610 | 7,047 | 7,125 | 6,876 | 6,582 | 6,729 | | |
| | Variance | 18% | 57% | 43% | 15% | -6% | -8% | | |
| Additional Information: The SBA has set its FY 2024 and FY 2025 targets to reflect the implementation requirements of the SBIR and STTR reauthorization, which increases the percentage of funds available in support of the program. While the SBA anticipates more overall dollars going to small businesses, the change may result in fewer awards. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of Federal Extramural R&D Dollars Awarded to SBIR Proposals | Target | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% |
| | Actual | 2.8% | 3.2% | 3.2% | 3.08% | 3.3% | Data Lag | | |
| | Variance | -12% | 0% | 0% | -4% | 3% | N/A | | |
| Additional Information: Federal agencies with extramural budgets for research or research and development of more than \$100 million 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 2023 data are not anticipated until March 2024. Results are based on the agency-reported total extramural Federal research and development budget. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of Federal Extramural R&D Dollars Awarded to STTR Proposals | Target | 0.45% | 0.45% | 0.45% | 0.45% | 0.45% | 0.45% | 0.45% | 0.45% |
| | Actual | 0.39% | 0.42% | 0.42% | 0.43% | 0.51% | Data Lag | | |
| | Variance | -13% | -7% | -7% | -4% | 13% | N/A | | |
| Additional Information: Federal agencies with extramural budgets for research or research and development more than \$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 2023 data are not anticipated until March 2024. Results are based on the agency-reported total extramural Federal research and development budget. | | | | | | | | | |

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|-----------------|---------|---------|---------|----------|---------|----------|---------|---------|
| Percent of New SBIR/STTR Applicants | Target | N/A | N/A | N/A | Baseline | 46% | 46% | 46% | 46% |
| | Actual | N/A | 45% | 46% | 48% | 47% | Data Lag | | |
| | Variance | N/A | N/A | N/A | N/A | 2% | N/A | | |
| Additional Information: This measure tracks first-time small business applicants. Participating Federal agencies have until March of the following fiscal year to submit their data, therefore, FY 2023 data are not anticipated until March 2024. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of First-Time Awardees | Target | N/A | N/A | N/A | Baseline | 46% | 46% | 43% | 43% |
| | Actual | 40% | 46% | 46% | 43% | 39% | Data Lag | | |
| | Variance | N/A | N/A | N/A | N/A | -14% | N/A | | |
| Additional Information: This measure tracks first-time small business awardees. Participating Federal agencies have until March of the following fiscal year to submit their data. FY 2023 data are not anticipated until March 2024. The SBA has set its FY 2024 and FY 2025 targets to reflect the implementation requirements of the SBIR and STTR reauthorization that could reduce funds available for new awards. | | | | | | | | | |

Federal and State Technology Partnership Program

Program Description: The Federal and State Technology (FAST) Partnership Program is designed to provide critical and direct assistance to underserved innovation-based entrepreneurs, with the goal of increasing their success in obtaining SBIR and STTR funding. FAST awards build the innovation ecosystem by increasing the pipeline of SBIR and STTR applicants through training, outreach, and building the capacity of partner organizations and individuals to support these applicants and existing awardees. The awards can be used for technical and business assistance that support entrepreneurs and startups through programs or services that improve proposal development and team creation, aid that leads to the commercialization of technology, and to form or encourage relevant mentoring networks to provide business advice and counseling. FAST awards can also be used for financial support to help make grants or loans to applicants to pay a portion or all the cost of developing SBIR and STTR proposals (Phase 0), attending relevant conferences, and bridging gaps between award phases.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actuals | FY 2024 Annualized CR | FY 2025 Request |
|----------------|----------------|-----------------|-----------------------|-----------------|
| \$4,758,000 | \$6,735,000 | \$6,864,000 | \$18,708,000 | \$14,032,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will expand the FAST program and increase the number and value of awards through the increase in funding provided in FY 2023. The SBA will continue to monitor awardees and ensure that performance data are used to assess outcomes. FAST will continue its emphasis on supporting innovators addressing critical technologies and growing participation from underserved entrepreneurs. The SBA will continue quarterly calls with the FAST cohort and each individual awardee, and it will continue to expand and train the innovation-based ecosystem support network. The FAST resources enable the Agency to support a larger, innovation-focused support network, ensuring that potential SBIR/STTR applicants will be able to access assistance regardless of their locations, and will support more underrepresented entrepreneurs to help clients obtain SBIR and other R&D funding. FAST provides hands-on training that has been shown to substantially increase the percentage of first-time applicants that win awards. The program expansion, coupled with increased support and training provided by the SBA, will result in increased awards to new companies in historically underserved areas in accessing America's Seed Fund.

Performance Report: In FY 2023, the FAST program’s increase in funding allowed the SBA to increase the number and value of awards for the FAST program and counsel 16,900 small businesses. As a result, the SBA has FAST resource partners in 43 states and 1 territory, expanding access to critical pre-award support for SBIR/STTR program applicants. The America’s Seed Fund Road Tour included five FAST awardees across the United States heartland. The SBA, through its awardee monitoring and performance assessment, enhanced its information data collection to expand visibility into the ecosystem of recipients and better track program outcomes. The SBA maintained close engagement through quarterly calls with the FAST cohort and each individual awardee. The Agency integrated them into the SBA-led Monthly Innovation Ecosystem Network calls, connecting them with other Federal and nonprofit ecosystem stakeholders.

The FAST awardees conducted outreach events, helped small businesses prepare Phase I and Phase II SBIR/STTR proposals, and supported many first-time awardees. First-time awardees represented a higher percentage of the underserved population than the overall population demographic, which is the primary goal of FAST—to develop a more equitable innovation pipeline.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|-----------------|---------|---------|---------|---------|----------|----------|---------|---------|
| Number of Small Businesses Counseled and/or Trained in SBIR/STTR (FAST) | Target | N/A | N/A | N/A | 11,000 | 12,000 | 15,000 | 18,000 | 18,000 |
| | Actual | N/A | N/A | 14,243 | 11,482 | 25,482 | 16,900 | | |
| | Variance | N/A | N/A | N/A | 4% | 112% | 13% | | |
| Additional Information: This measure tracks the number of clients counseled or trained in the SBIR and STTR award process. FAST awardees have until the end of the first quarter of the following fiscal year to report fourth quarter results. The increase in the number of small businesses counseled and/or trained reflects a larger cohort of FAST awardees and a greater use of virtual platforms for service delivery. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Dollars (Millions) of SBIR/STTR Awards Received by FAST Clients | Target | N/A | N/A | N/A | 110 | 120 | 130 | 135 | 135 |
| | Actual | N/A | N/A | 111 | 85 | 125 | Data Lag | | |
| | Variance | N/A | N/A | N/A | -23% | 4% | N/A | | |
| Additional Information: This measure tracks the successful SBIR/STTR awards received by FAST clients. FAST awardees have until the end of the first quarter of the following fiscal year to report fourth quarter results. Further, the number of SBIR/STTR awards will not be validated until after SBIR/STTR participating Federal agencies submit data, up until March of the following fiscal year. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| FAST Return on Investment | Target | N/A | N/A | N/A | N/A | Baseline | 32 | 33 | 33 |
| | Actual | N/A | N/A | 37 | 28 | 31 | Data Lag | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This measure tracks return on investment for FAST clients by calculating dollars of SBIR/STTR Awards received by FAST clients divided by funding for FAST awards. FAST awardees have until the end of the first quarter of the following fiscal year to report fourth quarter results. Further, the number of SBIR/STTR awards will not be validated until after SBIR/STTR participating Federal agencies submit data, up until March of the following fiscal year. | | | | | | | | | |

Growth Accelerator Fund Competition Program

Program Description: The Growth Accelerator Fund Competition (GAFC) stimulates innovation and entrepreneurship by infusing accelerators and incubators with \$50,000 of additional operating capital. The prize competition seeks to identify and fund gaps in the entrepreneurial ecosystem by providing funding to accelerators, incubators, co-working communities, makerspaces, and other organizations that provide entrepreneurial support, mentorship, and commercialization assistance to STEM/R&D entrepreneurs. Each year, the competition identifies groups and/or geographies that traditionally have difficulty obtaining R&D



funding and investment capital, such as rural communities and those owned or led by women, minorities, and veterans. The program’s design allows it to quickly pivot in support of any specific group or critical technology. Since its inception in 2014, the program has awarded 387 prizes of \$50,000 each to organizations in 49 states, the District of Columbia, the U.S. Virgin Islands, and Puerto Rico.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$4,101,000 | \$297,000 | \$7,621,000 | \$18,784,000 | \$14,910,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will operate the GAFC to award prizes that support an inclusive public-private ecosystem for innovators, particularly those who have been underrepresented in STEM/R&D entrepreneurship. Focus areas for proposals will include assistance programs for women and minority entrepreneurs, entrepreneurs in rural areas, and programs targeting technologies addressing manufacturing and climate change.

A virtual Innovation Ecosystem Summit is planned for FY 2024 to generate interest and awareness for the FY 2024 Growth Accelerator Fund Competition and provide content and connection opportunities for past and future awardees with other relevant Federal programs.

In FY 2024, the SBA will continue to increase the number of innovation-based ecosystem support networks that provide one-on-one assistance to high-tech R&D-focused companies. The SBA will cultivate a collaborative support network infrastructure to further enable the sharing of practices and resources. The Growth Accelerator program is an invaluable resource for accelerating the transition of R&D from universities and Federal labs to local startups.

The GAFC will support more diverse small business awardees by expanding their connections throughout the Federal, private, and public ecosystem. The SBA will implement the program to incentivize and facilitate partnerships between different stakeholder groups to increase the pipeline and success of STEM/R&D-focused entrepreneurs. The SBA will maintain a focus on underrepresented STEM entrepreneurs and include additional tracks to address Administration priorities, such as clean energy technologies and exporters, while also eliciting more sophisticated commercialization assistance and expanding connections related to follow-on venture capital funding.

Performance Report: In FY 2023, the SBA maintained oversight of prizes to accelerators and incubators. Focus areas for winners included assistance programs for women and minority entrepreneurs and applicants’ choices, which mostly supported programs for rural entrepreneurs but also veterans and individuals with disabilities. Targeted technology areas reflected Administration priorities and were primarily supporting clean energy, followed by supply chain, infrastructure, and other STEM-related technology areas.

Additionally, the SBA worked through its District Offices, Procurement Center Representatives (PCRs), other Federal agency contracting personnel, and resource partners to increase awareness of the SBIR/STTR programs and support these networks to work with FAST, Growth Accelerator, and SBIR Catalyst awardees.

The SBA focused its efforts on connecting awardees with SBIR agency points of contact and SBA District Offices, resulting in additional virtual events, targeted trainings, and increased services.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|----------|---------|---------|---------|---------|
| Number of Small Businesses in GAFC Cohorts | Target | N/A | N/A | N/A | Baseline | 7,000 | N/A | 7,000 | 7,000 |
| | Actual | N/A | N/A | 5,468 | N/A | 6,400 | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | -9% | N/A | | |
| Additional Information: This measure tracks GAFC activities leading to funding proposals. FY 2020 activities are represented by 60 GAFC awardees. FY 2021 had no activities, as awards were made at the end of FY 2021 and are reported in FY 2022. No awards were made in FY 2022. Awards were made at the end of FY 2023 and will be reported in FY 2024. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Phase I and II SBIR/STTR Proposals Submitted as a Result of the GAFC | Target | N/A | N/A | N/A | Baseline | 900 | N/A | 950 | 950 |
| | Actual | N/A | N/A | 741 | N/A | 1,300 | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | 44% | N/A | | |
| Additional Information: The SBA added this measure to track results of GAFC cohort activities leading to SBIR/STTR proposals. FY 2020 activities are represented by 60 GAFC awardees. FY 2021 had no activities, as awards were made at the end of FY 2021 and are reported in FY 2022. No awards were made in FY 2022. Awards were made at the end of FY 2023 and will be reported in FY 2024. | | | | | | | | | |

Regional Innovation Clusters Program

Program Description: Regional Innovation Clusters (RICs) promote innovation in regional ecosystems so that small businesses can effectively leverage partnerships to commercialize new technologies and expand into new markets, positioning themselves and their regional economies for growth. RICs are on-the-ground collaborations between business, research, education, financing, and government institutions that work to develop and grow a particular industry or related set of industries in a geographic region. Within a cluster, businesses are better able to commercialize innovative technology and create products and services beyond the resources, capabilities, and capacities of a single small business. Through industry-specific technical assistance, clusters help small business innovators commercialize promising technologies needed by government and industry buyers.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|----------------|----------------|----------------|-----------------------|-----------------|
| \$4,843,000 | \$6,029,000 | \$8,174,000 | \$20,104,000 | \$12,419,000 |

Performance Plan: The RIC program, which operates 16 RICs across nine of 10 of SBA regions, was transferred to OII in late FY 2023. For FY 2024 and FY 2025, the SBA will focus on expansion of the program’s geographic reach and its coverage of industries of national importance, including manufacturing, climate-smart agriculture technologies, cybersecurity, and advanced materials manufacturing. During FY 2024, the SBA intends to support new RICs to build capacity and support for the Nation’s most innovative small businesses. During FY 2024 and FY 2025, the SBA will strengthen the national innovation ecosystem by leveraging broader SBA programs to serve the diverse range of needs small businesses face. The SBA will facilitate connections between the RICs, FAST awardees, GAFC winners, and other Federal innovation ecosystem programs. In addition, the SBA will facilitate the sharing of best practices related to innovative

small business support and partnership building across its ESOs. Finally, for FY 2024 and FY 2025, the SBA will ensure that RICs are connecting with and supporting historically underserved and undercapitalized entrepreneurs. The SBA’s management and support of RICs will include an evaluation and implementation of appropriate metrics and reporting processes to track the number of entrepreneurs served through the RICs and encourage greater collaboration and outreach to underserved communities.

Performance Report: The RICs program was moved from SBA’s Office of Entrepreneurial Development (OED) to OII in late FY 2023. In October 2023, the SBA announced the awards of two new RICs contracts, resulting in a total of 16 RICs and expanding the program’s reach to nine of the 10 SBA regions. The two new contracts increase the program’s industrial reach to include cybersecurity assessments, technologies, and services through a New Jersey-based RIC; and smart sensing technologies integral to supporting technology areas of national importance, including quantum information science and technology, artificial intelligence, and disaster prevention and mitigation, through a Montana-based RIC.

The new clusters represent a continued focus on providing direct small business support to technology and high-growth small businesses, regional economic development, and minority-owned, women-owned, and veteran-owned small businesses.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality. During FY 2024, the SBA will evaluate performance measures and targets, resulting metrics, and update the data collection and reporting processes to ensure the Agency is capturing program impact as it expands under SBA’s stewardship.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|---------|---------|---------|---------|----------|---------|---------|
| Percent of RIC Participants Obtaining an Innovation Milestone | Target | N/A | N/A | N/A | N/A | 50% | 50% | 50% | 50% |
| | Actual | N/A | N/A | N/A | N/A | 41% | Data Lag | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: Data are lagged due to data collection occurring after the close of the FY. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of RIC Participants Obtaining Revenue Growth | Target | N/A | N/A | N/A | N/A | 60% | 60% | 60% | 60% |
| | Actual | N/A | N/A | N/A | N/A | 62% | Data Lag | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: Data are lagged due to data collection occurring after the close of the FY. | | | | | | | | | |

Strategic Goal: 1) Ensure Equitable and Customer-Centric Design and Delivery of Programs to Support Small Businesses and Innovative Startups

Strategic Objective: 1.3) Grow Exporting Opportunities to Help Small Businesses Across the Country Expand into New Markets

Objective Lead: Associate Administrator for International Trade

Programs: International Trade Promotion, State Trade Expansion Program

Objective Overview: Nearly 95 percent of consumers, with more than two-thirds of the world's purchasing power, reside outside the United States. Small businesses selling in international markets have the potential to grow revenues, diversify customer bases, and increase profits. Exporting companies are generally more financially stable, are able to expand faster, and can create American jobs with higher wages. In fact, exporting companies pay wages an average of 18 percent higher than firms that do not export⁵. In the United States, small businesses comprise 97 percent of U.S. exporters and account for 40 percent of total export value.⁶ U.S. small businesses are critical to export growth and are key suppliers in global and regional supply chains. However, many small businesses face challenges selling in international markets and do not feel prepared to take on such challenges. The 2022 Small Business Exporting Survey found that nearly half of the non-exporting firms surveyed would be interested in exporting if their concerns are addressed.⁷ Top challenges and barriers include lack of export knowledge and concerns about receiving payment. For more than one-third of surveyed small business exporters, finding financing for their exporting operations is more difficult than for traditional domestic business operations.

To address these challenges, the SBA provides export training, promotes international sales opportunities, guarantees international trade loans, and helps to 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 represented in trade policy, including bilateral and multilateral trade negotiations.

Progress Update: The SBA helped U.S. small business exporters continue to recover from the adverse effects of the COVID-19 pandemic and grow and support jobs with export loans, State Trade Expansion Program (STEP) grants, and trade policy improvements. In FY 2023, the SBA's loans and grants supported over 27,000 jobs. Small businesses receiving SBA assistance achieved export sales of over \$3.6 billion from grants and loans. In FY 2023, the STEP program reached \$30 in export-related sales for every \$1 of funding provided to grantees. The Agency provided export counseling and training to 12,357 small businesses and 8,483 lenders. In addition, the SBA advanced small business interests through trade policy, interagency committees, and through collaboration with trading partners.

The table below highlights progress toward SBA Strategic Measures identified in the *FY 2022–2026 Strategic Plan*.

⁵ International Trade Administration. Do Jobs In Export Industries Still Pay More? And Why?, 2010

⁶ Office of Advocacy – U.S. Small Business Administration. [Contributions of Small Business Indirect Exports to U.S. International Trade](#), 2020.

⁷ [National Small Business Association. Small Business Exporting Survey](#), 2022

| Strategic Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|----------|---------|---------|---------|---------|
| Number of Jobs Supported by Businesses Receiving Export Grants and Loans | Target | N/A | N/A | N/A | Baseline | 26,000 | 26,000 | 26,000 | 26,000 |
| | Actual | N/A | N/A | N/A | 25,159 | 23,869 | 27,013 | | |
| | Variance | N/A | N/A | N/A | N/A | -8% | 4% | | |
| Additional Information: This measure tracks jobs supported by Core Export Loans and STEP grants. The SBA is adding new measures that track jobs in FY 2024 that separates jobs supported by Core Export Loans and STEP grants. | | | | | | | | | |
| Equity Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of Underserved Small Businesses Receiving Export Grants and Loans | Target | N/A | N/A | N/A | N/A | 50% | 50% | 52% | 50% |
| | Actual | N/A | N/A | N/A | 50% | 58% | 52% | | |
| | Variance | N/A | N/A | N/A | N/A | 16% | 4% | | |
| Additional Information: This measure tracks the percent of businesses from underserved communities receiving Core Export Loans. The SBA exceeded its target by focusing on diaspora communities and conducting outreach and training events in other languages. | | | | | | | | | |

International Trade Promotion Program

Program Description: Access to trade finance for small businesses is a critical need for small businesses hoping to succeed in global markets. According to a 2022 Small Business Exporters Association survey, 24 percent of the respondents were concerned with how they would obtain payment for export sales, whereas 35 percent said it was more difficult to obtain trade financing than conventional business financing.⁸ The SBA fills a market gap where the private sector is unable to support credit-worthy small businesses with certain export transactions because of greater real or perceived risk.

Whereas the SBA generally offers small business loans via the 7(a) loan and 504 loan programs in support of all commercial activity, the Agency’s international trade program specifically targets small business exporters with three international trade finance programs. The Export Express Loan Program is a delegated authority⁹ program with a \$500,000 maximum loan amount that is especially helpful for early-stage exporters to use the funds for a wide range of export development activities, including eCommerce. For example, small businesses use these loans to participate in overseas trade shows to 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 between \$350,000 and \$500,000, the program offers lenders enhanced coverage in support of small business exporters. 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 and businesses that have been adversely impacted by imports competition. Finally, the Export Working Capital Program provides financing to support exporters’ transactions, from purchase orders to final payment, with a \$5 million maximum line amount and 90 percent guaranty.

Through its network of Export Finance Managers (EFMs) working with 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 to both lenders and small businesses, including on how to obtain financing through international trade finance programs. The SBA also works closely with the America’s Small Business Development Centers (ASBDC) to provide training and certification on international trade to counselors throughout the nationwide network. Without access to

⁸ [National Small Business Administration, Small Business Exporting Survey, 2022](#)

⁹ A delegated authority program enables lenders to process, close, service, and liquidate SBA-guaranteed loans.

international trade finance, 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 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, U.S. International Development Finance Corporation, U.S. Trade and Development Agency, U.S. Department of Agriculture, Export-Import Bank, and the U.S. Department of State.

The SBA supports the USTR TPSC in developing interagency consensus on trade policy. The Agency ensures that small business interests are represented in trade policy decision making, such as in Section 301 investigations, and in bilateral and multilateral trade agreement negotiations and commitments. Small businesses rely on trade agreement commitments, including on matters related to foreign customs procedures, regulatory requirements, standards, and intellectual property protection.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$11,137,000 | \$11,114,000 | \$12,320,000 | \$14,287,000 | \$14,469,000 |

Performance Plan: For FY 2024 and FY 2025, the SBA remains committed to working with other trade financing agencies and lenders to improve its international trade finance programs and effectively provide trade finance solutions to U.S. small businesses. The SBA will continue to work to fill the financing gap created by the pandemic by focusing on targeted marketing, training, and counseling to small businesses and lenders. The SBA will continue to work with private-sector stakeholders to increase product awareness and reach more underserved communities. For manufacturers, the SBA will counsel businesses on how these programs can be used to re-shore manufacturing to the United States. The SBA will continue to rely on digital marketing tools and CRM software to track progress, and the Agency will continue to explore ways to add value to users’ small business experience.

The SBA will continue to monitor and support compliance with the Small Business Act, which requires a minimum number of SBDC small business counselors to be certified to provide export assistance to small business concerns. The Agency will provide virtual and/or in-person training to SBDC counselors and facilitate collaboration between the SBDCs and other Federal export promotion agencies.

In FY 2024, the SBA plans to leverage its Office of Small Business Development Centers to inventory current levels of certification throughout the nationwide SBDC network to better connect SBDC international trade counselors and SBA export finance managers.

The Agency will explore new ways to engage small business exporters, particularly those from traditionally underserved business communities. This endeavor will include engaging with associations and chambers of commerce representing target communities and conducting joint outreach events. The SBA will conduct listening sessions in collaboration with SBDC networks, state governments, and other partners. These listening sessions, taking place during senior leadership travel and/or during World Trade Month, will help identify the needs of small business exporters and gather input for program and policy improvements. These sessions will also help consolidate local collaboration on export promotion and highlight the importance of



small business exporting to state and local officials. The listening sessions will invite and encourage the participation of underserved businesses in the dialogue.

In 2024 and 2025, the SBA will continue to co-lead the TPCC Small Business Working Group (SBWG), which the SBA reestablished in FY 2023. The TPCC SBWG brings together Federal export promotion agencies to enhance communication on priorities and metrics for export promotion, leverage outreach opportunities to small businesses, and discuss strategy for increasing small business exports. The SBA will work closely with the TPCC Secretariat to coordinate quarterly meetings.

The SBA will connect the Agency, SBDC, and U.S. Commercial Service representatives for more effective, seamless service delivery and to help create a pipeline for export promotion services between the respective partners. This effort will be supported by providing export promotion training to SBDCs, encouraging joint counseling, and creating opportunities for sharing best practices on referral and service delivery.

In FY 2024, the SBA will seek to engage SBA resource partners in international counseling by encouraging their utilization of the counselor training and certification website and exploring other training opportunities to incorporate resource partners such as VBOCs, Women's Business Centers (WBCs), and SCORE into the export ecosystem pipeline.

The SBA is committed to effectively integrating innovation and export promotion. This commitment includes connecting SBIR and STTR firms to the SBA and other Federal export promotion resources, particularly innovative clean energy technology companies. In FY 2023, as part of the National Export Strategy, the SBA awarded two prizes to business incubators and accelerators focused on exporters in high growth and R&D industries. In FY 2024 and 2025, the SBA will coordinate with these business incubators to encourage more small businesses to export.

The SBA will continue its lender outreach campaign to increase the number of lenders, improve lender awareness of the SBA's export loans, and increase business access to export financing. The SBA will also coordinate with SBA DITOs, SBDCs, and state trade promotion offices to establish and strengthen local ecosystems for export promotion. In FY 2024, the SBA will continue to implement its new strategy for DITO engagement that facilitates more intimate planning between the District Offices and their respective EFMs so that each is more integrally tied to supporting District Office goals and part of the planning process. The new engagement model also incorporates joint public-facing outreach.

In FY 2024, the Agency will continue its active role in trade policy decision-making and educating small businesses, particularly in underserved and diaspora communities and the counselors who serve them. SBA will also continue to engage with the Organization for Economic Cooperation and Development (OECD) Small and Medium-Sized Enterprises (SME) and Entrepreneurship committee to advance small business-friendly policies in member countries.

Performance Report: In FY 2023, the SBA's outreach for the International Trade Finance Programs focused on adding lenders that worked with the SBA on the PPP to include the SBA's export loan in their loan portfolio. These efforts leveraged the SBA's digital marketing tools and CRM software to track progress, resulting in the SBA adding its first new delegated Export Working Capital Program lender since 2020.

In FY 2023, the SBA's EFMs continued to counsel lenders with the greatest potential to offer Trade Finance and provided training to a total of 8,483 lenders during the year. SBA's engagement with lenders was also supported through participation in 179 public events and conferences. By focusing outreach on a combination of events and traditional one-on-one consultations, the SBA was able to engage with a wider

audience of current and prospective clients. Events will continue to be a central component of the Agency’s outreach, serving as the early-stage engagement, which then leads to the bilateral meetings necessary for program development. With this new focus, the SBA attracted 50 new lenders in offering a new Core Export Loans product during FY 2023.

In FY 2023, the SBA engaged with a total small business audience of 12,357 people through a series of 309 public events. The SBA also provided one-on-one consultation services to 1,431 small businesses on export finance, with individualized trade finance counseling. The SBA’s focus on event-based engagement was to ensure that the Agency reached a wider audience of exporters while also positioning the Agency to better engage with SBA partners within the SBDCs who can supplement the Agency’s overall capacity for one-on-one consultations.

In FY 2023, 69 lenders made 162 international trade loans for \$356.3 million, supporting more than \$584.0 million in export sales. During this same period, 23 lenders made 55 new Export Working Capital Program () made 28 Export Express loans for \$8.4 million, supporting more than \$90.4 million in export sales.

The EWCP was updated in FY 2021 to allow for the issuance of multiyear authorizations, which changed how the SBA tracks the product. At the end of FY 2023, 137 Export Working Capital Loans were in active service, totaling \$304.9 million, with the EWCP portfolio supporting more than \$1.85 billion in export sales.

In FY 2023, outreach and training activities focused on trade opportunities for key U.S. trading partners, including through the US-Mexico-Canada Agreement Small and Medium Enterprise (SME), the US-UK SME, and US-EU SME Dialogues. The SBA also continued to support small businesses trade among underserved and diaspora communities, including those from Africa and India. Programs also focused on women exporters with a Western Hemisphere focus, such as Canada, Panama, and Brazil. In addition, there was a focus on small business exporters of clean and environmental technologies, including those exporting to Africa. The SBA also re-engaged with the OECD, and the SBA Administrator led the U.S. delegation to the OECD SME and Entrepreneurship Ministerial.

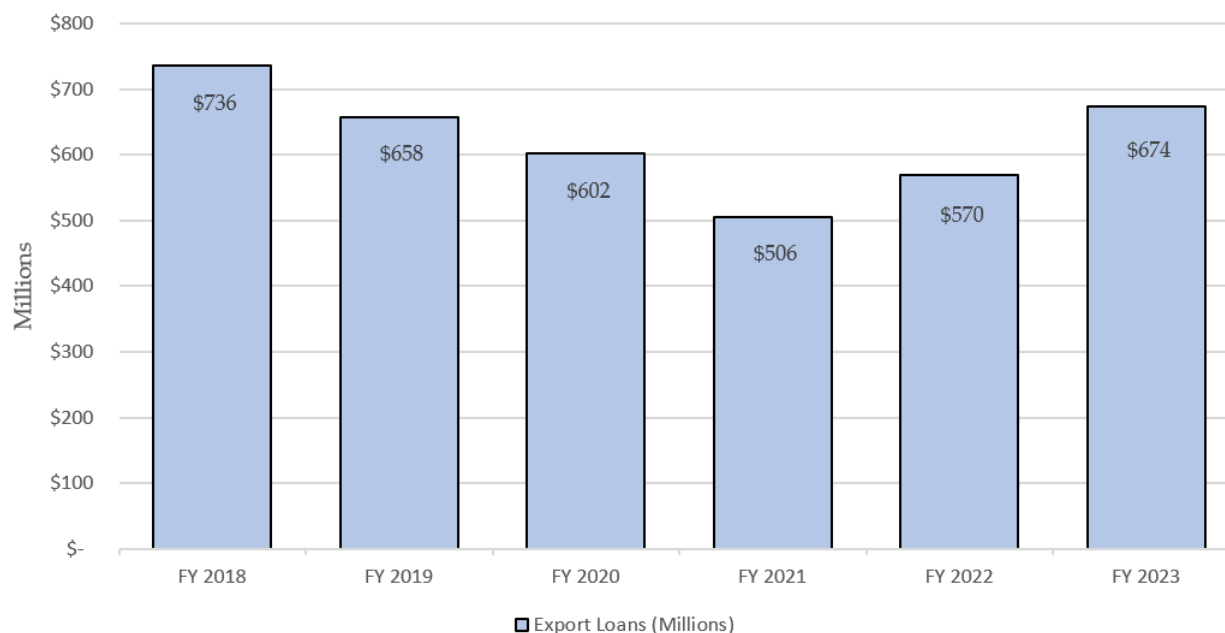
Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Small Businesses Receiving Export Counseling | Target | N/A | N/A | N/A | 2,300 | 2,520 | 2,700 | 10,000 | 10,000 |
| | Actual | N/A | N/A | 3,078 | 2,803 | 3,157 | 12,357 | | |
| | Variance | N/A | N/A | 34% | 11% | 25% | 358% | | |
| Additional Information: This measure tracks the sum of all small business representatives that received export-related counseling from the SBA during the fiscal year. The SBA expanded this measure in FY 2023 to include the total audience of small business representatives receiving one-to-one consultations and export education via webinars, the hotline, and workshops, and has adjusted its out-year targets accordingly. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Lenders Receiving Export Training | Target | 4,500 | 4,500 | 4,600 | 3,875 | 4,875 | 4,875 | 6,000 | 6,000 |
| | Actual | 5,101 | 4,302 | 4,136 | 5,130 | 5,284 | 8,483 | | |
| | Variance | 13% | -6% | 7% | 5% | 8% | 74% | | |
| Additional Information: This measure tracks the number of lenders receiving export training from the SBA at conferences, workshops, webinars, or one-to-one consultations. The SBA focused on events as well as one-on-one consultations in FY 2023 and has adjusted out-year targets accordingly. | | | | | | | | | |

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|-----------------|----------|---------|---------|---------|---------|----------|---------|---------|
| Value of Small Business Export Sales (Billions) | Target | Baseline | 3.1 | 3.3 | 4.7 | 3.6 | 3.6 | 3.8 | 3.8 |
| | Actual | 3.1 | 3.2 | 3.3 | 3.5 | 3.2 | 3.6 | | |
| | Variance | N/A | 3% | 0% | -26% | -11% | 0% | | |
| Additional Information: This measure tracks sales from export loans and STEP grants. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Export Outreach Events | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 250 | 250 |
| | Actual | N/A | N/A | N/A | N/A | N/A | 309 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA baselined this new measure in FY 2023 to show a greater focus on marketing events geared towards small businesses interested in growing their businesses through exports. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Jobs Supported by Businesses Receiving Export Loans | Target | N/A | N/A | N/A | N/A | N/A | N/A | 3,900 | 3,900 |
| | Actual | N/A | N/A | N/A | N/A | 3,501 | 5,245 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA is adding a new jobs supported measure in FY 2024 that separates jobs supported by Core Export Loans and STEP grants. The SBA receives data on Jobs Supported by Export loans more frequently than data through grants. By separating loans from grants, the SBA will more quickly determine if it needs to make adjustments in its loan portfolio. The consolidated number will continue to be reported as a strategic measure. | | | | | | | | | |

The chart below shows the total dollar value of loans (millions) made through Export Express, Export Working Capital, and International Trade Loans.

Loans to Exporters (Dollars in Millions)



State Trade Expansion Program

Program Description: 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. The grants help increase capacity for exporting, with specific objectives to increase the number of U.S. small businesses that export, increase the dollar value of exports, and increase the number of U.S. small businesses that are exploring significant new trade opportunities. In addition to administering STEP, the SBA plays an important role in networking export resources. The SBA’s DITOs, U.S. Export Assistance Center representatives, and local STEP administrators are key participants and drivers of local export promotion ecosystems.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$17,184,000 | \$25,760,000 | \$22,474,000 | \$24,523,000 | \$25,570,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will maintain oversight of its STEP grants to ensure a high return on investment, increase the number of small businesses benefiting from STEP grants, and ensure full utilization of grant funds by states. The SBA will also focus on marketing the STEP program to increase participation by underserved businesses and market the STEP program to lenders, who are often unaware of the program. The SBA will continue to conduct outreach 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 Agency will continue to track the average funds per small business and the increase in export sales.

Performance Report: The grant cycle for FY 2022 started in September 2022 and will run for 2 years ending in September 2024. The grant cycle for FY 2023 started in September 2023, with a performance period that will continue until September 2025. In FY 2023, the SBA received 50 applications for STEP awards and expects to expend all FY 2023 funds. Each grant supports customized export development, with a goal to increase the number of small business exporters and the value of small business exports in individual states and territories. The STEP program reached \$30 in export-related sales for every \$1 of funding provided to grantees, and the program has assisted nearly 3,500 small businesses.

The SBA made program improvements throughout FY 2023 to assist grant recipients in making use of funding. These improvements, including the A-STEP system, a digital portal for grant reporting, allowed the Agency to better track and report on the STEP program process without data lags. The SBA also introduced more flexibilities into the program, increasing the allowable reimbursable activities, enabling grantees to make greater use of virtual and digital trade activities, and eliminating the SBA’s caps on the amount a business can be reimbursed for activities. To build grantee capacity to administer the program, the SBA also allowed grantees to use STEP funds for state staff training.

The STEP program has implemented practices to mitigate fraud and ensure that the program minimizes risk. STEP program managers reviewed all state grantee requests for reimbursement before sending approval actions. This practice was conducted quarterly for all active grants. STEP program managers also conducted annual in-person or virtual site visits on high-risk grantees for which the central focus was on financial risk. The SBA also contracted an auditor to perform financial examinations in seven states. These financial examinations reviewed internal financial controls on states’ grant administration processes. These practices served to ensure that the grant funding was properly administered.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Average Dollar (Millions) Return on Investment of STEP Grants | Target | 30 | 30 | 40 | 50 | 50 | 30 | 30 | 31 |
| | Actual | 31 | 54 | 42 | 43 | 43 | 30 | | |
| | Variance | 3% | 80% | 5% | -14% | -14% | 0% | | |
| Additional Information: 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. The FY 2023 target was adjusted based on the effect of canceled trade missions and trade shows on return on investment due to the pandemic, which will continue to lag for several more grant cycles. Out-year targets did not increase due to time needed in recovery from the COVID-19 pandemic to regain returns, as grants have a data lag of 1 year. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Small Businesses Assisted through STEP grants | Target | N/A | N/A | N/A | N/A | 3,600 | 3,800 | 4,000 | 4,100 |
| | Actual | N/A | N/A | N/A | 3,431 | 2,000 | 3,446 | | |
| | Variance | N/A | N/A | N/A | N/A | -50% | -9% | | |
| Additional Information: The SBA added this new measure in FY 2022 to track small businesses assisted by the STEP program. The SBA anticipates that once the grant cycles return to pre-pandemic levels, the SBA will meet these ambitious targets. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Jobs Supported by Businesses Receiving Export Grants | Target | N/A | N/A | N/A | N/A | N/A | N/A | 22,100 | 22,100 |
| | Actual | N/A | N/A | N/A | N/A | 20,368 | 21,768 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | NA | | |
| Additional Information: The SBA is adding a new measure in FY 2024 that tracks number of jobs supported by businesses receiving export grants, and that separates jobs supported by Core Export Loans and STEP grants. | | | | | | | | | |

Strategic Goal: 1) Ensure Equitable and Customer-Centric Design and Delivery of Programs to Support Small Businesses and Innovative Startups

Strategic Objective: 1.4) Build Back an Inclusive and Proficient Small Business Contracting Base Ready to Compete for All Federal Procurement Opportunities

Objective Lead: Associate Administrator for Government Contracting and Business Development

IG Management Challenges: 2) Eligibility Concerns in Small Business Contracting Programs Undermine the Reliability of Contracting Goal Achievements;

5) SBA's Management and Monitoring of Section 8(a) Business Development Program Needs Improvement

Programs: Prime Contracting Assistance, 8(a) Business Development, Empower to Grow (formerly 7(j) Management and Technical Assistance), HUBZone, Mentor-Protégé, Women-Owned Small Businesses Certification Program, Veteran Small Businesses Certification Program

Objective Overview: The Federal Government is the largest procurer of goods and services in the world. With nearly \$700 billion spent in FY 2022, these dollars represent a tremendous opportunity for small businesses; this opportunity was recognized by Congress, which has established a minimum, government-wide statutory goal of 23 percent of Federal contracting dollars to be spent with small businesses. The SBA provides oversight in Federal contracting to ensure that this goal is achieved each year.

In addition, the Federal Government strives to annually award no less than five percent of contract dollars to women-owned small businesses and no less than three percent of the contract dollars to both service-disabled veteran-owned small businesses and small businesses certified as operating in and employing residents from HUBZone locations. Individual 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 SBA helps to ensure inclusive entrepreneurship through products and services that offer clear business development and technical assistance paths.

Progress Update: In FY 2022 (the latest year of data available), and for the tenth consecutive year, the Federal Government surpassed its statutory prime contracting goal of 23 percent of Federal contracting dollars going to small businesses, with a total of \$162.9 billion in Federal contracting dollars for small businesses. The SBA continues to implement strategies to expand contracting opportunities for SDB in support of the Administration's bold target of increasing the previous 5-percent goal to 15 percent by 2025.

In FY 2022, the Federal Government continued to exceed the contracting goal set by the Office of Management and Budget (Memorandum M-23-01) of 11 percent for SDBs by awarding 11.38 percent of prime contracts to SDBs. Further, the goal of 3 percent for service-disabled veteran businesses was exceeded by awarding 4.57 percent of prime contracts to service-disabled veteran-owned small businesses. The Federal Government did not meet its women-owned small business prime contracting statutory goal of 5 percent or its HUBZone prime contracting statutory goal of 3 percent, achieving 4.57 percent and 2.65 percent in FY 2022, respectively. The HUBZone attainment was the fifth-straight year of year-over-year improvement.

The SBA completed negotiations with each CFO-Act agency and set goals for both prime and subcontracting at 12 percent by FY 2023 to SDBs, and this target is one of the SBA's Agency Priority Goals.¹⁰ The SBA

¹⁰ The scorecard measures each agency's progress toward its small business and socio-economic prime contracting and subcontracting goals and provides accurate and transparent contracting data and is available online for both government-wide and individual agencies for FY 2022. The scorecard is available at <https://www.sba.gov/document/support-small-business-procurement-scorecard-overview>.

continues to increase inclusive entrepreneurship through products and services that offer a clear path for business development and technical assistance to small disadvantaged businesses.

The table below highlights progress toward SBA Strategic Measures identified in the *FY 2022–2026 Strategic Plan*.

| Strategic Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|---------|----------|----------|---------|---------|
| Number of Jobs Supported by Federal Contract Set-asides | Target | 500,000 | 550,000 | 585,000 | 650,000 | 715,000 | 700,000 | 700,000 | 700,000 |
| | Actual | 638,400 | 677,000 | 699,000 | 691,700 | 727,800 | Data Lag | | |
| | Variance | 28% | 23% | 19% | 6% | 2% | N/A | | |
| Additional Information: The volume of small-business Federal contracts for each NAICS code is derived by extracting contracting data from SAM.gov. The number of jobs supported or created in each NAICS code is calculated by dividing the amount of Federal contract obligations to small businesses in that NAICS code by a multiplier, determined by dividing the revenue by the amount of employment from a special tabulation of the 2017 Economic Census from the U.S. Census Bureau. The revenue to employment ratio is adjusted for inflation. | | | | | | | | | |
| Customer-Centric Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Customer Satisfaction Score from Government Contracting Programs | Target | N/A | N/A | N/A | N/A | Baseline | 3.9 | 3.9 | 4.0 |
| | Actual | N/A | N/A | N/A | N/A | 3.9 | 3.9 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 0% | | |
| Additional Information: This measure tracks customer satisfaction with the SBA government contracting programs (8(a), HUBZone, and WOSB). Data for this measure will be based on survey responses scored through a widely accepted customer satisfaction index. The CX Survey was launched in the third quarter of FY 2022, and the rating reflects responses received in Q3 and Q4 for that year only. Results for FY 2023 reflect full-year data. | | | | | | | | | |
| FY 2022-2023 Priority Goal | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of Awards for Small-Disadvantaged Businesses Receiving Government Contracts | Target | 5% | 5% | 5% | 5% | 11% | 12% | 13% | 15% |
| | Actual | 9.7% | 10.3% | 10.5% | 11.0% | 11.4% | Data Lag | | |
| | Variance | 94% | 106% | 110% | 120% | 4% | N/A | | |
| Additional Information: This Agency Priority Goal supports the Administration’s effort to advance racial equity, support underserved communities, and the Agency’s equity measure for contracting. The SBA annually negotiates contracting goals with Federal agencies, including a goal for contracting with SDB. An SDB is defined as an 8(a) and all other firms that may have self-certified as “Small Disadvantaged Business” at SAM.gov. | | | | | | | | | |

Prime Contracting Assistance Program

Program Description: The SBA partners with Federal agencies to ensure that they meet their small business contracting goals. The SBA supports the Small Business Procurement Advisory Council (SBPAC), which consists of senior small business utilization leaders and representatives of the 24 Chief Financial Officers (CFO) Act¹¹ Agencies. The SBA assists these agencies through the acquisition lifecycle, from planning through award and period of performance. The Agency creates opportunities for small businesses to win Federal contracts through training, sharing best practices, publishing data, and hosting matchmaking events. The SBA also ensures oversight through its agency surveillance reviews and facilitates meetings with Federal partners to ensure that they are knowledgeable about small business contracting and follow small business procurement rules, policies, and opportunities.

¹¹ Pub. L. 101-576 (1990)

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$19,786,000 | \$21,963,000 | \$17,234,000 | \$24,080,000 | \$24,525,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will engage monthly with agencies’ Office of Small and Disadvantaged Business Utilization (OSDBU) directors and staff to analyze agency procurements, provide training and updates, share best practices, and discuss progress toward prime and subcontracting goals as part of the SBPAC meetings. To help maximize contract opportunities for small businesses at the top 300 buying activities, the SBA will work with agencies to negotiate their future goals and issue the annual scorecard government-wide and for individual agencies.

The SBA will leverage its PCRs to support the 24 CFO Act Agencies in meeting the government-wide statutory goals by providing opportunities to small businesses in underrepresented communities which historically have had less access to Federal contracting opportunities and economic gains. The Administration will continue to promote policies and guidance to maximize small business participation. 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 and program impact. These reviews will include assessments of the contracting entities’ use and maximization of small business and socio-economic programs and recommendations for changes to improve small business participation in the acquisition process.

The SBA will continue conducting SBA-Agency SDB Sprints, an initiative started in FY 2023 to assist Federal agencies in meeting their SBA-negotiated SDB goal. Further, the SBA will continue its adoption of a relationship management approach to assist Federal agencies in incorporating Administration priorities in their acquisition planning and contract execution.

The SBA will continue to advocate for small businesses in the forest industry to ensure that the U.S. Forest Service (USFS) updates subsequent regulations and the associated sections of the Forest Service Handbooks to reflect the SBA’s revised MOU to include the timber volume associated with Stewardship Contracting in the SBA Timber Set-Aside Program.

Performance Report: To promote small business contracting, the SBA deployed a team of skilled professional analysts, PCRs, size specialists for size protests, industrial specialists for certificates of competency, and forestry management specialists for the SBA Timber Set-Aside program. The PCRs participated in procurement strategies and reviewed requirements not unilaterally reserved for small businesses. This team identified requirements to recommend set-asides for small businesses or specific small business socio-economic categories (i.e., women-owned, service-disabled veteran-owned, HUBZone small businesses, or participants in the 8(a) program) and assessed contracting actions or acquisition performance from more than 3,000 Federal procurement centers across the 24 CFO Act agencies.

In FY 2023, the SBA played a key role in conducting regulatory compliance reviews. The Agency evaluated the implementation of regulations across the Federal Government to promote prime and subcontracting opportunities for small businesses by conducting 30 virtual surveillance reviews. The Agency also conducted 150 performance reviews to evaluate large business prime contractor subcontracting compliance. Size specialists evaluated protested awards to small businesses, and the certificate of competency specialists



validated small business performance capabilities for specific contracts. Forestry management specialists reviewed proposed timber sales by the USFS and the U.S. Bureau of Land Management to ensure that small business sawmills and loggers had a fair opportunity to bid on timber sales. The SBA also collaborated with the USFS and Small Business Logger Constituencies to clarify when a waiver to the SBA’s Timber Exchange is applicable.

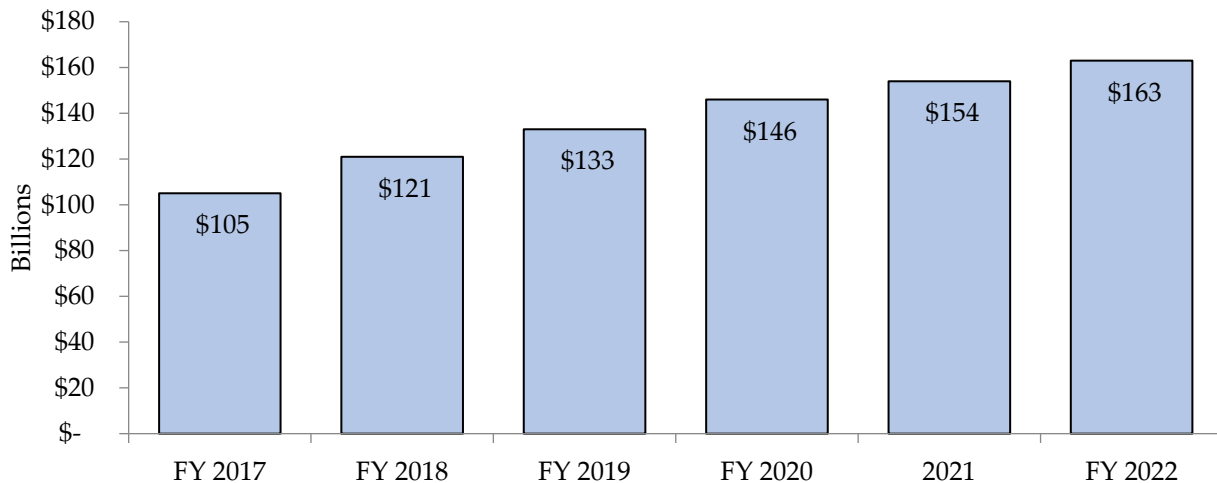
The SBA met monthly with the OSDDBU directors and staff to provide training and policy updates, share best practices, and discuss progress toward prime and subcontracting goals as part of the SBPAC. The Agency collaborated with stakeholders to participate in outreach events to small businesses to increase awareness of all SBA contracting programs and provided training to further awareness. The SBA conducted over 14,240 unique training and counseling sessions to small business concerns regarding how to enter the Federal marketplace, exceeding the goal to conduct 12,000 unique sessions by the end of FY 2023.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|---------|---------|----------|---------|---------|
| Percent of Federal Contracts Awarded to Small Businesses | Target | 23% | 23% | 23% | 23% | 23% | 23% | 23% | 23% |
| | Actual | 25.1% | 26.5% | 26.0% | 27.2% | 26.5% | Data Lag | | |
| | Variance | 9% | 15% | 13% | 18% | 15% | N/A | | |
| Additional Information: The SBA works with each of the 24 CFO-Act Federal agencies annually to set their goals. Data supporting FY 2023 performance will be finalized in the third quarter of FY 2024. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Surveillance Reviews Completed | Target | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| | Actual | 29 | 30 | 20 | 30 | 30 | 30 | | |
| | Variance | -3% | 0% | -33% | 0% | 0% | 0% | | |
| Additional Information: The SBA conducts surveillance reviews (for prime contracting) and small business performance compliance reviews (for subcontracting) to evaluate the implementation of regulations across the Federal Government. | | | | | | | | | |

The chart below shows the total Federal contract dollars (billions) awarded to small businesses in the last 5 years.

Federal Contracting Dollars Awarded to Small Businesses (Billions)



8(a) Business Development Program

Program Description: The 8(a) Business Development Program is a 9-year program created to assist firms owned and controlled by socially and economically disadvantaged individuals. The purpose of the program is to help eligible small disadvantaged businesses compete in the American economy through business development. Program participants have access to training, technical assistance, and contracting opportunities in the form of set-aside and sole-source awards, up to a ceiling of \$4.5 million for goods and services and \$7.0 million for manufacturing contracts. Business development and assistance is delivered to program participants by Business Opportunity Specialists (BOS) from the 68 District Offices nationwide. Assistance includes access to capital and surety bond guarantees, marketing, business counseling, mentoring (online and face-to-face), and opportunities for acquiring Federal government surplus property. The SBA BOS monitors and measures each firm’s progress through business planning collaboration, helping the firms to identify potential contract opportunities, and marketing each firm’s technical capabilities to Federal agency procurement officials.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$48,595,000 | \$56,016,000 | \$62,021,000 | \$73,694,000 | \$73,785,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will continue to partner with Federal agencies, resource partners, and Federal acquisition professionals to conduct training on how to use the 8(a) program as an acquisition strategy to maximize utilization of SDBs and increase contracting opportunities to achieve the FY 2025 SDB goal of 15 percent. The SBA will deliver training to Federal agencies to ensure that Federal contracting opportunities are reserved for 8(a) program participants, resulting in a wider range of Federal contracting opportunities for SDBs furthering the fortification of the industrial base. This training will expand the already strong relationships between the SBA and other Federal agencies and will help the SBA better understand agency procurement needs and forecast where an increase in 8(a) program and SDB participation is possible.

The SBA will focus on the customer experience by educating and preparing small disadvantaged businesses nationwide interested in Federal government contracting. These services include providing comprehensive training to SDB’s preparing their business plans for the 8(a) program application, certification, and maintaining 8(a) program annual eligibility. The SBA will offer procurement readiness and business maturity assessments to position these firms for success as they navigate the government contracting marketplace.

The SBA will offer wrap-around services to 8(a) program participants that include regular group trainings focused on business capture, preparing bid proposals, contract negotiation, and other one-on-one management and technical assistance services.

Performance Report: The SBA’s District Office network that stretches across the Nation provides premier business development assistance to the 4,820 active 8(a) program participants. In FY 2023, the SBA delivered more than 20 training sessions to over 126 BOS across the SBA’s District Offices. This monthly training

focused on building the business acumen of the BOS cadre and equipping them with tools to improve both the customer experience with 8(a) program firms and customer service to Federal agency partners.

In FY 2023, the SBA focused on delivering effective customer service to SDB-owned firms through the flagship 8(a) program. The SBA streamlined the 8(a) program application process and eliminated over 80 duplicative or no-longer required questions to improve the process for eligible SDB applicants and greatly reduced both the time burden and overall difficulty for the program's applicants. To further increase the ease and use of the program, both for firms and for the Federal contracting community at large, the SBA also released its final rule, effective May 30, 2023, improving changes to the ownership and control requirements for 8(a) program participants and clarifying regulations for contracting officers using the 8(a) program.

The SBA expanded assistance to SDBs and published four new 8(a) program application instruction videos to the Certify Knowledge Base website to educate and inform applicants on key eligibility criteria. To maximize marketing assistance to 8(a) program participants, the SBA launched a new feature in the Dynamic Small Business Search tool for 8(a) program firms that enables these firms to link their capability statement. This new feature provides instantaneous access to these capability statements for Federal buyers as they conduct market research. In FY 2023, 70 percent of 8(a) program firms received their first Federal contract, an increase from 65 percent in FY 2022. Overall, the SBA delivered program training to all 24 CFO Act agencies, providing guidance to hundreds of procurement and small business specialists on how to maximize utilization of SDB's in their acquisition strategies. Over 385 8(a) program firms received their first contract in FY 2023.

To further assist SDBs participating in the 8(a) program and assist 8(a) program firms in gaining access to more Federal contracts in the GSA's Multiple Award Schedule (MAS) Program, the SBA and GSA engaged in a new joint effort, known as the 8(a) MAS Pool Initiative. This new agreement established a pool with 640 8(a) program firms within the GSA Schedule, making it easier for procurement officials to locate and contract with SDBs across all industries. Through a MOU with GSA and 45 State Surplus Property Agencies, the SBA successfully fulfilled the requirement of the Small Business Act on the use of Federal surplus property for 8(a) Program participants. This program allows 8(a) participants to acquire Federal property no longer being used by the government for a minimum handling fee. In FY 2023, 63 8(a) firms enrolled in the program and received surplus government equipment valued at nearly \$19 million for an acquisition cost of over \$1.657 million, a total savings of over \$17.18 million.

On July 19, 2023, the U.S. District Court for the Eastern District of Tennessee issued a ruling affecting the 8(a) program's social disadvantage requirement (*Ultima Services Corporation v. United States of America et.al.*). The Court's decision prohibits the SBA from administering the 8(a) program using a presumption of social disadvantage based upon race. The SBA complied with the Court's decision by requiring all affected 8(a) participants to establish their individual social disadvantage by completing a social disadvantage narrative. Furthermore, the SBA updated its 8(a) application questions regarding the social disadvantage requirements. The SBA shifted 8(a) program focus to review and approve those narratives and paused processing 8(a) applications in the fourth quarter of FY 2023. As indicated in the below table, the actual number of approved 8(a) firms fell short of its target for FY 2023 as a result.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|---------|---------|----------|----------|---------|---------|---------|
| Number of Small Businesses Assisted by the 8(a) Program | Target | 8,000 | 8,000 | 8,000 | 8,000 | 10,000 | 11,000 | 19,000 | 20,000 |
| | Actual | 6,789 | 7,958 | 11,150 | 9,322 | 17,319 | 19,144 | | |
| | Variance | -15% | -1% | 39% | 17% | 73% | 74% | | |
| Additional Information: The SBA tracks the number of 8(a) certified firms assisted by Business Opportunity Specialists in SBA District Offices. The increase in 8(a) application submissions in FY 2020 and FY 2021 was attributed to increased pandemic assistance. In FY 2022, the SBA changed its methodology to include tracking the number of firms submitting applications, outreach efforts and completed business development annual reviews conducted by SBA District Offices. Since the change in methodology, the SBA has been able to more accurately track firms assisted by Business Opportunity Specialists in SBA District Offices and headquarters locations and has increased projections for FY 2024 and FY 2025. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of 8(a) Firms Awarded Federal Contracts | Target | N/A | N/A | N/A | Baseline | 71% | 73% | 75% | 77% |
| | Actual | N/A | N/A | N/A | 68% | 65% | 70% | | |
| | Variance | N/A | N/A | N/A | N/A | -8% | -4% | | |
| Additional Information: This measure tracks the percent of 8(a) certified firms that receive Federal contracts each fiscal year. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Approved 8(a) Firms | Target | N/A | N/A | N/A | Baseline | 641 | 600 | 610 | 615 |
| | Actual | N/A | 450 | 591 | 610 | 542 | 385 | | |
| | Variance | N/A | N/A | N/A | N/A | -15% | -36% | | |
| Additional Information: This measure tracks the number of approved 8(a) firms within a given fiscal year. Data in FY 2019 and FY 2020 are provided for additional historical context. All data are from the SBA's 8(a) certification system, certify.sba.gov. The actual number of approved 8(a) firms fell short of its target for FY 2023 due to a pause in processing 8(a) applications in the fourth quarter of FY 2023 related to a court decision (<i>Ultima Services Corporation v. United States of America, et al.</i>) that shifted program focus. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Certified Firms in the 8(a) Program | Target | N/A | N/A | N/A | Baseline | 4,950 | 5,000 | 5,100 | 5,150 |
| | Actual | 4,680 | 4,501 | 4,635 | 4,910 | 4,958 | 4,820 | | |
| | Variance | N/A | N/A | N/A | N/A | 0% | -4% | | |
| Additional Information: This measure reports the number of certified firms in the 8(a) Program. Data from FY 2018- FY 2020 are provided for additional historical context. FY 2018 data are from an internal database. Data from FY 2019 to the present are from SBA's 8(a) certification system, certify.sba.gov. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of 8(a) Certifications Processed within Target | Target | N/A | N/A | N/A | N/A | Baseline | 50% | 53% | 55% |
| | Actual | N/A | N/A | N/A | N/A | 47.6% | 57% | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 14% | | |
| Additional Information: The SBA tracks the percent of 8(a) certifications processed within the 90-day statutory timeframe for each application. | | | | | | | | | |

Empower to Grow (formerly 7(j) Management and Technical Assistance Program)

Program Description: The Empower to Grow program provides training to small businesses that are owned and controlled by economically and socially disadvantaged individuals. It also provides training to small businesses located in areas of high unemployment or low income, to certified 8(a) and HUBZone small businesses, and to economically disadvantaged women-owned small businesses. Training includes consulting in a wide range of business activities, including marketing, accounting, opportunity development and capture, contract management, compliance, and financial analysis. Eligible firms work directly with their respective SBA District Office to enroll in the training.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|----------------|----------------|----------------|-----------------------|-----------------|
| \$3,894,000 | \$3,774,000 | \$2,819,000 | \$6,014,000 | \$7,877,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will focus on better preparing small businesses for participation in the Federal marketplace. The SBA’s vision for the Empower to Grow program is to establish a wraparound services framework approach to better position SDBs to effectively compete for Federal contracts and obtain contracts more in line with their business ownership and population levels. The SBA will equip SDBs with clear readiness assessment and pathways to aid and counsel business owners before they pursue government contracting certifications for the 8(a) program, Economically Disadvantaged Women-Owned Small Business (EDWOSB) Contracting Program, and HUBZone. With this expanded customer-centric service approach and a new marketing and communications strategy, the SBA will onboard, train, and equip these new SDB entrants to the Federal marketplace in direct alignment with Executive Order 13985—*On Advancing Racial Equity and Support for Underserved Communities Throughout the Federal Government*. The SBA’s District Offices will continue to raise awareness of the 8(a) business development opportunities and continue using the Empower to Grow program in innovative ways to provide critical training for disadvantaged firms.

The SBA will concentrate on messaging efforts to expand the delivery of business development and technical assistance to socioeconomic disadvantaged firms. The SBA plans to promote inclusive economic opportunity in government contracting for eligible business owners (i.e., low-income individuals, residents of low-income areas, residents of high unemployment areas, HUBZone-eligible firms, 8(a) firms, and EDWOSB firms). Research has shown that 8(a)-certified firms that received 7(j) training had a 12 percent higher probability of getting their first contract compared with firms that did not take the training.¹²

Performance Report: For FY 2023, the SBA awarded new regionally-based grants and instituted one-on-one training aimed at providing more individualized assistance to strengthen grantees’ ability to seek and win Federal contracts. The grants cover all 50 states and U.S. territories, ensuring that eligible small businesses can have an array of business development needs met. These new regional grants, in addition to the other program providers, expand critical business assistance to the thousands of SDBs pursuing new opportunities in the Federal marketplace.

In FY 2023, the SBA increased 8(a) program success and delivered 7(j) training to eligible small, disadvantaged firms. This targeted assistance provides complete access to Federal agency forecast opportunities to enable firms to better allocate their marketing and business development resources, make timely decisions, and pursue teaming opportunities that lead to new Federal contracts.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Small Businesses Assisted by 7(j) | Target | 4,500 | 10,000 | 8,500 | 8,500 | 12,000 | 13,000 | 10,000 | 11,000 |
| | Actual | 6,483 | 8,032 | 9,941 | 11,900 | 14,243 | 6,134 | | |
| | Variance | 44% | -20% | 17% | 40% | 19% | -53% | | |
| <p>Additional Information: This measure reports the number of small businesses participating in 7(j) training programs. A decrease in the total number of grants that support the program resulted in fewer small businesses assisted by the program in FY 2023. Projections for FY 2024 and FY 2025 have decreased reflecting the adjustments to 7(j) providers and the nature of 7(j) training, from “one-to-many” to “one-on-one” and focusing more on outcomes.</p> | | | | | | | | | |

¹² 7(j) Training Program for 8(a) Participants Evaluation Report (sba.gov)

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|-----------------|---------|---------|---------|---------|----------|---------|---------|---------|
| Percentage Growth in Annual Revenue of Small Businesses Assisted by 7(j) Training | Target | N/A | N/A | N/A | N/A | Baseline | 40% | 42% | 43% |
| | Actual | N/A | N/A | N/A | N/A | 40% | 45% | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 13% | | |
| Additional Information: The SBA introduced this measure in FY 2022 to evaluate firms that completed 7(j) training using self-reported survey data. The 7(j) provider will collect information from firms receiving 7(j) training who self-report their total revenue at the beginning and end of the period and report the growth percentage to the SBA. Data are collected annually. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Firms Assisted by 7(j) Training Showing Growth in Federal Contract Awards | Target | N/A | N/A | N/A | N/A | Baseline | 2,000 | 2,020 | 2,100 |
| | Actual | N/A | N/A | N/A | N/A | 1992 | 2,032 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 2% | | |
| Additional Information: The SBA introduced this measure to evaluate the revenue growth of firms that received 7(j) training using survey group self-reported data of firms attending 7(j) training. | | | | | | | | | |

HUBZone Program

Program Description: The Historically Underutilized Business Zone (HUBZone) Program promotes job growth, capital investment, and economic development in economically distressed areas, designated as HUBZones, by providing Federal procurement opportunities to small businesses located in these areas. The program expands Federal contracting opportunities to underserved groups, including socially and economically disadvantaged business owners and entrepreneurs in rural areas and areas of low income, high unemployment, or high poverty, and other marginalized communities. These contracting opportunities advance equity across the United States by creating jobs and reducing the racial wealth gap.

HUBZone-certified businesses are eligible for sole source and set-aside contracts, and they receive a 10-percent price evaluation preference in full and open contract competitions. Firms must be certified by the SBA to participate in the program. To be eligible, a company must be small, have 35 percent of its employees residing in HUBZones, and have its principal office located in a HUBZone. The Federal Government has a goal of awarding 3 percent of contracts and subcontracts to certified HUBZone small business concerns each year.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$8,212,000 | \$9,529,000 | \$9,455,000 | \$11,779,000 | \$11,790,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will continue to prioritize activities to reach the 3-percent Government-wide Scorecard goal for HUBZone and collaborate on the development and implementation of a next generation unified certification system to replace the HUBZone Certification Tracking System (HCTS), resulting in improved customer service, stronger compliance, and greater efficiency.

The SBA will issue and begin implementing a proposed rule to align HUBZone regulations with recent policy guidance and to strengthen mission compliance. Annual recertification and triennial program exams for all HUBZone-certified firms will continue to ensure that only eligible firms are admitted to the program

and are able to bid on HUBZone-only contracting vehicles. HUBZone will continue to conduct communication and marketing outreach for contracting officials to expand contracting opportunities for HUBZone firms. The SBA will further its efforts to streamline the HUBZone application process to help firms submit a complete application more easily and receive a decision within 60 days of a complete submission. The development of a next-generation certification system to replace HCTS and facilitate the expansion of partnerships with SBA resource partners, District Offices, and APEX Accelerators will improve pre-application support for firms. The HUBZone program will continue to work with governors’ offices to expand the program’s reach to rural areas across the country through a new category of HUBZones known as “Governor-Designated Covered Areas.”

Performance Report: In FY 2023, the SBA expanded the HUBZone footprint by adding rural Governor-Designated Covered Areas in 17 states. Through training and outreach, the program prepared stakeholders for the first HUBZone map update since 2018, which became effective on July 1, 2023. The program met the statutory requirement for 60-day processing for complete applications through an emphasis on pre-application support to ensure that firms submit complete applications from the start. Continuing eligibility requirements implemented in 2020, requiring annual recertification and triennial program exams for all firms in the portfolio, ensure that only eligible firms remain in the program.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|-----------------|---------|---------|---------|----------|---------|----------|---------|---------|
| Percent of Federal Government Prime Contracts Awarded to HUBZone Small Businesses | Target | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| | Actual | 2.0% | 2.3% | 2.4% | 2.5% | 2.65% | Data Lag | | |
| | Variance | -33% | -23% | -20% | -17% | -12% | N/A | | |
| Additional Information: Data supporting FY 2023 performance will be finalized in the third quarter of FY 2024. The HUBZone Program again witnessed record levels of Federal spending in HUBZone communities and continued its steady increase in goal attainment. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Small Businesses Assisted by HUBZone | Target | 6,500 | 6,500 | 8,000 | 8,000 | 8,300 | 8,300 | 10,000 | 10,000 |
| | Actual | 14,042 | 7,310 | 12,152 | 8,383 | 17,151 | 15,643 | | |
| | Variance | 116% | 12% | 52% | 5% | 107% | 88% | | |
| Additional Information: The data include initial applications entered into the system, inquiries received through the customer service help desk email and weekly phone calls, outreach to all stakeholders including webinar participants, speaking engagement attendees, and written communications. Changes to program regulations and continuing eligibility requirements, coupled with an update of HUBZone designations in FY 2023 resulted in a greater number of customer interactions and outreach than originally anticipated. Projections for FY 2024 and FY 2025 have been updated as a result of those changes. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Approved HUBZone Firms | Target | N/A | N/A | N/A | N/A | 950 | 950 | 960 | 960 |
| | Actual | 876 | 864 | 916 | 943 | 806 | 677 | | |
| | Variance | N/A | N/A | N/A | N/A | -15% | -29% | | |
| Additional Information: Uncertainty surrounding a major map update dampened the number of applications from eligible firms. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Certified Firms in the HUBZone Program | Target | N/A | N/A | N/A | Baseline | 5,650 | 5,650 | 4,500 | 5,000 |
| | Actual | N/A | N/A | N/A | 5,651 | 4,634 | 4,395 | | |
| | Variance | N/A | N/A | N/A | N/A | -18% | -22% | | |
| Additional Information: This measure reports the number of certified firms in the HUBZone program. The SBA experienced a decrease in the overall program portfolio of HUBZone certified firms, due to the lingering effects of a major map change, effective July 1, 2023, and the additional time needed to attract firms in new HUBZone designated areas. | | | | | | | | | |

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|---------|---------|---------|----------|---------|---------|---------|
| Percent of HUBZone Certifications Processed within Target | Target | N/A | N/A | N/A | N/A | Baseline | 100% | 100% | 100% |
| | Actual | N/A | N/A | N/A | N/A | 100% | 100% | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 0 | | |
| Additional Information: The SBA introduced this measure in FY 2022 to track the percentage of HUBZone certification applications processed within 60 days. | | | | | | | | | |

Mentor-Protégé Program

Program Description: 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 its Mentor-Protégé Program (MPP) and through approved Mentor-Protégé Agreements (MPA). By creating these agreements, the SBA allows small business protégés to work with more experienced firms without a general finding of affiliation. This waiver of affiliation is vital if the partners decide to form a joint venture. Otherwise, mentors and protégés may agree to use an MPA for the following types of business assistance: technical and/or management assistance, financial assistance in the form of equity investments and/or loans, subcontracts (either from the mentor to the protégé or from the protégé to the mentor), trade education, and/or assistance in performing prime contracts with the Federal Government through joint venture arrangements.

Most notably, the SBA consolidated its two mentor-protégé programs in FY 2020 (the 8(a) Mentor-Protégé Program and the Mentor-Protégé Program) into a single SBA Mentor-Protégé Program. The consolidation streamlined the programs' identical purpose and benefits, removing the need for businesses to choose between two mentor-protégé programs, maintaining the same program benefits, and requiring less SBA involvement for joint ventures. The SBA also collaborates with Federal agencies and other partners to promote 8(a) program, HUBZone, service-disabled veteran-owned, and women-owned small businesses interested in establishing mentor-protégé partnerships.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$1,792,000 | \$1,692,000 | \$1,664,000 | \$2,585,000 | \$2,593,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will advance communication and marketing outreach and provide training and education to Federal acquisition professionals to explain how the MPP helps agencies meet their set-aside small business goals. The SBA will collaborate with the DOD MPP program and explore cohosting a mentor-protégé summit in FY 2024 to deliver a synergized in-person training to connect small businesses to Federal contracting opportunities. The SBA will pursue quarterly forums to gather protégés to expand their knowledge of Federal contracting by connecting them with small business contracting professionals and successful mentor-protégé partners.

The SBA's priority is to ensure that business development assistance continues for protégé firms through robust beneficial MPAs in which the mentor demonstrates a commitment and the ability to assist the small business concern. Growth in FY 2024 and FY 2025 is forecasted as more small businesses seek to expand capacity to maximize revenue with Federal contracting opportunities. The SBA will continue with

marketing, communication, and outreach strategies to educate and inform stakeholders and resource partners about program benefits. The SBA will also promote training, education, and assistance to prospective protégés and mentors to assist them with their growth strategies.

The SBA will continue to improve the customer experience of the MPP application process and annual evaluation activities within its technology solution to reduce the administrative burden on small businesses.

Performance Report: The SBA conducted outreach, both in-person and virtually, throughout the country, with the acquisition community to increase awareness and expand the use of the program among government contracting officials and the Federal acquisition community, which has increased the participation of 8(a), women-owned, veteran-owned, and HUBZone-certified firms in the marketplace, and the Agency has increased the number of set-aside awards.

In FY 2023, the SBA refocused the MPP Conference to provide more targeted training for small businesses by implementing two training tracks. This resulted in increased communication and interaction between small business attendees and various government agencies. The more than 400 attendees, the largest attendance since the MPP Conference began in 2016, were able to learn best practices from their peers and potential mentors.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|----------|---------|---------|---------|---------|----------|---------|---------|
| Number of Approved Mentor-Protégé Agreements | Target | 345 | 345 | 345 | 345 | 350 | 355 | 360 | 365 |
| | Actual | 347 | 342 | 293 | 345 | 359 | 375 | | |
| | Variance | 1% | -1% | -15% | 0% | 3% | 6% | | |
| Additional Information: This measure tracks the number of MPAs approved in a given fiscal year, based on the date of acceptance into the program. Previously, this measure tracked cases based on the date of submission. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Net Number of Full Time Equivalents in Protégé Firms | Target | Baseline | 1,500 | 2,000 | 2,400 | 9,000 | 9,000 | 9,200 | 9,250 |
| | Actual | 1,415 | 2,464 | 3,065 | 9,586 | 9,060 | Data Lag | | |
| | Variance | N/A | 64% | 53% | 299% | 1% | N/A | | |
| Additional Information: This measure reports data from the annual reports submitted by protégés. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Success Rate of Protégé-Winning Bids | Target | Baseline | 32% | 50% | 50% | 50% | 50% | 50% | 50% |
| | Actual | 32% | 50% | 58% | 46% | 43% | Data Lag | | |
| | Variance | N/A | 56% | 8% | -8% | -14% | N/A | | |
| Additional Information: This measure reports data from 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. | | | | | | | | | |

Women-Owned Small Business Certification Program

Program Description: The SBA’s Women-Owned Small Business (WOSB) Federal Contract Program is designed to provide greater access to Federal contracting opportunities for WOSBs and economically disadvantaged women-owned small businesses (EDWOSBs). The SBA coordinates the development of policies for women-owned small businesses to help provide a level playing field for women business owners that participate in the SBA’s WOSB Federal Contract Program. The WOSB program permits certified WOSBs and EDWOSBs in eligible industries to compete for contracts that are set aside for them. The program also allows contracting officers to make sole-source awards to WOSBs (including EDWOSBs) under specific circumstances, such as when the contracting officer does not have a reasonable expectation that offers would



be received by two or more eligible WOSBs and EDWOSBs. In these cases, the contract award can be made at a fair and reasonable price, and the anticipated total value of the contract, including any options, does not exceed \$4.5 million (\$7 million for manufacturing contracts).

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$5,089,000 | \$4,789,000 | \$3,562,000 | \$6,123,000 | \$6,274,000 |

Performance Plan: In FY 2024 and 2025, the SBA will continue its quality application review to ensure that only those women-owned businesses that meet the eligibility requirements for ownership and control are approved for the program. The SBA will implement efficiencies that improve the user experience and further streamline processes to reduce processing times. The Agency will continue its public-private partnerships to cohost events, such as ChallengeHER, that promote outreach and marketing of the WOSB program and provide women business owners with the education and resources to compete for set-aside awards under the program.

Although the WOSB program is not a direct driver of the WOSB prime contracting goal, increased use of set-asides and sole source awards can contribute to the Federal Government’s effort to achieve the 5-percent contracting goal. In FY 2024, the WOSB Program will continue to grow the pool of program participants, which will also include efforts to specifically increase the number of women-owned, veteran-owned small businesses.

The Small Business Reauthorization Act¹³ requires the SBA to conduct a study every five years to identify industries in which WOSBs are underrepresented in Federal procurement contracting. The SBA will continue to increase awareness by training Federal buying activities on the list of eligible industries. In FY 2024, the SBA plans to seek public comment to lift the industry restriction, which does not exist in any other SBA program, to bring consistency to the set-aside programs and enable the government to fully use the program.

The SBA will continue to oversee its four Third-Party Certifiers (TPCs) by conducting compliance reviews, which review a random sample of TPC-certified firms for certification compliance. The Agency will continue its oversight of TPCs by also conducting program reviews, which assess the TPCs’ processes and procedures and analyzes TPC reported metrics.

Performance Report: The SBA continues to implement the WOSB program to serve the Women-Owned small business contracting community. The Agency continued to increase education and awareness of the WOSB program through trainings for Federal buying activities. In FY 2023, the Agency trained 1,000 Federal acquisition professionals on the changes to the list of eligible industries (733 NAICS), based on the results of the FY 2022 WOSB 5-year NAICS study.

In FY 2023, the SBA conducted small business counseling, events, and outreach, including co-sponsorship of ChallengeHER’s educational series. These efforts directly supported more than 20,000 small businesses, exclusive of field staff outreach events. Interest in the WOSB program remains high, and events are widely

¹³ Pub. L. No 105-135 (1997)

attended. The ChallengeHER initiative continues to be delivered in a virtual format and with limited in-person events to maximize engagement with women-owned small businesses.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|-----------------|---------|---------|---------|----------|---------|----------|---------|---------|
| Percent of Federal Government Prime Contracts Awarded to Women-Owned Small Businesses | Target | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |
| | Actual | 4.8% | 5.2% | 4.9% | 4.6% | 4.57% | Data Lag | | |
| | Variance | -4% | 4% | -2% | -8% | -9% | N/A | | |
| Additional Information: This measure evaluates prime contracts awarded to any small business that self-designates as a women-owned small business and is inclusive of WOSB/EDWOSB set-asides which are a part of the WOSB Program. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Small Businesses Assisted by the WOSB Program | Target | N/A | N/A | N/A | Baseline | 8,000 | 8,200 | 8,000 | 8,000 |
| | Actual | N/A | N/A | N/A | 7,983 | 10,779 | 6,868 | | |
| | Variance | N/A | N/A | N/A | N/A | 35% | -16% | | |
| Additional Information: This measure tracks the number of firms that submitted applications during the fiscal year and the program’s outreach efforts (i.e. webinars and trainings). The WOSB Program continues to execute many outreach efforts virtually while also returning to supporting in-person events. The demand for these events remain high, and they are widely attended. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Approved WOSB Firms | Target | N/A | N/A | N/A | Baseline | 3,000 | 2,000 | 3,000 | 3,000 |
| | Actual | N/A | N/A | N/A | 3,705 | 2,847 | 3,486 | | |
| | Variance | N/A | N/A | N/A | N/A | -5% | 74% | | |
| Additional Information: This measure tracks the number of approved WOSB/EDWOSB certified firms within a given fiscal year. The WOSB Program began certifying firms on October 15, 2020 (FY 2021). In FY 2023, the SBA began the recertification process for WOSB Program participants and placed primary focus in Q4 on initial application processing to maximize the pool of available participants during the Federal government’s busiest procurement season. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Certified Firms in the WOSB Program | Target | N/A | N/A | N/A | Baseline | 6,500 | 7,500 | 13,000 | 16,000 |
| | Actual | N/A | N/A | N/A | 3,705 | 6,548 | 10,000 | | |
| | Variance | N/A | N/A | N/A | N/A | 1% | 33% | | |
| Additional Information: This measure tracks the number of certified firms in the WOSB Program. No historical information is available prior to FY 2020 because certification determinations began in October, FY 2021. In FY 2023, the SBA began the recertification process for WOSB Program participants and placed primary focus in Q4 on initial application processing to maximize the pool of available participants in Federal government’s busiest procurement season. Recertification is expected to impact the total number of certified firms that remain in the WOSB Program and number of applications processed in FY 2024. Projections for FY2024 and FY2025 have increased, reflecting the continued high interest and volume of program applications. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of WOSB Certifications Processed Within Target | Target | N/A | N/A | N/A | Baseline | 95% | 95% | 95% | 95% |
| | Actual | N/A | N/A | N/A | 52% | 67% | 58% | | |
| | Variance | N/A | N/A | N/A | N/A | -29% | -39% | | |
| Additional Information: This measure tracks the percent of WOSB certifications processed within the 90-day statutory timeframe for each application. No historical information is available prior to FY 2020 because certification determinations began in FY 2021. The SBA continues to implement process improvements to reach its targeted statutory timeline. | | | | | | | | | |

Veteran Small Businesses Certification Program

Program Description: In FY 2023, the SBA transitioned the U.S. Department of Veterans Affairs (VA) Center for Verification and Evaluation (CVE) to the SBA in accordance with the National Defense Authorization Act (NDAA) of 2021. The Veteran Small Business Certification (VetCert) Program provides certifications to



Veteran-Owned Small Businesses (VOSB) and Service-Disabled Veteran-Owned Small Businesses (SDVOSB). Certification with the SBA allows SDVOSBs to compete for Federal sole-source and set-aside contracts across the Federal Government. Certified VOSBs have additional opportunities to pursue sole-source and set-aside contracts at the VA under the VA’s Veterans First Contracting program. The SBA helps agencies meet the government-wide goal that 3 percent of the total value of all prime contract and subcontract awards be made to small businesses owned and controlled by service-disabled veterans. Through the PCRs workforce, the SBA will continue to provide oversight to ensure that Federal agencies maximize the use of VOSB and SDVOSB small business programs and achieve the SDVOSB contracting goal.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Enacted | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|--------------------|-----------------------------|--------------------|
| N/A | \$6,343,000 | \$26,468,000 | \$27,544,000 | \$27,731,000 |

Performance Plan: In FY 2024, the SBA will undertake a multiyear initiative to unite the customer experience of SBA programs and harmonize processes while retaining critical functions unique to each program area. A foundational component will be to integrate SBA certifications for (8(a) Business Development, HUBZone, Women-Owned Small Business, and Veteran-Owned Small Business Certifications) into a single-entry point so that small businesses will have one point of entry to apply for certifications and access their information. VetCert is the first program to be built in the new structure, with other programs to follow. These programs have a substantial impact, with more than \$150 billion in small business contracts awarded each year. Benefits of certification integration include streamlining the application process, enhancing the customer experience, helping the SBA service more small businesses, supporting cutting edge data analytics, and improving program risk management. Beginning in FY 2024, the SBA expects an increase in VetCert applications of approximately 15,000 per year due to the start of recertifications for previously certified companies.

In FY 2024 and FY 2025, the SBA will continue to develop a risk framework for the VetCert program to establish and implement a risk and compliance program, including post-verification processes which will ultimately be supported by technology. The intent of the risk and compliance program is to review a random sample of certified firms based on the fraud framework established by the SBA to ensure that only firms that meet the regulatory requirements in 13 CFR Part 128 are included in the SBA database of certified SDVOSB and VOSB small businesses. The SBA will review approximately 200 certified firms by the end of the first year the program is established.

Performance Report: In early FY 2023, to support implementation of the NDAA (2021) and transfer the VetCert, the SBA partnered with the VA to plan and implement the program’s smooth transition between agencies to minimize any impacts to veteran applicants. The SBA successfully transferred and launched the VetCert program within the SBA’s Office of Government Contracting and Business Development on January 1, 2023.

Efforts also included securing contractual assistance to support the following functions: initial application screening and assessment, contact center and help desk support, protest and appeals liaison and training outreach to Federal and veteran stakeholders, and the transfer and hiring of 27 VetCert employees.



Program processes established this year increased SBA customer service for veteran applicants and program efficiency through technology enhancements. The SBA program processed more than 7,950 applications, resulting in more than 7,590 newly certified firms, and assisted more than 29,800 small businesses.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|-----------------|---------|---------|---------|---------|---------|----------|---------|---------|
| Percent of Federal Government Prime Contracts Awarded to SDVOSBs | Target | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| | Actual | 4.3% | 4.4% | 4.3% | 4.4% | 4.6% | Data Lag | | |
| | Variance | 43% | 47% | 43% | 47% | 53% | N/A | | |
| Additional Information: Data supporting FY 2023 performance will be finalized in the third quarter of FY 2024. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Small Businesses Assisted by VetCert | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 37,000 | 37,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | 29,821 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The data include initial applications entered into the system, inquiries received through the customer service help desk email and weekly phone calls, outreach to all stakeholders including webinar participants, speaking engagement attendees, and written communications opened. The FY 2024 and FY 2025 targets have been revised based on the actual results of the baseline year of FY 2023. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Approved VOSB Firms | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 15,000 | 15,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | 7,590 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA introduced this measure in FY 2023 to track the number of VOSB certification applications approved within a given fiscal year. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Certified Firms in the VetCert Program | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 20,000 | 20,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | 22,642 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA introduced this measure in FY 2023 to report the number of certified firms in the VetCert Program. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of VOSB Certifications Processed within Target | 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 | | |
| Additional Information: The SBA introduced this measure in FY 2023 to track the percentage of VetCert certification applications processed within 90 days. | | | | | | | | | |

Strategic Goal: 1) Ensure Equitable and Customer-Centric Design and Delivery of Programs to Support Small Businesses and Innovative Startups

Strategic Objective: 1.5) Build an Equitable Entrepreneurial Ecosystem Through Tailored Training and Counseling

Objective Leads: Associate Administrator for Entrepreneurial Development; Associate Administrator for Veterans Business Development; Associate Administrator for Field Operations

Programs: Small Business Development Centers, Women’s Business Centers, SCORE, Learning Center, T.H.R.I.V.E. Emerging Leaders Reimagined, Community Navigators Pilot Program, Native American Affairs Outreach, Veterans Business Outreach, Field Counseling and Training, National Ombudsman

Objective Overview: A healthy and equitable 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 that a client receives to the amount of improvement in the longevity, profitability, and growth of their business. Evidence also shows that small businesses that receive more than three hours of counseling have higher 1-year survival rates than firms that receive fewer hours of counseling.¹⁴ These findings demonstrate that counseling and training provide effective resources to entrepreneurs.

The Agency plays a critical role in managing grant and contractual relationships with organizations that deliver technical assistance in the form of business counseling and training workshops to small businesses and entrepreneurs to promote growth, expansion, innovation, increased productivity, and capacity building. This process includes the deployment of dedicated field staff to convene businesses and key stakeholders and to ensure robust oversight through annual reviews of SBA partner organizations. The SBA, through its resource partners and innovative programs, helps entrepreneurs seeking to start or grow their business.

Progress Update: The SBA, in consultation with the Office of Management and Budget, has highlighted this Strategic Objective as making noteworthy progress. In FY 2023, the SBA provided mentoring and training assistance to more than 830,000 entrepreneurs and small business owners via its SBA Resource Partners and Navigators footprint, with clients obtaining more than \$7 billion in capital for their businesses. SBA Resource Partners have helped clients start more than 29,000 new businesses. CNPP data are as of October 11, 2023, and represent the first 11 months of FY 2023. The Agency continued to grow the Boots to Business (B2B) Program, serving more than 23,800 transitioning service members, veterans, and military spouses. The SBA held more than 200 National Veterans Small Business Week events, with nearly 5,000 participants and 26 million views via social media channels.

In continued support of the Agency’s pandemic-relief programs, SBA District Offices provided support to small businesses transitioning to loan servicing. The efforts to integrate the Community Navigator Pilot Program and new Community Advantage lenders into local entrepreneurial ecosystems facilitated a significant increase in local lending portfolios and new business starts, enhanced business development services, and exceeded the target field customer experience score. The SBA helped reduce regulatory burdens on small businesses and removed roadblocks that threatened their survival and ability. The National Ombudsman responded to over 260 formal comments/cases.

The table below highlights progress toward SBA Strategic Measures identified in the *FY 2022–2026 Strategic Plan*.

¹⁴ Concentrance Consulting Group, LLC. [Impact Study of Entrepreneurial Development Resources Face-to-Face Counseling, 2011.](#)

| Strategic Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|----------|---------|----------|---------|---------|---------|
| Number of New Business Starts through SBA Counseling and Training Programs | Target | N/A | N/A | N/A | N/A | Baseline | 27,000 | 25,710 | 25,700 |
| | Actual | N/A | 20,377 | 19,660 | 28,771 | 27,757 | 29,749 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 10% | | |
| Additional Information: This measure tracks new business starts across the following programs: SBDC, WBC, SCORE, VBOC, and Community Navigators. Data reported for FYs 2019, 2020, and 2021 represent SBDC, WBC, and SCORE data only, because these were the programs tracking new business starts in those years. The Community Navigators reporting year is Dec 1 – Nov 30. | | | | | | | | | |
| Equity Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Unique Clients Served in Underserved Communities | Target | N/A | N/A | N/A | N/A | Baseline | 254,000 | 354,000 | 390,000 |
| | Actual | N/A | N/A | N/A | N/A | 259,235 | 354,935 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 40% | | |
| Additional Information: Unique clients can be identified by the programmatic resource partner, but clients using services between different resource partners (e.g., SBDC and WBC) cannot be identified. Unique clients served in Underserved Communities excludes clients that did not report demographics, which is approximately 60 percent of clients. The Community Navigators reporting year is Dec 1–Nov 30. | | | | | | | | | |
| Customer-Centric Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Field Customer Experience Score with Small Businesses | Target | N/A | N/A | Baseline | 81 | 83 | 83 | 84 | 85 |
| | Actual | N/A | N/A | 79 | 85 | 86 | 85 | | |
| | Variance | N/A | N/A | N/A | 5% | 4% | 2% | | |
| Additional Information: The SBA introduced this measure to track customer experience, i.e., interactions between individuals, businesses, or organizations. Customer Experience factors include customer satisfaction, confidence/trust, service, process, and people. The scale ranges from 0 to 100, with 100 being the highest satisfaction score. | | | | | | | | | |

Small Business Development Centers Program

Program Description: The Small Business Development Centers (SBDC), 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 in the United States. They continuously assess counseling and training materials based on client requests, business trends, and individual business requirements. The program has 63 recipient organizations—one in each state (with four centers located in Texas and five in California), the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. The recipient organization establishes a lead center and a network of partner service centers to cover its service area. There are currently more than 900 service centers. Nineteen of the SBDC lead centers are Minority Serving Institutions (MSIs) including, but not limited to, HBCUs, Asian American, Native Alaskan, and Pacific Islander Serving Institutions (AANAPISIs) and Hispanic Serving Institutions (HSIs), among others.

The SBDC Program links the resources of Federal, state, and local governments with the resources of the educational community and the private sector to provide assistance to the small business community. SBDCs develop business counseling and training programs for both new business startups and more mature businesses, with informational tools and other services that enhance the economic development goals and objectives of the SBA in their respective service areas and support their local funding partners.

Program Budget: The table 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. SBDCs have successfully participated in new Federal spending initiatives on small business technical assistance, including the State Small Business Credit Initiative, and



Congressionally Directed Initiatives. Along with those sources of investment and the proposed FY 2025 funding level, SBDCs will remain a critical contributor to small business development nationwide.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$146,210,000 | \$156,693,000 | \$151,611,000 | \$165,193,000 | \$130,868,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will continue to support entrepreneurs to help start and grow businesses and create and retain jobs. Each fiscal year, the SBA will help 17,500 entrepreneurs start new businesses and assist clients to obtain thousands of loans totaling billions of dollars in capital annually for their businesses.

The SBA will continue to collaborate with DOD, the U.S. Department of Homeland Security, and the National Institute of Standards and Technology to protect small businesses from cybersecurity threats. The Agency recognizes the opportunity to strengthen small business cybersecurity by working with SBDCs and helping them connect small business clients to cybersecurity resources.

The Agency will increase services, partnerships, and outreach in underserved and hard-to-reach communities, and Agency District Offices will partner with respective MSI leadership to enhance services, given the importance of MSIs, including HBCUs, and the significance of supporting entrepreneurship and small businesses in communities that have had less access to the SBA’s services and support.

The SBA will expand small business access in collaboration with DOD to connect small businesses with support services and assistance to improve small business contract readiness and ability to participate in government contracting.

The SBA will collaborate with the U.S. Department of Agriculture (USDA), the U.S. Department of Commerce, and other Federal agencies to assist small businesses in rural areas to increase their participation in exporting, government procurement, tourism, access to credit, incubators, innovation, technology, and other small business programs. The SBA will support the development of marketing and production strategies to help rural small businesses better compete in the domestic market by providing technical assistance, making available managerial assistance, and providing information on financing for business startups and expansion.

Performance Report: In FY 2023, SBDCs helped clients start 20,738 new businesses, counseled more than 325,773 unique clients, and assisted clients in obtaining more than 35,159 capital infusion transactions totaling more than \$6.8 billion dollars in capital for their businesses, supporting over one million jobs. In FY 2023, in collaboration with America’s SBDC, the SBA streamlined processes and modified goals to focus more on impacts to small businesses.

The SBA also focused on special emphasis groups including MSIs, such as AANAPISIs, HBCUs, HSIs, and Native American-Serving Nontribal Institutions Programs. In FY 2023, MSIs hosted SBDC Lead Centers in 18 states and territories and over 140 SBDC Service Centers and points of service delivery. These efforts extended outreach to underserved communities, providing more than \$44.3 million, or approximately 32 percent of core program funding, to MSIs to help minority-owned and other small businesses. An additional \$7 million of core program funding was allocated to MSI-hosted SBDC Service Centers and points of service delivery.

In addition to expanded outreach efforts, the SBA tackled special initiatives for high-demand topics, including cybersecurity training for small businesses and intellectual property training. The SBA implemented the Cyber Training Act of 2022 to ensure that SBDC cooperative agreement partners are prepared to implement cyber strategy planning for small businesses. The SBA also continued to collaborate with DOD and the U.S. Patent and Trademark Office through partnership agreements to enhance the Agency’s cadre of services to the small business community.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality. Certain performance metrics will change beginning in FY 2024 to focus on economic impacts and reaching underserved populations.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|-----------------|---------|----------|-----------|-----------|-----------|-----------|----------|---------|
| Number of Unique SBDC Clients Served | Target | N/A | Baseline | 214,000 | 214,000 | 250,000 | 250,000 | N/A | N/A |
| | Actual | N/A | 254,821 | 498,557 | 643,144 | 306,141 | 325,773 | | |
| | Variance | N/A | N/A | 133% | 201% | 22% | 30.3% | | |
| Additional Information: This measure tracks the number of clients trained and advised, and it includes all SBDC-related funded activities (e.g., Core, CARES Act, and Portable). Increased performance in FYs 2020, 2021, and 2022 is attributed to the infusion of CARES Act funds and sustained interest in SBDC services. This measure is being retired in FY 2023 and replaced with “Number of Unique SBDC Clients Advised” in order to focus on services that can measure client impact. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Unique SBDC Clients Advised | 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 | | |
| Additional Information: The SBA is introducing this measure to track the number of clients advised, and it includes all SBDC-core funded activities. SBDCs will begin reporting on this metric in FY2024. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of New Business Starts from SBDCs | Target | N/A | Baseline | 14,000 | 14,000 | 17,500 | 17,500 | 17,500 | 17,500 |
| | Actual | N/A | 17,810 | 17,312 | 22,589 | 20,288 | 20,738 | | |
| | Variance | N/A | N/A | 124% | 61% | 16% | 18.5% | | |
| Additional Information: This measure tracks the number of new businesses started after receiving SBDC training and counseling. It includes all SBDC related funded activities (e.g., Core, CARES Act, and Portable). Increased performance is attributed to the infusion of CARES Act funds and sustained interest in SBDC services. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Jobs Supported from SBDCs | Target | N/A | Baseline | 772,000 | 772,000 | 1,000,000 | 1,000,000 | N/A | N/A |
| | Actual | N/A | 981,274 | 1,816,065 | 2,076,579 | 1,280,723 | 1,303,380 | | |
| | Variance | N/A | N/A | 135% | 169% | 28% | 30.3% | | |
| Additional Information: The measure tracks the number of jobs supported after receiving SBDC training and counseling. It includes all SBDC-related funded activities (e.g., Core, CARES Act, and Portable). Increased performance is attributed to the infusion of CARES Act funds and sustained interest in SBDC services. This measure is being retired in FY 2023 to encourage SBDCs to focus on impacts because the calculation does not reflect impact from the services and only represents total employment of the businesses. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Billions of Dollars of Capital Infusion from SBDCs | Target | 5.0 | 5.0 | 5.0 | 5.0 | 6.0 | 6.0 | N/A | N/A |
| | Actual | 5.0 | 5.9 | 8.4 | 7.9 | 7.86 | 6.87 | | |
| | Variance | 0% | 18% | 68% | 58% | 31% | 13.3% | | |
| Additional Information: This measure tracks financing provided to small businesses from various lenders, including the SBA, due to SBDC training and counseling. It includes all SBDC-related funded activities (e.g., Core, CARES Act, and Portable). The SBA is retiring this measure in FY 2023 to better capture the impact of small-dollar loans. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Capital Infusion Transactions Provided to Small Businesses | 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 | | |



| | | | | | | | | | |
|--|----------|---------|---------|---------|---------|----------|---------|---------|---------|
| Additional Information: The SBA is introducing this measure as an indicator of overall economic success and growth of small businesses, and it includes the number of SBA loans, traditional bank loans, nonbank loans, equity, venture capital, and any other capital infusions received by SBDC clients. SBDCs will begin reporting on this metric in FY2024. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Average Satisfaction Rate of Entrepreneurs Assisted by SBDCs | Target | N/A | N/A | N/A | N/A | Baseline | 93 | 93 | 93 |
| | Actual | N/A | N/A | N/A | N/A | 93 | 95 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 2% | | |
| Additional Information: This measure provides additional information on whether grant partners are meeting their objectives successfully. | | | | | | | | | |

In FY 2023, SBA transitioned the SBDC Program to the GrantSolutions platform, providing a new streamlined functionality and allowing the agency to directly post funding opportunities that are targeted for specific organizations. The platform also optimizes monitoring and oversight capacity for pre-award, award, and post-award functions.

Women’s Business Centers Program

Program Description: Women’s Business Centers (WBC) represent a national network of more than 130 entrepreneurial development centers. WBCs are designed to assist women entrepreneurs, many of whom are socially and economically disadvantaged, in starting and growing small businesses through education and training. WBCs are now located throughout the country, the District of Columbia, and Puerto Rico. WBCs also partner closely with other Federal agencies and the private sector to better equip economically or socially disadvantaged entrepreneurs, including the provision of services in different languages. Many WBCs offer flexible hours, including evenings and weekends. WBCs offer long-term training courses to best deliver services to emerging entrepreneurs.

In addition to providing training and counseling, WBCs have placed an emphasis on access to capital. Approximately 25% of WBCs have host organizations that are lenders, and 10 percent are CDFIs. This approach is consequential because access to capital remains a significant barrier to women starting and sustaining businesses.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|----------------|----------------|----------------|-----------------------|-----------------|
| \$32,386,000 | \$30,386,000 | \$28,330,000 | \$40,237,000 | \$34,842,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will build on its accomplishments and ongoing investments in its network of 136 WBCs to ensure that women entrepreneurs have access to training, counseling, and capital to start, grow, and manage their resilient small businesses. The WBC network team will advise and train 85,000 and 88,000 entrepreneurs in FY 2024 and FY 2025, respectively. This network will help start at least 2,800 new businesses in FY 2024 and 3,000 new businesses in FY 2025. Additionally, WBCs will focus on enhancing the capacity of its network to provide training, counseling, and access to capital for women-owned childcare businesses and those seeking to do business through government contracting with the Federal government.

The SBA will maintain its emphasis on underserved communities and foster investments in MSIs and organizations which serve women business owners and act as catalyzers for the development of tools and resources to build entrepreneurial capacity.

Building upon the success of the Second Annual Women’s Business Summit, the SBA will continue to coordinate with Federal agencies, small business owners, women’s organizations, and other stakeholders to share policy and best practices that will highlight achievements and bring awareness to the resource needs of and accompanying solutions for women entrepreneurs.

Performance Report: In FY 2023, the WBCs advised and trained 87,900 entrepreneurs and helped create more than 3,431 new small businesses. The SBA continued to focus support on historically underserved women entrepreneurs and business owners, including those in African-American, Hispanic, Asian, Native-American, and rural communities. The SBA WBCs expanded their presence on the campuses of MSIs by funding five new centers and are currently reviewing applications to fund additional centers.

The SBA amplified women’s entrepreneurship through the Second Annual Women’s Business Summit, which began with a kick-off event at the White House that was attended by more than 20,000 virtual and in-person participants. In addition, the SBA held several women entrepreneur-focused sessions, emphasizing the need for access to capital for women. The SBA’s network of WBCs also supported Agency priorities and emphasized entrepreneurial development services that increased the number of women doing business with the Federal government. WBCs also helped clients understand how to access international markets and leverage the SBIR/STTR programs.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|-----------------|---------|----------|---------|---------|---------|---------|---------|---------|
| Number of Unique WBC Clients Served | Target | N/A | Baseline | 73,000 | 73,000 | 75,000 | 80,000 | 85,000 | 88,000 |
| | Actual | N/A | 64,527 | 82,466 | 87,957 | 84,151 | 87,900 | | |
| | Variance | N/A | N/A | 13% | 20% | 12% | 10% | | |
| Additional Information: The measure tracks both the number of unique clients trained and advised. Increased performance is attributed to the continued implementation of CARES Act-funded WBC projects and the onboarding of 11 new Centers. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of WBC New Business Starts | Target | N/A | Baseline | 2,000 | 2,000 | 2,400 | 2,500 | 2,800 | 3,000 |
| | Actual | N/A | 2,087 | 2,216 | 3,301 | 2,821 | 3,431 | | |
| | Variance | N/A | N/A | 11% | 64% | 18% | 37% | | |
| Additional Information: The SBA tracks the number of new businesses started after receiving WBC training and advising. Increased performance is attributed to the continued implementation of CARES Act-funded WBC projects and the onboarding of 11 new Centers. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Transactions to Support Capital Infusion | Target | N/A | Baseline | 4,500 | 4,500 | 7,000 | 8,500 | 8,500 | 8,500 |
| | Actual | N/A | 7,193 | 9,599 | 7,102 | 8,363 | 13,233 | | |
| | Variance | N/A | N/A | 13% | 58% | 19% | 56% | | |
| Additional Information: The SBA tracks the number of transactions (e.g., loans, equity, venture capital) to support capital infusion. Increased performance is attributed to the continued implementation of CARES Act-funded WBC projects and the onboarding of 11 new Centers. | | | | | | | | | |

SCORE Program

Program Description: The SCORE Program is the largest volunteer business mentoring program funded by the Federal Government. SCORE comprises more than 10,000 volunteers with industry expertise who mentor, train, and advise entrepreneurs in-person and online. Business owners are matched with volunteer



business experts and receive customized advice. Entrepreneurs can access free, confidential business mentoring in-person at more than 230 local chapters or remotely via email, phone, and online services. SCORE mentors, who are experts in entrepreneurship and related fields, meet with their small business clients on an ongoing basis to provide continued advice and support. SCORE regularly offers free online workshops on topics ranging from startup strategies to marketing and finance. Attendees can watch webinars live or view recordings online on their own time.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$16,644,000 | \$19,190,000 | \$21,888,000 | \$24,982,000 | \$16,682,000 |

Performance Plan: In FY 2024 and FY 2025, the SCORE program will serve more than 160,000 clients each year, including small business owners in underserved markets. The SBA will continue to provide support through diverse and committed business mentors with industry experience and will give additional support through its national infrastructure, continued innovation in service delivery, and engagement with financial, procurement, and startup business ecosystems.

Performance Report: In FY 2023, SCORE continued to help mentor and train aspiring and existing business owners. The SCORE network provided mentorship to more than 338,000 entrepreneurs and supported more than 5,299 new business starts. SCORE remains uniquely positioned to continue its efforts to help small business owners most impacted during the pandemic and continues to reach and serve underserved communities through SCORE’s Small Business Resilience Resource Portal (disaster recovery programming) and SCORE For All (equity-based programming) initiatives. The SBA supported and promoted the SCORE For All Rural Entrepreneurs Initiative, a SCORE-led initiative that provided resources, content, and mentoring for rural entrepreneurs and provided free business training, both in-person and virtually. In FY 2023, SCORE collaborated with several top-level alliance partners to provide mentoring and training to small businesses that have historically been underserved or left behind to bridge the gap between local entrepreneurs and SBA’s resources and programs through the SBA CNPP.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|----------|---------|---------|---------|---------|---------|---------|
| Number of Unique SCORE Clients Served | Target | N/A | Baseline | 200,000 | 254,000 | 150,000 | 397,000 | 162,361 | 162,361 |
| | Actual | N/A | 195,242 | 142,347 | 145,838 | 322,881 | 338,668 | | |
| | Variance | N/A | N/A | -29% | -43% | 115% | -15% | | |
| Additional Information: In FY 2022, the SBA and SCORE undertook a data validation improvement process, which consisted of a root cause analysis and the correction of errors in the data upload process. While the SBA did not meet its ambitious target, FY 2023 represented the highest number of SCORE clients served in program history. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of SCORE New Business Starts | Target | N/A | Baseline | 600 | 1,200 | 140 | 4,900 | 4,900 | 4,900 |
| | Actual | N/A | 480 | 128 | 3,064 | 3,919 | 5,299 | | |
| | Variance | N/A | N/A | -79% | 155% | 2,691% | 8% | | |
| Additional Information: In FY 2022, the SBA and SCORE undertook a data validation improvement process, which consisted of a root cause analysis and the correction of errors in the data upload process. | | | | | | | | | |

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|----------|---------|---------|---------|---------|---------|---------|
| Percentage of SCORE Businesses Realizing Revenue Growth | Target | N/A | Baseline | 2% | 4% | 4% | 30% | 25% | 25% |
| | Actual | N/A | 3% | 0% | 60% | 25% | 38% | | |
| | Variance | N/A | N/A | -100% | 1,389% | 525% | 27% | | |
| Additional Information: In FY 2022, the SBA and SCORE undertook a data validation improvement process, which consisted of a root cause analysis and the correction of errors in the data upload process. | | | | | | | | | |

Learning Center Program

Program Description: The SBA hosts a variety of online educational tools to promote active learning for aspiring entrepreneurs and existing small businesses. The SBA Learning Center is being reimaged to improve responsiveness to small business owners’ needs. The SBA will continue to offer free online courses for all types of entrepreneurs at every phase of their business development life cycle. Also, the SBA will continue to host Ascent, which focuses on online small business development topics. Online courses focus on business topics such as social media marketing, financing, and government procurement. Through interactive learning worksheets, checklists, and other resources, small business owners apply learnings and improve retention of core concepts.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|----------------|----------------|----------------|-----------------------|-----------------|
| \$6,956,000 | \$11,311,000 | \$10,335,000 | \$8,052,000 | \$11,352,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will take a comprehensive approach to engage new and existing users in the SBA learning platform. The SBA will increase awareness of the learning platform by marketing the program through its resource partner networks. Users will have the opportunity to access entrepreneurial education resources such as toolkits, fact sheets, infographic tip sheets, instructor guides, and audio content. The SBA will support over 400,000 clients through the learning platform each year. The SBA will continue to update the learning platform’s course content to reflect the evolving needs of America’s small business owners. This digital platform will provide small business owners and entrepreneurs, especially those in rural and disadvantaged markets, with a free digital education resource.

Performance Report: In FY 2023, the SBA modernized the technology of the learning platform to support more efficient administration and enhanced security. The learning content offered relevant topics in short, self-guided video vignettes empowering small businesses or new entrepreneurs with opportunities to get relevant “how to” business information. The Ascent training platform, part of the learning platform, also helped the SBA extend its reach by connecting U.S. women business owners online and providing them with a wealth of research-backed resources. The SBA will continue to update and grow its learning content. In FY 2023, the SBA provided more than 441,000 clients with online training resources.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|----------|---------|---------|---------|---------|---------|---------|
| Number of Clients Trained Online | Target | 225,000 | Baseline | 300,000 | 400,000 | 450,000 | 400,000 | 408,000 | 410,000 |
| | Actual | N/A | 486,774 | 753,964 | 394,813 | 334,742 | 441,409 | | |
| | Variance | N/A | N/A | 151% | -1% | -26% | 10% | | |
| Additional Information: This measure reports on the number of clients trained online, including training from the Learning Center and Ascent programs. | | | | | | | | | |

T.H.R.I.V.E. Emerging Leaders Reimagined Program

Program Description: T.H.R.I.V.E. (Train. Hope. Rise. Innovate. Venture. Elevate.) is an executive-level training series for established business owners looking to scale and grow. T.H.R.I.V.E. Emerging Leaders Reimagined, formerly known as Emerging Leaders, is available in 50 cities nationwide. The program addresses topics such as increasing revenue, developing a thriving company culture, increasing customer satisfaction, and developing strategies to diversify and innovate. As T.H.R.I.V.E. Emerging Leaders Reimagined participants, small business CEOs and founders receive access to an online learning platform that hosts the training curriculum curated by subject matter experts, an online discussion forum, professional business coaching, and breakout community groups. Additionally, the program offers a blend of in-person and virtual sessions to maximize reach and access.

The program elevates a business’s growth trajectory, creates jobs, and contributes to the economic well-being of local community ecosystems. Participants produce a strategic growth plan with benchmarks and performance targets and a capstone presentation. The program is highly regarded among its alumni, with most participants indicating that they would recommend it to other business owners. OED’s strong collaboration with the SBA District Offices has maximized the program’s effectiveness.

Performance Plan: In FY 2024 and FY 2025, the SBA will continue to work with SBA District Offices, local partners, and resource networks to deliver an educationally-intensive curriculum. The SBA will increase opportunities for collaboration between T.H.R.I.V.E. Emerging Leaders Reimagined and the SBA’s Resource Partners.

Performance Report: The SBA T.H.R.I.V.E. Emerging Leaders Reimagined executive training series is a hybrid program hosting in-person and virtual sessions. Surveys from prior participants indicated that nearly 97 percent recommend the program to other business owners. The FY 2023 satisfaction result exceeds the previous years’ scores of between 93 percent and 95 percent, respectively. Overall, the evaluation results show that after attending the Emerging Leaders program, participants reported an increase in the use of business management practices and business networks, a higher level of engagement with the business ecosystem, an increase in the contribution to the local community, and overall business growth.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|---------|---------|---------|---------|----------|---------|---------|
| Percent of Emerging Leaders Creating or Retaining Jobs | Target | 81% | 81% | 81% | 81% | 81% | 81% | 81% | 81% |
| | Actual | 69% | 65% | N/A | 66% | 82% | Data Lag | | |
| | Variance | -15% | -20% | N/A | -19% | N/A | N/A | | |
| Additional Information: The SBA surveys participants each year for three years following the completion of the training. The program was suspended in FY 2020 due to the pandemic, and no data were collected. Data are captured after the current year training ends. FY 2023 data will be available at the end of FY 2024. | | | | | | | | | |

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|---------|---------|---------|---------|----------|---------|---------|
| Percent of Emerging Leaders Obtaining Revenue Growth | Target | 67% | 67% | 67% | 67% | 67% | 80% | 80% | 80% |
| | Actual | 69% | 69% | N/A | 78% | 82% | Data Lag | | |
| | Variance | 3% | 3% | N/A | 16% | N/A | N/A | | |
| Additional Information: The SBA surveys participants each year for three years following the completion of the training. The program was suspended in FY 2020 due to the pandemic, and no data were collected. Data are captured after the current year training ends. FY 2023 data will be available by the end of FY 2024. | | | | | | | | | |

Community Navigator Pilot Program

Program Description: Through the Community Navigator Pilot Program, the SBA engages in targeted outreach to underserved communities through states, local governments, resource partners, and nonprofit organizations. The SBA implements this initiative by building upon its network of existing resource partners across the country. Under the Community Navigator approach, traditional business assistance organizations (“hubs”) engage with trusted, culturally knowledgeable partners (“spokes”) to conduct targeted outreach to specific sectors of the entrepreneurial community.

Community Navigators are organizations or individuals with credible, established roots in underserved communities. To increase participation in SBA services by business owners from these underserved communities in assistance programs, Community Navigators leverage their culturally-competent and trusted relationships with these communities. Community Navigators are best positioned to conduct this level of grassroots outreach given their backgrounds as trusted partners in the underserved communities.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|----------------|----------------|----------------|-----------------------|-----------------|
| \$11,644,000 | \$119,987,000 | \$11,010,000 | \$11,660,000 | \$30,351,000 |

Performance Plan: The mission of the Navigator program is to reach businesses owned by minorities, women, veterans, and other socially and economically disadvantaged small business owners.

The program is aligned with a broader equity-based outreach strategy to delve deeper into communities and serve those who have historically not benefitted from the Agency’s services. Building upon the SBA’s extensive network of resource partners, the program supports underserved entrepreneurs with critical services and assistance, primarily in the form of one-to-one counseling and group trainings. The SBA will continue to provide technical assistance and compliance monitoring for grantees as they progress to meet their goals and milestones. CNPP is supported by 68 SBA District Offices throughout the country that will provide on-the-ground compliance support.

Performance Report: In FY 2023, CNPP grantees counseled more than 21,600 clients and leveraged over \$115 million in capital infusion from approved loans and grants. Grantee “hubs” continued to scale their outreach, training, and counseling services throughout all 50 states, the District of Columbia, and Puerto Rico. The SBA provided ongoing technical assistance to grantees to help them maintain and improve their programs, including continued communication about SBA programs and services; the Agency also provided trainings on the administrative and compliance reporting process.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|-----------------|---------|---------|---------|---------|----------|---------|---------|---------|
| Number of Unique Clients Served | Target | N/A | N/A | N/A | N/A | Baseline | 21,500 | 12,900 | TBD |
| | Actual | N/A | N/A | N/A | N/A | 16,312 | 21,692 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 1% | | |
| Additional Information: This measure tracks the number of clients served, including, but not limited to, socially and economically disadvantaged business owners: women, veterans, LGBTQ, disabled small business owners, and rural and Tribal/Islander businesses. The data reflect 11 months of performance, because the CNPP reporting period is December 1 – November 30. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of New Business Starts from Community Navigators | Target | N/A | N/A | N/A | N/A | Baseline | 350 | 210 | TBD |
| | Actual | N/A | N/A | N/A | N/A | 422 | 281 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | -20% | | |
| Additional Information: This measure tracks the number of new businesses started from Community Navigator assistance. The data reflect 11 months of performance, because the CNPP reporting period is December 1–November 30. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Millions of Dollars of Capital Infusion from Hubs | Target | N/A | N/A | N/A | N/A | Baseline | 290 | 174 | TBD |
| | Actual | N/A | N/A | N/A | N/A | 157 | 115.34 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | -54% | | |
| Additional Information: This measure tracks the sum of all approved loans and grants reported by Hub clients. The data reflect 11 months of performance, because the CNPP reporting period is December 1–November 30. | | | | | | | | | |

Native American Affairs Outreach Program

Program Description: The SBA aids Native American communities, which often do not have equitable access to resources, through the Native American Affairs 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.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|----------------|----------------|----------------|-----------------------|-----------------|
| \$2,576,000 | \$2,494,000 | \$3,669,000 | \$6,523,000 | \$5,253,000 |

Performance Plan: In FY 2025, the SBA will enhance outreach to Native American small businesses with targeted subject matter expert assistance for Native-owned firms to help them implement economic and business development strategies and actions and improve long-term job growth.

Native American entrepreneurs, tribal-owned corporations, Alaska Native Corporations (ANCs), and Native Hawaiian Organizations (NHOs) contribute to the strength of their local economies. The SBA will have a positive impact on over 2,500 small businesses each year through continued focus on leadership development, economic development, job creation, and the delivery of technical assistance. In addition to

targeted assistance, the Agency will educate Native American small businesses about the SBA’s counseling, contracting, lending, and technical assistance programs.

The SBA will continue interagency collaboration across Native American communities to develop world-class resources and tools for tribal entrepreneurs and businesses to aid them in creating sustainable markets. The Agency will continue providing strategic short- 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.

Performance Report: In FY 2023, the SBA provided training and educational outreach through business development workshops and entrepreneurial classes to individual and tribal-owned businesses. The Agency provided over 160 Native American entrepreneurial and technical assistance workshops and 28 virtual sessions 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 the sustainability of Native American community-based businesses nationwide. To anchor learning, the SBA’s entrepreneurial empowerment workshop instructors took an experiential approach by leading participants through real-life case studies to target specific economic and business development needs of Native American communities. The business development workshops provided 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. The workshops emphasized business development, managing cash flow, credit reporting, banking services, and time management.

Performance Measures and Targets: The table displays the performance measure and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Small Businesses Assisted in Native American Communities | Target | 2,000 | 3,000 | 3,000 | 3,000 | 3,000 | 2,000 | 2,500 | 2,500 |
| | Actual | 3,192 | 1,549 | 2,125 | 1,500 | 2,640 | 2,841 | | |
| | Variance | 60% | -48% | -29% | -50% | -12% | 42% | | |
| Additional Information: This measure tracks the number of small businesses assisted through training and technical assistance workshops. Multiyear impacts from the pandemic, including pandemic restrictions and health concerns, caused the SBA to reach fewer clients across several years, with rebounding to pre-pandemic levels occurring in FY 2023. | | | | | | | | | |

Veterans Business Outreach Program

Program Description: The SBA is dedicated to serving aspiring and existing veteran business owners. Veterans own approximately 1.74 million businesses, nearly all of which are small businesses.¹⁵ Many veteran business owners have gained essential 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 partners to promote and support veteran small business ownership. The Agency ensures that resources are accessible and available to active duty, National Guard and Reservists; veterans; and veteran or military spouses. The SBA has 28 Veterans Business Outreach Centers (VBOCs) managed by resource partners that are enabled through cooperative agreements. VBOCs provide entrepreneurial development services such as business training, counseling, and resource partner

¹⁵ U.S. Small Business Administration, Office of Advocacy [Frequently Asked Questions About Small Business, March 2023 \(sba.gov\)](https://www.sba.gov/frequently-asked-questions-about-small-business).

referrals to transitioning service members, veterans, National Guard and Reserve service members, and veterans or military spouses interested in starting or growing a small business.

The SBA implements B2B as an entrepreneurial training program within the DOD’s Transition Assistance Program (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 the 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 also offers a variety of entrepreneurship training programs designed to assist veterans, women veterans, service-disabled veterans, transitioning service members, National Guard and Reservists, 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 Women Veteran Entrepreneurship Training Program (WVETP) offers entrepreneurship training to women veterans, women service members, and spouses of service members interested in starting, growing, and diversifying new and established small businesses. Three grantees provide entrepreneurship training to WVETP participants. 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 receiving the SDVETP grant. The Veteran Federal Procurement Entrepreneurship Training Program 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.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$21,819,000 | \$22,725,000 | \$26,840,000 | \$28,182,000 | \$28,746,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will continue to support veteran outreach initiatives and provide entrepreneurial training and counseling to veterans, transitioning service members, National Guard and Reservists, and military spouses through the B2B program and VBOCs—which are projected to serve 55,000 clients in both FY 2024 and FY 2025.

The SBA seeks to expand the VBOC Program from 28 to 32 locations, enhancing support to the veteran community by reducing wait times for appointments, increasing the local presence, and providing additional local training opportunities. During the expansion’s implementation, all VBOCs will continue to deliver counseling and training services to small businesses and entrepreneurs. The SBA expects that the demand for small business startup and scaleup technical assistance will continue to grow, with a focus on underserved and underbanked communities. Continued implementation of the NDAA 2019¹⁶ Section 552 requirements should increase the number of transitioning service members and military spouses who have access to B2B.

¹⁶ Pub. L. 115-232 (2019)

The SBA will expand and improve virtual offerings and deliver counseling and training assistance via the VBOCs. The Agency will conduct comprehensive outreach to veterans (including National Guard and Reserve component members of the U.S. military, veterans, and 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 generate feedback from its stakeholders and to sustain national awareness for its programs, policies, and services.

The B2B program will build on critical technology to meet data-sharing requirements 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 Reservist service members and veterans. Further, data sharing will support a 360-degree view of customers as the businesses move through their life cycles.

The SBA will reach more than 18,000 service members, veterans, and military spouses through the B2B program. The number of participants depends on the total number of service members leaving military service who have an interest in exploring entrepreneurship. The SBA and its resource partners will provide B2B instruction to military personnel and military spouses at more than 190 installations across the United States and overseas. The B2B program will continue to be made available online at the DOD Learning Management System for service members who cannot attend an in-person B2B course.

The SBA will continue to support entrepreneurship training programs designed to assist service-disabled veterans, veterans, transitioning service members, National Guard and Reservists, and military spouses in developing their skills and knowledge. The SBA is developing a strategy along with SBA District Offices to engage with veterans in underserved and rural communities. The SBA will continue to engage with the U.S. Chamber of Commerce Foundation and participate in Hiring Our Heroes events nationwide. Options for veteran participation during National Veterans Small Business Week will increase through robust social media engagement. The SBA will continue to provide meaningful outreach to military spouse entrepreneurs through its programs.

Performance Report: In FY 2023, the SBA provided counseling and training to more than 56,000 veteran small business owners and entrepreneurs. The Agency addressed veteran-specific challenges while integrating SBA services and initiating client referrals to other organizations that provide specialized offerings. VBOCs held more than 1,700 training events, including more than 1,000 B2B Reboot classes at more than 190 military installations to over 18,000 participants. In-person B2B classes resumed in FY 2022, and in FY 2023, about 18 percent of the classes were held virtually. To promote equity in SBA’s veteran outreach, the Agency held more than 100 targeted outreach events for underserved veterans, service members, and military spouses.

The SBA provided oversight to the VBOC grant program through national training to VBOC grantees, provided VBOC instructor training (Train-the-Trainer), conducted five financial examinations, and maintained VBOC standard operating procedures.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|---------|----------|---------|---------|---------|
| Number of New Business Starts from VBOCs | Target | N/A | N/A | N/A | N/A | Baseline | 300 | 300 | 300 |
| | Actual | N/A | N/A | N/A | N/A | 318 | 332 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 11% | | |



| | | | | | | | | | |
|---|----------|----------|---------|---------|---------|----------|---------|---------|---------|
| Additional Information: The SBA introduced this measure to track the number of new businesses started after receiving VBOC counseling and training. The SBA will continue to monitor this new measure as it works to streamline and standardize reporting across resource partners in order to inform future targets. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of VBOC Clients Served | Target | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 50,000 | 55,000 | 55,000 |
| | Actual | 51,945 | 41,860 | 46,025 | 58,762 | 58,552 | 56,111 | | |
| | Variance | 8% | -13% | -4% | 22% | 22% | 12% | | |
| Additional Information: This measure tracks the number of clients counseled and trained. The SBA exceeded this target through the continued use of virtual training and counseling. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of VBOC Financial Reviews | Target | 5 | 5 | 5 | 5 | 5 | 5 | 7 | 7 |
| | Actual | 5 | 5 | 5 | 0 | 5 | 5 | | |
| | Variance | 0% | 0% | 0% | -100% | 0% | 0% | | |
| Additional Information: A VBOC financial review involves the analysis of internal financial procedures and documentation. The SBA plans to review seven of the 28 VBOCs each year in coming years. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of B2B Participants Trained | Target | 18,000 | 18,000 | 18,000 | 18,000 | 19,000 | 18,000 | 19,000 | 19,000 |
| | Actual | 17,167 | 16,528 | 21,799 | 20,414 | 23,875 | 23,781 | | |
| | Variance | -5% | -8% | 21% | 19% | 20% | 32% | | |
| Additional Information: The B2B entrepreneurship training track is taught through the DOD TAP, and the SBA offers entrepreneurship training, also known as Reboot, to veterans of all eras. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Rate of B2B Participants Using Follow-on SBA Resources | Target | Baseline | 5% | 5% | 5% | 5% | 6% | 7% | 8% |
| | Actual | 4.2% | 4.0% | 4.7% | 8.0% | 8.0% | 8.0% | | |
| | Variance | N/A | -20% | -6% | 60% | 60% | 33% | | |
| Additional Information: The SBA is a member of an interagency initiative along with the DOD, DOL, and VA that administers the DOD TAP. Follow-on resources are provided by SBA grantees. The SBA continued to see an increase in veterans participating in entrepreneurial training and counseling in FY 2023, including referrals to additional SBA resource providers. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Outreach Events for Targeted Underserved Veteran, Service Member, or Military Spouse Communities | Target | N/A | N/A | N/A | N/A | Baseline | 60 | 65 | 65 |
| | Actual | N/A | N/A | N/A | N/A | 58 | 106 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 77% | | |
| Additional Information: The SBA added this measure to track the number of outreach events that target underserved veteran audiences, including service-disabled veterans, women veterans, racial and/or ethnic minority veterans, and veterans in underserved geographic areas. SBA's VetCert Program outreach efforts accounts for the large percentage increase for this measure. The VetCert Program roll-out completed in FY 2023. | | | | | | | | | |

Field Counseling and Training Program

Program Description: The SBA Office of Field Operations is responsible for the direct execution of the Agency's products and services for America's small businesses. In this capacity, Field Operations is responsible for connecting and successfully supporting entrepreneurs with products and services provided by the SBA; resource partners; state, Federal, and local partners; and community-based organizations. The SBA delivers services through 10 Regional Offices, each managed by a Regional Administrator, a regional communications director, and an administrative resource coordinator, which collectively cover 68 District Offices. Each of the SBA's programmatic areas are directly supported by field staff serving as lender relations specialists, business opportunity specialists, business development specialists, economic development specialists, outreach and marketing specialists, and public affairs specialists. The SBA tracks its customer experience measure between customers and the SBA in several domains as a High Impact Service Provider.¹⁷

¹⁷ The SBA's CX dashboard is available at: <https://www.performance.gov/cx/agencies/sba/>.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$30,190,000 | \$41,688,000 | \$46,296,000 | \$51,211,000 | \$52,440,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will focus on strengthening customer experience through tailored training, counseling, technical assistance, and developing the community-based relationships needed to build an equitable entrepreneurial ecosystem. The SBA will continue its transition to a post-pandemic environment, providing ongoing service and support to COVID-19 EIDL borrowers to successfully complete payments and transition to traditional SBA programming, and integrating record numbers of new business startups into local ecosystems. The SBA field staff will deliver products and services in an integrated way that prioritizes customer service, bolsters the resiliency of local communities and their economies, and guides small businesses to the right Federal, state, and local resources.

The SBA will achieve this integration through a focus on updating systems, including the acquisition and implementation of a CRM tool and other platforms. These tools will help staff better serve and communicate with customers, improve the tracking of activities and outcomes, and facilitate intra-agency and interagency coordination. The SBA will continue to strengthen its customer experience through implementing the FY 2024–2025 CX Action Plan. The Agency will also deliver comprehensive business development services while ensuring compliance with program regulations, conduct strategic outreach to ensure equitable participation in SBA programs, and increase the oversight of Agency grant recipients.

SBA field offices will lead ecosystem building efforts by connecting rural, underserved, and emerging markets with access to capital. The SBA will continue to recruit and retain lenders to support the Agency’s loan programs, with an emphasis on connecting lenders with more borrowers from underserved communities, provide pandemic-relief servicing assistance to lenders and borrowers, increase technical assistance to borrowers focused on capital-readiness, and educate small businesses on the resources and institutions available to support their capital needs.

The SBA will modernize policies and procedures to improve the impacts on SBA certification program participants. SBA district staff will continue to support small businesses seeking government contracting certifications and bidding for Federal contracts. To support the Administration’s goals on small business contracting, the SBA will seek to increase the number of firms in the 8(a) Business Development Program by expanding outreach, improving the application process, and creating more business development opportunities and matchmaking connections for 8(a) program participants.

Through its field offices, the SBA will continue to expand outreach and relationship-building in underserved communities and populations, including communities of color, rural areas, and women entrepreneurs, and to increase the availability of language translation and interpretation services. The SBA will build new partnerships to grow local ecosystems, provide outreach to small businesses seeking training and counseling assistance, and liaise with SBA resource partners to ensure that the resource partners meet the SBA’s standards.

The Agency will also continue to promote SBA programs and help connect entrepreneurs with the SBA and SBA resource partners while continuing to integrate SBA grantees in the CNPP into the small business ecosystem. The SBA will strengthen public-private partnerships and partnerships with other Federal

agencies to foster economic growth and investment in the small business community across underserved markets and continue to collaborate with the USDA, the Federal Deposit Insurance Corporation (FDIC), the National Pan-Hellenic Council, and the White House Equity Task Force to develop shared programming.

Performance Report: In FY 2023, the SBA worked to grow and sustain local relationships, with an emphasis on customer service, equity, and strengthening the resiliency of the entrepreneurial ecosystem. The SBA continued its efforts to enhance the customer experience using the hybrid work environment to meet customers both remotely and in-person. The SBA reviewed CX survey data, conducted in-depth analyses, developed journey maps, and matured the Agency's CX program through improved analytics and staff trainings. The SBA's field-customer experience score with small businesses was 85, exceeding the FY 2023 target. SBA field staff supported local COVID-19 and natural disaster-relief efforts, conducted targeted outreach to underserved populations, provided quality control for the Agency's programs and products, and facilitated the large-scale flow of capital.

The SBA grew its lending portfolio with new pandemic relief program lenders and the expansion of the Community Advantage lending program to fill gaps in access to capital. With this significant increase in overall lending volume, the SBA proactively transitioned new lenders into the Agency's traditional lending programs. The SBA continued its emphasis on local efforts to recruit and retain new lenders, educated pandemic program borrowers and partners on their transition to the loan servicing phase, and expediently responded to a significant volume of related borrower and congressional inquiries.

To support the emphasis on reaching underserved communities, the Agency partnered with nearly 200 MSIs to ensure equitable access to and participation in the SBA's programs and worked to build connections between other MSI-based SBA resource partners. The SBA also formed new local partnerships with Operation Hope to deliver financial literacy training, facilitate connections with local resource partners, and develop programming around the 1 Million Black Businesses Initiative. SBA's Office of Rural Affairs leveraged interagency partnerships to finalize the first cohort for the Rural Ascent Women Owned Small Business pilot program and to cohost the Path to Prosperity Summit series with USDA and FDIC, which included matchmaking sessions aimed at connecting unbanked and underbanked small businesses with local economic development organizations and lending institutions.

The SBA also strengthened local partnerships with VBOCs, added Governor-designated HUBZone areas in distressed rural communities, and supported the execution of National Small Business Week and the delivery of the T.H.R.I.V.E. Emerging Leaders Reimagined executive-level training series.

The SBA worked to identify ways to continuously improve the customer experience, grow the knowledge base of Federal, state, and local resources for entrepreneurs, and enhance the professional development of field staff around business acumen, industry knowledge, and managing stakeholder expectations and relations. The SBA also analyzed baseline data, benchmarked annual 8(a) portfolio reviews, and worked with resource partners to develop a shared understanding of the SBA's contracting programs.

The SBA, through field staff, hosted over 2,800 COVID-19 relief-related events that trained nearly 54,000 attendees, engaged in some 30,000 marketing and outreach activities that reached more than 1,900,000 public and private sector stakeholders, conducted nearly 700 CNPP-related trainings and engagements that reached nearly 17,000 attendees, held nearly 300 Community Advantage-specific roundtables and meetings with target lenders, and completed over 12,000 compliance actions.

Performance Measures and Targets: The table displays the performance measure and targets to assess program outcomes, outputs, efficiencies, and quality.



| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|-----------------|---------|---------|---------|---------|----------|---------|---------|---------|
| Number of Partnerships with MSIs | Target | N/A | N/A | N/A | N/A | Baseline | 205 | 205 | 205 |
| | Actual | N/A | N/A | N/A | N/A | 205 | 188 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | -8% | | |
| Additional Information: The SBA introduced this measure to track partnerships with Minority Servicing Institutions (MSIs) that drive strategic outreach to ensure equitable participation in SBA programs and services, such as government contracting programs, surety bonding, international trade, and access to capital. In FY 2022, MSI engagement was added as an “Equity Focus Area” in the Goals and Measures Activity Tracking Tool (GMATT), an internal activity tracking mechanism. | | | | | | | | | |

The National Ombudsman Program

Program Description: The National Ombudsman helps small businesses when they experience excessive or unfair Federal regulatory enforcement actions. 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 SBA helps small businesses seek relief from unfair regulatory enforcement by engaging with trade associations, Federal agencies, and the Agency’s resource partners. The SBA leverages its Regional Regulatory Fairness Boards in each region by connecting its members with small businesses across the country. The SBA also 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.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|----------------|----------------|----------------|-----------------------|-----------------|
| \$1,416,000 | \$1,389,000 | \$1,409,000 | \$1,731,000 | \$1,794,000 |

Performance Plan: In FY 2024 and FY 2025, 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 National Ombudsman and high-growth businesses in highly regulated industries. The SBA aims to conduct 50 outreach events in each fiscal year. The Agency will also leverage technology to expand its influence with more small business communities and cultivate more relationships with trade association leaders and resource partners. The Agency will also deploy Regional Regulatory Fairness Board members to reach small businesses within their respective networks. The SBA will continue to canvass for high-caliber candidates to fill the vacancies on the Regional Regulatory Fairness Board.

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

The SBA will emphasize the need for Federal agencies to provide compliance assistance to small businesses and for compliance education materials to be informative, accessible, and user-friendly. The One Stop Shop for Small Business Compliance¹⁸ will be expanded to include compliance guidance for small businesses as new regulations take effect in each fiscal year. Federal agencies self-certify that they are compliant with

¹⁸ Pub. L. 117-188 (2022)

congressional reporting requirements in accordance with Section 212 of the Small Business Regulatory Enforcement Fairness Act. The SBA will assess the extent to which its agencies are complying with these reporting requirements in forthcoming editions of the National Ombudsman’s *Annual Report to Congress*.

Performance Report: In FY 2023, the SBA’s outreach strategies centered around three areas: innovation hubs that represent sources of job creation, economically distressed regions, and mid-tier cities with a high concentration of small businesses facing regulatory challenges. The Agency conducted 43 virtual outreach events and heard from small business owners, entrepreneurs, and lenders representing various industries. The SBA National Ombudsman expanded its outreach by connecting with trade associations that represent the interests of small businesses. This collaboration led to virtual events, which included SBA leadership and their small business members, to learn about the mission and value of the National Ombudsman. The SBA National Ombudsman further expanded outreach in FY 2023 with virtual roundtables hosted in collaboration with the Office of Field Operations.

To comply with new statutory requirements in the One Stop Shop Act for Small Business Compliance, enacted on October 10, 2022, the National Ombudsman established a centralized website on SBA.gov that provides hyperlinks to regulatory compliance guides from 22 Federal agencies along with information on Federal points of contact to assist small businesses on each topic.

The Agency intervened on behalf of more than 260 small businesses that filed formal complaints. The SBA identified, escalated, and successfully resolved 11 regulatory compliance concerns in collaboration with Federal agency partners.

Regional Regulatory Fairness Boards from each of the SBA’s 10 regions were convened at an annual meeting at the end of FY 2023. Throughout the year, Board members listened to small business owner concerns to identify issues for the National Ombudsman, and these issues were raised to Federal regulators. The SBA’s board members also monitored issues that spanned regional boundaries and impacted small businesses across multiple states and industries. The SBA strengthened the Regional Regulatory Fairness Board by processing 40 potential candidate applications submitted by Congressional Representatives, Regional Administrators, and District Directors. As a result, the SBA Administrator appointed 17 new board members to fill vacancies.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Outreach Events | Target | 100 | 100 | 50 | 50 | 50 | 50 | 50 | 50 |
| | Actual | 118 | 45 | 41 | 55 | 62 | 43 | | |
| | Variance | 18% | -55% | -18% | 10% | 20% | -14% | | |
| Additional Information: The SBA works to establish new and strengthen existing relationships with Federal agencies, trade associations, and resource partners. The events are specific and directly related to small business. While the SBA did not conduct the targeted number of outreach events, the National Ombudsman expanded its reach by connecting with more trade associations that represent the interests of small businesses. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Regulatory Compliance Concerns Impacted | Target | 7 | 7 | 6 | 5 | 5 | 5 | 5 | 5 |
| | Actual | 0 | 12 | 4 | 4 | 5 | 11 | | |
| | Variance | -100% | 71% | -33% | -20% | 0% | 120% | | |
| Additional Information: This measure tracks rules identified, escalated, and successfully resolved in collaboration with Federal agency partners. The actual number of successful interventions is dependent on the number of concerns received, which varies. | | | | | | | | | |

Strategic Goal: 2) Build Resilient Businesses and a Sustainable Economy



Strategic Objective: 2.1) Help Small Businesses Recover from the Pandemic and Become More Resilient

Objective Leads: Associate Administrator for Capital Access; Associate Administrator for Disaster Recovery and Resilience

IG Management Challenge: 1) SBA’s Economic Relief Programs Are Susceptible to Significant Fraud Risks and Vulnerabilities

Programs: Paycheck Protection Program, COVID-Economic Injury Disaster Loans, Restaurant Revitalization Fund, Shuttered Venue Operators Grants

Objective Overview: In spring 2020, the U.S. economy suffered an unprecedented shock due to the COVID-19 pandemic. Not only did this pandemic create a national health emergency, but it also disrupted the national economy. In response, the CARES Act, the American Rescue Plan (ARP) Act, and subsequent legislation created several new programs and authority for the SBA to support small businesses. The programs established by these laws ensure that small businesses not only can recover but can thrive and be more resilient to future economic disruptions.

While the emergency declaration of the pandemic is behind us, the SBA continues to fulfill requirements across long-term oversight, servicing, litigation, audit remediation and fraud risk management to provide support in what has been a historic response by the Agency to the COVID-19 pandemic. The Agency has helped small businesses recover through timely economic relief, supported millions of jobs, and helped small businesses avert bankruptcies. The FY 2025 Budget proposes the necessary resources to ensure that small businesses continue to receive servicing support and a positive customer experience with the Government, while equipping SBA programs with the compliance and antifraud tools necessary to be good stewards of taxpayer dollars.

Progress Update: The SBA helped stabilize small businesses impacted by the COVID-19 pandemic through the PPP, the COVID-Economic Injury Disaster Loan (COVID-19 EIDL) Program, the Shuttered Venues Operator Grant (SVOG) Program, and the Restaurant Revitalization Fund (RRF). The PPP provided more than 11 million PPP loans worth nearly \$800 billion between FY 2020 and FY 2021. As of the end of FY 2023, the SBA has forgiven 92 percent of PPP loans for a total of \$761 billion principal and interest paid. The SBA is still servicing 294,000 PPP loans. In FY 2023, the SBA serviced approximately 2.5 million loans with the COVID-19 EIDL program and more than 13,000 awards made through the SVOG program, providing customer service and oversight to each program. Through the RRF program, the SBA continued to monitor over 100,000 grants totaling \$28.6 billion to restaurants, cafes, and other small business food establishments impacted by the pandemic. In FY 2023, the SBA redistributed returned funds in the RRF, awarding approximately \$83 million in coordination with the Department of Justice. The SBA also continues to build its fraud governance and oversight for these programs through the implementation of the Fraud Risk Management Strategic Plan.

The table below highlights progress toward SBA Strategic Measures identified in the *FY 2022–2026 Strategic Plan*.

| Strategic Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|----------|---------|----------|---------|---------|
| Small Business Employment (Millions) | Target | N/A | N/A | N/A | Baseline | 65 | 65.5 | 66 | 66.5 |
| | Actual | 64.3 | 65 | 64.7 | 62.1 | 65.2 | Data Lag | | |
| | Variance | N/A | N/A | N/A | N/A | 0% | N/A | | |
| Additional Information: The Small Business Employment number is produced by the Bureau of Labor Statistics’ Business Employment Dynamics data series. | | | | | | | | | |

| Customer-Centric Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|---------|---------|---------|----------|---------|---------|---------|
| Average Number of Days to Process PPP Forgiveness Applications | Target | N/A | N/A | N/A | N/A | Baseline | 6 | 6 | 6 |
| | Actual | N/A | N/A | N/A | 9.8 | 6 | 6 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 0% | | |
| Additional Information: The SBA uses this metric to track number of days to send forgiveness acknowledgements. | | | | | | | | | |

Paycheck Protection Program

Program Description: The CARES Act provided relief for small businesses and their employees adversely affected by the outbreak of COVID-19 through a cornerstone provision known as the PPP, an emergency lending resource to provide loans to small businesses impacted by the pandemic. The goal of the PPP was to help small businesses cover near-term operating expenses and assist with financial support to help retain employees. Through the PPP, a forgivable-loan program, small businesses, eligible nonprofit organizations, veterans’ organizations, tribal business concerns, sole proprietors, self-employed individuals, and independent contractors could apply and receive support to cover eligible payroll and nonpayroll costs.

Program Budget: The table 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 program became operational in FY 2020.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|----------------|----------------|----------------|-----------------------|-----------------|
| \$578,917,000 | \$313,549,000 | \$185,513,000 | \$177,564,000 | \$103,127,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will continue to manage the PPP loan forgiveness process and will process guaranty purchase requests of PPP loans. The SBA will continue to perform reviews of selected loans, including forgiven loans, to mitigate fraud and protect program integrity. The Agency will also continue to service PPP loans with outstanding unforgiven balances that will be repaid over the term of the loan (up to 10 years from initial disbursement).

Performance Report: In FY 2023, the SBA continued to process PPP loan forgiveness and process guaranty purchase requests of PPP loans. The SBA forgave 92 percent of the number of PPP loans, resulting in a total of \$761 billion paid out, with 294,000 PPP loans remaining in servicing. Forgiveness has been requested for 96 percent of total loan dollars. The average number of days to process the forgiveness applications was 6 days. The SBA also serviced PPP loans with outstanding unforgiven balances. The SBA issued additional guidance to lenders about the PPP guaranty purchase process and PPP loan servicing.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|----------|---------|---------|---------|---------|
| Percent of PPP Loans Forgiven | Target | N/A | N/A | N/A | Baseline | 90% | 95% | N/A | N/A |
| | Actual | N/A | N/A | N/A | 65% | 92% | 92% | | |
| | Variance | N/A | N/A | N/A | N/A | 2% | -3% | | |
| Additional Information: The metric tracks the percent of PPP loans that have been forgiven out of the total number of loans issued. The total number of PPP loans is 11.45 million. This measure is being retired because the volume of forgiveness applications SBA received in FY 2023 suggests that most borrowers seeking forgiveness have already applied. | | | | | | | | | |

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|-----------|----------|---------|---------|---------|
| Number of Active PPP Loans | Target | N/A | N/A | N/A | N/A | Baseline | 525,000 | 250,000 | 200,000 |
| | Actual | N/A | N/A | N/A | 5,924,381 | 940,206 | 294,000 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 44% | | |
| Additional Information: This measure has been updated to reflect the total number of active PPP loans. Active loans are those that were disbursed and have not yet been fully forgiven, paid in full, or charged off. | | | | | | | | | |

COVID-19 Economic Injury Disaster Loan Program

Program Description: The COVID-19 Economic Injury Disaster Loan (COVID-19 EIDL) program is a direct loan program that provided financial support to small businesses to help them meet financial obligations and pay for operating expenses that could have been met had the pandemic not occurred. COVID-19 EIDL provided low-interest loans of up to \$2 million to businesses and nonprofits, and the EIDL Advance provided funds of up to \$10,000 that did not require repayment for emergency capital needs. These loans are long-term loans (up to 30 years) that require monitoring and administration as businesses work toward their repayment.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-----------------|-----------------|----------------|-----------------------|-----------------|
| \$6,596,728,000 | \$2,493,733,000 | \$270,521,000 | \$384,005,000 | \$377,691,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA's COVID-19 EIDL Servicing Center (CESC) will service approximately 2.5 million COVID-19 EIDL loans. The vast majority of the three million loans are past the 30-month deferment period and have entered active repayment. There are approximately 234,000 loans still in deferment; those loans will come out of deferment in FY 2024. At the close of FY 2023, there were approximately 471,600 COVID-19 EIDL loans which were 30 days or more delinquent. The SBA's CESC will continue to use a larger temporary staff to manually review and process liquidations and charge-offs and conduct fraud reviews throughout FY 2024 and FY 2025. The SBA anticipates that by the end of FY 2025 the COVID-19 EIDL portfolio will decrease, allowing CESC staffing to be reduced to a smaller "core" staffing level. The CESC will also perform all required servicing actions and customer support on all active COVID-19 EIDL loans. The CESC will continue appropriate collection efforts to ensure that the Agency maximizes recoveries throughout FY 2024 and FY 2025.

Performance Report: In FY 2023, CESC hired and trained 1,843 staff members, resolved 378,526 customer email inquiries, completed 30,650 Agency Hold/Fraud reviews, responded to 2,079 Congressional inquiries, answered 278,654 customer service calls, completed 43,694 loan servicing actions, completed 350,763 liquidation fraud reviews, and completed 106,342 ID theft reviews/validations.

To improve customer experience, the SBA enhanced the customer service call center for COVID-19 EIDL borrowers. Improvements included incorporating call scripts, instituting an enhanced quality assurance process, and adding an escalation process to address individual inquiries related to a loan. The SBA also provided access to the COVID-19 EIDL loan platform to SBA field offices and other customer service centers to better respond to borrower inquiries. Prior to the closure of the customer portal in May 2022, the SBA also enhanced the platform to allow borrowers to request increases on the COVID-19 EIDL loan platform, directly upload documents, and view the status of their requests. In February 2023, the SBA launched the new MySBA Unified Lending Portal, giving COVID-19 EIDL borrowers an enhanced customer experience to



manage their loan using a single log-in, including access to statements showing breakdowns of principal and interest, the ability to schedule one-time or recurring payments, and a secure messaging feature for servicing needs. The SBA continues to improve the MySBA Unified Lending Portal, accessible at lending.sba.gov, adding new features that give users access to other SBA loan and certification programs. For example, the SBA began testing a new online disaster loan application in the fourth quarter of FY 2023, also accessible through the MySBA Unified Lending Portal, and the target completion date for full implementation is by the close of the first quarter of FY 2024.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number (Millions) of COVID-19 EIDL Loans in Servicing | Target | N/A | N/A | N/A | N/A | 3.9 | 3.8 | 2.2 | 2.0 |
| | Actual | N/A | N/A | N/A | N/A | 3.7 | 2.5 | | |
| | Variance | N/A | N/A | N/A | N/A | 5% | 34% | | |
| Additional Information: The SBA uses this metric to track the number of small business loans that have been approved and will be serviced. COVID-19 EIDL loans entered servicing in FY 2022. | | | | | | | | | |

Restaurant Revitalization Fund Program

Program Description: The ARP Act established the Restaurant Revitalization Fund (RRF) to help restaurants and other eligible food establishments keep their doors open. This program provides restaurants with funding equal to their pandemic-related revenue loss up to \$10 million per business and no more than \$5 million per physical location. Recipients are not required to repay the funds if they were used for eligible expenses no later than March 11, 2023. Unlike other SBA programs, there is no limit on the number of employees for businesses to qualify for an RRF grant.

The RRF launched in May 2021, with the Program receiving more than 278,000 eligible applications representing over \$72.2 billion in requested funds. Approximately 101,000 awards have been approved for restaurants, bars, and other businesses. Underserved populations received approximately \$18 billion in grant awards. Women-owned businesses received \$7.5 billion, veteran-owned businesses received \$1 billion, socially and economically disadvantaged-owned businesses received \$6.7 billion, and businesses owned by representatives of multiple underserved populations were awarded \$2.8 billion.

Program Budget: The table 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 program began in FY 2021.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|------------------|----------------|----------------|-----------------------|-----------------|
| \$28,632,811,000 | \$23,082,000 | \$90,854,000 | \$940,000 | \$377,000 |

Performance Plan: In FY 2024 and FY 2025, the SBA will continue to manage the provisions of the RRF program that provide support to eligible businesses. The SBA is tracking RRF funds that small businesses used through the Post Award Report process. All award recipients were required to report on the final use of funds no later than April 30, 2023. Monitoring of RRF funds will help inform the Agency how well the awarded funding assisted small businesses in maintaining operations. The SBA will also closely track any unused RRF funds returned to the SBA from small businesses. The SBA will review approximately 10,000 post-award reports submitted by RRF recipients to verify RRF eligibility, confirm the accuracy of award amounts, and confirm that RRF proceeds were used according to terms of the program. SBA has developed a



funds recovery plan and is working towards implementing it. The Agency will seek to recover unused funds or funds disbursed to ineligible recipients, or those that have not submitted a Post Award Report. The Agency will continue to implement controls to ensure that the proper accounting is used for the RRF Program.

Performance Report: In FY 2023, the SBA redistributed returned funds in the RRF. The SBA worked with the Department of Justice on a redistribution plan to release approximately \$83 million in funds to 169 recipients. The SBA has designed and implemented an ongoing review of RRF awards disbursed and has identified recipients with flagged PPP loan guarantees who are not eligible to receive the awards in accordance with the program’s terms. The review also assesses the accuracy of the award recipients to ensure complete, accurate, and timely reporting for the use of the awards. The SBA conducted more than 1,400 post-award reviews in FY 2023.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Post-Award Reviews of RRF Awards | Target | N/A | N/A | N/A | N/A | N/A | N/A | 7,000 | 3,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | 1,457 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA is adding this measure to track activities of post-award reviews for the RRF program. | | | | | | | | | |

Shuttered Venue Operators Grants Program

Program Description: The Shuttered Venue Operators Grant Program (SVOG) was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act and amended by the ARP Act. The program includes over \$16 billion in grants to shuttered venues, including live venue operators or promoters, theatrical producers, live performing arts organization operators, museum operators, motion picture theater operators, and talent representatives. Eligible applicants could qualify for grants equal to 45 percent of their gross earned revenue, with the maximum amount available for a single grant award of \$10 million, and \$2 billion was reserved for eligible applications with up to 50 full-time employees. Due to the nature of these industries, most of the SVOG award recipients are considered small or microbusinesses with few other opportunities to obtain support. The SBA has requested additional administrative resources to support the oversight and close out of the SVOG program in FY 2024 and FY 2025.

Program Budget: The table 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 program became operational in FY 2021.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-----------------|-----------------|----------------|-----------------------|-----------------|
| \$9,755,048,000 | \$4,920,806,000 | \$37,817,000 | \$32,742,000 | \$12,644,000 |

Performance Plan: In FY 2024 and FY 2025, the Agency will review and audit the records of SVOG recipients in accordance with its oversight and audit plan. To reduce the risk of fraud, the Agency will require repayment for misspent funds, and it will continue to monitor the program and provide additional assistance for awardees to comply with grant requirements. The SBA will also continue to provide reports to congressional committees.

In FY 2024 and FY 2025, the SBA will continue servicing over 6,000 SVOG program grantees, which account for \$12.5 billion in disbursed funds. The SBA will focus on enhancing customer service and high-quality technical assistance to awardees through grant monitoring and process grant closeouts. This technical assistance includes guidance on topics relevant to grantees, such as audit requirements and monitoring expectations. The Agency will also assist with staffing teams to respond with specialized review of outstanding oversight requirements. The SBA will continue to solicit feedback from grantees and stakeholders to meet the needs of the awardees. In FY 2024, the SBA will complete its summative evaluation of the SVOG program and will disseminate the results of that evaluation. The Agency is also partnering with the U.S. Census Bureau to track the impact these grants have on jobs and other metrics in alignment with other COVID-19 relief programs. The SBA is also implementing procedures to recover funds if recipients have been identified as being non-compliant or ineligible. The Agency will continue to implement controls to ensure that the proper accounting is used for the SVOG Program.

Performance Report: In FY 2021 and FY 2022, the SBA awarded over \$14.6 billion to over 13,000 grantees through the SVOG program. Over \$9 billion of this was awarded to the smallest of the small businesses, representing businesses with no more than 50 full-time employees. In FY 2023, the SBA turned its focus to audit and oversight activities and grant closeout. The SBA has designed and implemented an ongoing review of SVOG awards disbursed and has identified recipients with flagged PPP loan guarantees who are not eligible to receive the awards in accordance with the program’s terms. The review also assesses the accuracy of the award recipients to ensure complete, accurate, and timely reporting for the use of the awards. The SBA selected grantees for monitoring based on both identified risk indicators and random sampling. The grantees will be required to demonstrate that Federal funds used were in alignment with and allowable under the statute and regulations. The SBA also began the closeout process to close grants that indicated proper expenditure of funds and had no outstanding requirements to the Agency. Approximately 7,000 grants have been closed thus far, and the SBA will continue to work with grantees to close grants in a timely manner. The SBA is also conducting a program evaluation to assess SVOG’s progress toward meeting its goals and to measure the impact of the funding on the small business community.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|-----------------|---------|---------|---------|---------|----------|---------|---------|---------|
| Percent of SVOG Recipients that Continued or Reopened Operations | Target | N/A | N/A | N/A | N/A | 95% | 95% | | |
| | Actual | N/A | N/A | N/A | N/A | N/A | 99% | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 4% | | |
| Additional Information: The SBA uses this metric to track the number of SVOG recipients that continued or reopened. Source: Shuttered Venue Operators Grant Program Mixed-Methods Evaluation. Percentage is based on a sample size of 1,829 SVOG Grantees, which was considered to be a statistically significant rate from by the independent evaluator. The SBA is retiring this measure after having completed the program evaluation to assess the impact of the SVOG program. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Active Audit Investigations | Target | N/A | N/A | N/A | N/A | Baseline | 300 | 500 | 500 |
| | Actual | N/A | N/A | N/A | N/A | 735 | 2,137 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 609% | | |
| Additional Information: The SBA uses this metric to track the number of audit investigations conducted provide oversight to the SVOG program. The target audit numbers represented a statistically significant sample of grantees across different risk levels as outlined in SBA Audit and Oversight Plan for SVOG. The SBA exceeded its FY 2023 goal due to increased oversight of entities’ use of grant proceeds, as outlined in statutory requirements. | | | | | | | | | |

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|-----------------|---------|---------|---------|---------|----------|---------|---------|---------|
| Percent Increase in Revenue of Businesses Assisted by SVOG | Target | N/A | N/A | N/A | N/A | Baseline | 5% | | |
| | Actual | N/A | N/A | N/A | N/A | N/A | 8% | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 60% | | |
| <p>Additional Information: The SBA uses this metric to track the number of small businesses that increased revenue after receiving SVOG funds. Source: Shuttered Venue Operators Grant Program Mixed-Methods Evaluation conducted by 2M Research during FY22-23. Missing revenue outcome data was calculated based on two-step imputation. The SBA is retiring this measure after having completed the program evaluation to assess the impact of the SVOG program.</p> | | | | | | | | | |

Strategic Objective: 2.2) Prepare Small Businesses and Rebuild Communities Affected by Natural Disasters

Objective Lead: Associate Administrator for Recovery and Resilience; Associate Administrator for Capital Access

IG Management Challenge: 7) SBA's Disaster Assistance Program Must Balance Competing Priorities to Deliver Prompt Assistance but Prevent Potential Fraud

Programs: Disaster Assistance Program

Objective Overview: 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 helps homeowners and renters in disaster-impacted communities rebuild, which supports strong customer bases and assists businesses in recovering quickly. In addition to providing loans for physical damage, the SBA provides working capital in the form of Economic Injury Disaster Loan (EIDL) assistance to small businesses, including small agricultural cooperatives, small businesses engaged in aquaculture, and certain private nonprofit organizations.

In FY 2023, the SBA added consumer and marketing cooperatives as eligible business activities for economic injury disaster loans. Also in FY 2023, the SBA implemented the Disaster Assistance for Rural Communities Act. The law authorizes the SBA to issue an agency disaster declaration in impacted counties with rural communities. To support governors and Chief Executives of Indian Tribal Governments, the SBA now needs only one significantly damaged property in a rural area when the county has received a major disaster declaration from the President for Public Assistance. Historically, the SBA needed 25 significantly damaged properties. In August 2023, the SBA announced its first rural declaration. To date, the SBA has made 14 Rural Agency Disaster Declarations. The SBA also expanded its mitigation lending opportunities to provide borrowers additional mitigation loan options to rebuild more resiliently.

Progress Update: In FY 2023, the SBA approved more than 43,000 disaster loans totaling \$2.98 billion, which provided disaster loan assistance for 425 disasters throughout the country, including 22 major presidential disaster declarations for individual assistance, 70 major presidential disaster declarations for public assistance, 41 agency declarations, 8 SBA Agency rural declarations, 13 governor's certifications, 270 Secretary of Agriculture disaster declarations, and 1 military reservist economic injury disaster declaration. Additionally, more than 1,350 disaster survivors used the SBA's mitigation option in disaster loans, which is an increase of over 160 percent from FY 2022 and exceeds the Agency Priority Goal.

In FY 2022, the SBA transferred disaster loan approval functions from the Office of Disaster Assistance (ODA) to the Office of Capital Access (OCA). In FY 2023, the SBA further strengthened the Disaster Assistance program by establishing a Unified Lending Platform and deploying technology to enhance customer experience and expedite the delivery of recovery funding for disaster survivors. Additionally, in FY 2023, the Office of Disaster Recovery & Resilience (ODR&R) was created to expand the Agency's focus on recovery with enhanced coordination among all SBA programs to improve recovery outcomes and build economic resilience. The SBA's focus is on disaster planning, preparedness, recovery, and resilience, recognizing the need for improved Federal coordination to help businesses and their communities prepare and recover from the growing risk that disasters present, building on and enhancing disaster lending. The Agency has expanded its outreach efforts to underserved communities by deploying Portable Loan Outreach Centers to reach more disaster survivors in the most damaged and vulnerable locations where traditional recovery centers may be unavailable. With the bipartisan Disaster Assistance for Rural Communities Act, the SBA crafted rules around the legislation and launched the Agency Rural Disaster Declaration, the new



authority provided by the Act which enables the Agency to declare a rural declaration for a single property with substantial uninsured damage.

The table below highlights progress toward SBA Strategic Measures identified in the *FY 2022–2026 Strategic Plan*.

| Customer-Centric Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|---------|----------|---------|----------|---------|
| Customer Satisfaction Score for Disaster Survivor Outreach | 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 | | |
| Additional Information: In FY 2024 the SBA will establish a new customer satisfaction measure to track satisfaction with services provided to survivors of disasters who received SBA assistance. The SBA will explore the development of a new metric through an evidence-building project in FY 2024. | | | | | | | | | |
| Equity Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Outreach Activities to Underserved Communities | Target | N/A | N/A | N/A | N/A | Baseline | 2,025 | 2,120 | 2,225 |
| | Actual | N/A | N/A | N/A | N/A | 1,929 | 4,296 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 112% | | |
| Additional Information: This metric reports on outreach activities to underserved communities, as defined by Executive Order 13985, <i>Advancing Racial Equity and Support for Underserved Communities Through the Federal Government</i> , section 2. These communities may experience additional risk of negative disaster outcomes and would benefit from resiliency efforts. The FY 2023 target is based on similar disaster activity from the baseline year. Fluctuations in disaster activity may affect performance metrics. | | | | | | | | | |
| FY 2022–2023 Priority Goal | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Loans that Include Mitigation Measures | Target | N/A | N/A | N/A | N/A | Baseline | 626 | 626 | 626 |
| | Actual | N/A | N/A | N/A | N/A | 522 | 1,358 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 1616% | | |
| Additional Information: The SBA developed this Agency Priority Goal to track and increase the number of disaster survivors that use the mitigation loan option through enhanced engagement messaging to disaster survivors and stakeholders. In FY 2022, the SBA tracked engagement activities and baseline mitigation loan option usage, with an FY 2023 goal to increase by 20 percent the number of disaster survivors requesting mitigation assistance. Targets assume similar disaster activity from the baseline year. Reduction in disaster activity may affect performance metrics. | | | | | | | | | |

Disaster Assistance Program

Program Description: 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, but planning, preparedness, and mitigation can help alleviate this risk. The SBA partners with a nationwide network of resource partners, business counselors, and nonprofits in coordination with the SBA field offices to prepare businesses for disasters and assist them with recovery needs after a disaster.

The SBA supports its engagement and outreach focused on resiliency through the <https://www.sba.gov/prepare> web page and a new web page, <https://www.sba.gov/mitigation>. These resources ensure that resiliency education is easily accessible to disaster survivors and that those survivors are aware of the breadth and depth of SBA resources and loans to recover and build back stronger.

The SBA provides short- and long-term assistance after disasters by engaging with the whole of SBA, including local District Offices and resource partners to aid their communities, even after the disaster declaration deadlines have closed. The Agency continues to build relationships with leadership and emergency management personnel at the state, local, territorial, and tribal levels to improve readiness and post-event coordination. The SBA communicates its preparedness and disaster resources through outreach that raises awareness and underscores seasonal risks. These activities include coordination with state



emergency management agencies to promote state and SBA preparedness resources; participation in disaster preparedness and mitigation conferences that convene nationally, representing bodies of state, local, territorial, and tribal leaders; sharing disaster loan data with state and local counterparts; and educating state, local, tribal, and other resource partners on SBA disaster assistance program eligibility, including additional funds for mitigation and property improvements that help prevent future damage caused by flooding, fires, severe winds, or other natural disasters.

Disaster mitigation funds are essential to help survivors rebuild and protect their homes, families, businesses, and employees from repeat property damage and loss. Disaster survivors can rebuild stronger by increasing their SBA disaster assistance loan by up to 20 percent of the verified physical damage to fund mitigation improvements that reduce future risk of repeat property damage and loss. Research shows that for every \$1 spent on hazard mitigation, up to \$6 in future disaster recovery costs are saved.¹⁹ Although this option is available to all physical disaster loan recipients, only a small fraction of homeowners and business owners leverage mitigation assistance.

Program Budget: The table 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.

| FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized CR | FY 2025 Request |
|-------------------|-------------------|-------------------|--------------------------|--------------------|
| \$350,666,000 | \$389,953,000 | \$495,883,000 | \$515,525,000 | \$389,364,000 |

Performance Plan: FY 2024 and FY 2025, the SBA will continue to encourage disaster preparedness to mitigate and minimize disaster damage for small businesses and communities which are experiencing disaster activity with growing frequency. The SBA will enhance its outreach and strategic engagement efforts to promote mitigation and will focus on disaster-specific risk outreach, such as flood, wildfire, wind, and earthquake mitigation, and the Agency will also address specific needs by region. The Agency recognizes the potential for the whole of SBA and resource partners to assume a larger role in supporting disaster assistance and long-term recovery, and it will continue to engage Small Business Development Centers, Women’s Business Centers, SCORE, and Veteran Business Outreach Centers in recovery efforts, and the Agency continues to support their efforts through trainings, educational guides, and webinars.

The SBA will offer low-interest loans for disaster recovery and mitigation, technical experts who arrive on the ground immediately after a disaster, a national network of field offices and resource partners that provide a range of technical assistance to small businesses on climate-ready options, and trusted relationships with financial institutions that provide small business loans that greatly leverage Federal support. The SBA will partner with other Federal agencies which also play a role in Federal disaster response and/or mitigation. Similarly, the SBA will strengthen its partnerships with state, local, tribal, and territorial governments and provide supportive incentives for those governments to undertake resilience activities. The Agency will continue to launch Portable Loan Outreach Centers (PLOCs) to better serve underserved and hard-to-reach communities. In FY 2024, the SBA will expand its outreach capabilities in disaster-impacted communities by acquiring Mobile Recovery Vehicles (MRVs).

The SBA will use a whole-of-agency approach to provide outreach to communities that could benefit from disaster mitigation loans. Despite the benefits of this option, fewer than two percent of disaster borrowers participate in disaster mitigation loans to protect their homes and businesses from future disasters, partly

¹⁹ Source: National Institutes for Building Sciences, 2018

due to a lack of awareness. The SBA will use a multichannel approach to conduct outreach campaigns to eligible loan recipients, which will include field events and informational material for disaster survivors, providing information and support specific to their needs. The SBA will enhance communication efforts specifically for underserved and underrepresented populations.

Performance Report: In FY 2023, the SBA continued to encourage and support emergency readiness at home and at work. The Agency improved collaboration between disaster preparedness and operations teams, the District Offices, and resource partners to ensure that clear and consistent guidance on how to access local and Federal aid following a major disaster is communicated to survivors. The SBA has approved more than 43,000 disaster loans totaling \$2.98 billion, which provided disaster loan assistance for 425 disasters throughout the country. The SBA also conducted nearly 4,300 outreach activities to underserved communities as part of its focus on equitable service delivery.

As a part of SBA's local focus, the Agency conducted campaigns aimed at helping businesses get SBA loans, seeking additional assistance for those with unmet needs, and identifying additional resources within the SBA, the Agency's resource partners, and the community. The outreach strategy focused on assisting businesses that are not approved for aid with reconsideration opportunities, assisting businesses with incomplete application packages to complete their materials and to request a second review, and encouraging businesses that were impacted by a disaster to apply for EIDL assistance. The Agency used Targeted Business Analysis to determine what actions can be taken to assist businesses with unmet needs, prepare for future disasters, and promote resilience.

The SBA enhanced its outreach with the development and deployment of the PLOCs. The SBA's PLOCs are lightweight, mobile deployable systems that enable rapid response to some of the most damaged and vulnerable locations, where traditional recovery centers may be unavailable. PLOCs enhance the SBA's agility, increase efficiency, and maximize outreach, making them essential in responding to disasters when infrastructure has been destroyed. Within 24 hours of a major event, PLOCs can be staffed and deployed.

The SBA expanded its relationships with FEMA through its Office of Business, Industry, Infrastructure, and Integration (OB3I) with its first joint forum in Q4, FY 2023. The SBA is also expanding its strategic alliances to include both Big City Emergency Managers (BCEM), who represent almost 20 percent of the nation's population, and the Private Sector Emergency Management Association (PSEMA), whose mission is to support business owners before, during, and after times of major disruption or disaster.

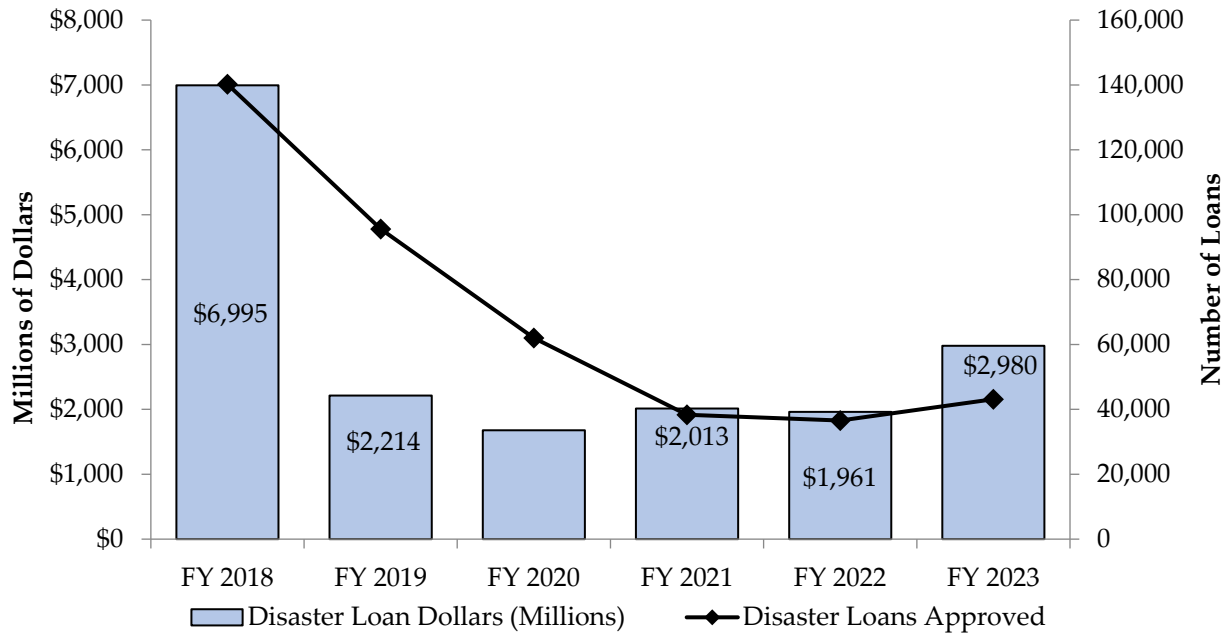
The SBA continued to implement its outreach and marketing plan to state, local, tribal, and territorial leadership and emergency personnel to promote disaster preparedness. The Agency continued to inform stakeholders about the SBA's Disaster Assistance Program, build relationships, and increase readiness in post-event coordination. The SBA participated in several Federal interagency leadership groups, including the Recovery Support Function Leadership Group and the Mitigation Framework Leadership Group. As a member of these groups, the SBA continued to work with other agencies to improve Federal efforts supporting coordination, preparedness, and recovery from disaster events.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Percent of Loans with Initial Disbursements Within 5 Days of Loan Closing | Target | 95% | 95% | 95% | 95% | 95% | 98% | 98% | 98% |
| | Actual | 97% | 99% | 100% | 100% | 97% | 98% | | |
| | Variance | 2% | 4% | 5% | 5% | 2% | 0% | | |
| Additional Information: Disbursement refers to the last step of a 3-step disaster loan process in which a loan is closed, and funds are disbursed to the customer for an approved loan amount. Figures represent non-COVID-19 activity. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of Disaster Loans Processed Within Standard | Target | 85% | 85% | 85% | 85% | 85% | 95% | 95% | 95% |
| | Actual | 96% | 93% | 97% | 100% | 89% | 90% | | |
| | Variance | 13% | 9% | 14% | 18% | 5% | -5% | | |
| Additional Information: The standard number of days corresponds to the volume of disaster loan activity received in that fiscal year. 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. Data represent non-COVID-19 activity. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of Disasters Having a Disaster Loan Outreach Center or Business Recovery Center Open Within 10 Days | Target | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% |
| | Actual | 100% | 100% | 100% | 100% | 100% | 100% | | |
| | Variance | 5% | 5% | 5% | 5% | 5% | 5% | | |
| Additional Information: "Open" is defined as assembling at least one SBA Disaster Loan Outreach Center (DLOC) or Business Recovery Center (BRC) within 10 business days of all CONUS major presidential disaster declarations for individual assistance and Agency disaster declarations. The SBA emphasized a dual response during the pandemic to leverage both in-person and virtual DLOC/BRC activation. Disaster survivors may also access the disaster online application portal immediately following a disaster declaration. | | | | | | | | | |

The chart below shows the total dollar amounts (millions) and the number of non-COVID-19 disaster assistance loans approved.

Non-COVID-19 Disaster Loans Approved (Dollars in Millions and Number of Loans)



Strategic Goal: 3) Implement Strong Stewardship of Resources for Greater Impact

Strategic Objective: 3.1) Strategically Manage Resources by Integrating Quality Data, Evidence, and Risk in Decision-Making Process

Objective Leads: Associate Administrator for Performance, Planning, and the Chief Financial Officer; Executive Director of Executive Management, Installation, and Support Services

IG Management Challenges: 8) SBA Needs Robust Grants Management Oversight

Programs: Enterprise Risk Management, Grants Management, Financial Management, Administrative Services, Acquisition Management, Performance Management and Program Evaluation

Objective Overview: The SBA supports the needs of small businesses that serve as the engines of the U.S. economy. To do that effectively, the SBA must have well-functioning internal management processes so that mission offices have the support they need to execute programs for small businesses. Internal management functions include the ability to manage risk, execute an effective acquisition process, provide internal controls and oversight of programs, oversee financial operations, and secure data and evidence to drive decisions and foster continuous learning. Economic relief programs stemming from the COVID-19 pandemic increased the SBA's operational loan portfolio to more than \$1.3 trillion. This expansion of the SBA's portfolio requires the Agency to be nimble and equipped with current technology, skills, tools, and knowledge. The SBA has a responsibility to taxpayers to ensure the best use of its resources. The Agency works continuously to strengthen and streamline its programs to meet the needs of small businesses; to mitigate fraud, waste, and abuse; and to improve service delivery to provide a better customer experience.

Through the Office of Performance, Planning, and the Chief Financial Officer (OPPCFO), the SBA leads oversight of its financial and performance management activities. Through the Office of Executive Management, Installations, and Support Services (OEMISS), the SBA manages its facilities, security, and grants management processes. Finally, the Office of Continuous Operations and Risk Management (OCORM) is responsible for the development and implementation of an integrated, agency-wide risk management framework, advising leaders on enterprise risks, continuity of operations, disaster planning, insider threats, and audit compliance.

Progress Update: The SBA, in consultation with the Office of Management and Budget, has highlighted this objective as a focus area for improvement. The heightened response to the COVID-19 pandemic exposed gaps in the SBA's financial management internal control protocols. The SBA has prioritized addressing and mitigating the material weaknesses in internal controls identified in its financial statement audits. To address the material weaknesses and enhance the SBA's fraud/risk management program in parallel to financial statement audit remediation, the SBA continues to mature its antifraud entity by onboarding a Fraud Risk program manager and the Agency's first Chief Risk Officer (SES), and bringing on fraud risk management resources to support the strategic plan implementation, consistent with GAO's fraud risk management framework. The SBA also redirected resources to prioritize strengthening internal controls and reducing material weaknesses within existing resources for its operational needs.

The SBA exceeded its financial and performance customer satisfaction goal by 13 percent, achieving an average score of 4.5 on a 5-point scale by delivering quality services to the Agency.

The SBA closed 100 Office of Inspector General (OIG) audit recommendations and 11 GAO recommendations in FY 2023. The Agency also resolved, appropriately reduced, or made substantial progress on 95 percent of the issues identified in SBA OIG's Top Management and Performance Challenges

Facing the SBA.²⁰ The Agency also continued implementation of the GrantSolutions grant management system, improving the transparency, customer experience, and accountability of Agency grants.

The table below highlights progress toward SBA Strategic Measures identified in the *FY 2022–2026 Strategic Plan*.

| Strategic Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|----------|---------|---------|----------|---------|---------|---------|---------|
| Number of Material Weaknesses and Significant Deficiencies Downgraded in Financial Statement Audit | Target | N/A | N/A | N/A | N/A | N/A | N/A | 2 | 2 |
| | Actual | N/A | N/A | N/A | N/A | N/A | 0 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This measure tracks progress toward reducing material weaknesses in the Agency’s financial statement audit and demonstrates improved financial stewardship. | | | | | | | | | |
| Strategic Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of Material Weaknesses Identified in Financial Statement Audit | Target | N/A | N/A | N/A | Baseline | 3 | 2 | N/A | N/A |
| | Actual | 0 | 1 | 7 | 6 | 6 | 6 | | |
| | Variance | N/A | N/A | N/A | N/A | -100% | -200% | | |
| Additional Information: This metric tracks progress toward reducing material weaknesses in the Agency’s financial statement audit and demonstrates improved financial stewardship. While the SBA received a disclaimed audit opinion in FY 2023 with six identified material weaknesses, the Agency has taken action to improve internal controls and strengthen proper management of Agency resources. These actions include implementing the Fraud Risk Management Board (FRMB) and new controls to prevent fraud and strengthen the reliability of the values presented in the Agency’s financial statements. The SBA is changing this measure in favor of number of material weaknesses and significant deficiencies downgraded in the financial statement audit which better reflects the remediation work that the SBA is doing to improve its financial stewardship. The SBA will reassess its audit measures in FY 2024 to determine the best method to convey its financial management performance. | | | | | | | | | |
| Customer-Centric Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Customer Satisfaction Rate of Financial Management Services for SBA Employees | Target | Baseline | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| | Actual | 4.0 | 4.4 | 4.6 | 4.7 | 4.3 | 4.5 | | |
| | Variance | N/A | 10% | 15% | 18% | 8% | 13% | | |
| Additional Information: The SBA rates customer satisfaction on a scale from 1 to 5, with 5 being the highest. A score of 4 or higher indicates positive satisfaction with SBA’s financial management services. | | | | | | | | | |

Enterprise Risk Management Program

Program Description: The Enterprise Risk Management (ERM) program is primarily responsible for helping SBA program offices understand and manage significant risks facing the Agency and focusing needed attention on responding to those risks. Since OMB Circular A-123 was issued in 2013, the Agency established an ERM Board and began developing a risk profile that outlines and prioritizes the agency’s most critical risks at the enterprise-wide level. This Agency risk profile is reviewed frequently and validated annually by SBA leadership. As the ERM program matures, the Agency’s risk approach will become more comprehensive, and the SBA will strengthen the risk identification and assessment process across headquarters, the field, and the extended enterprise (e.g., grantees, lenders, etc.) through the development of office risk profiles.

²⁰ [Top Management and Performance Challenges Facing the Small Business Administration in Fiscal Year 2024 \(sba.gov\)](https://www.sba.gov/top-management-and-performance-challenges-facing-the-small-business-administration-in-fiscal-year-2024)

The SBA also tracks and closes GAO and OIG audit recommendations. By tracking and closing these findings, the Agency ensures that its programs and operations perform effectively and efficiently in compliance with Federal laws and regulations. The SBA also performs disaster planning and continuity of operations planning to mitigate Agency risk.

Performance Plan: In FY 2024 and FY 2025, the SBA will continue to identify and assess risks at all levels of the organization and develop risk response strategies to build an agency-wide portfolio of internal and external risks facing the Agency. This comprehensive view of risks to the organization will position the SBA to better prioritize resources and efforts to manage risk. The SBA will also increase risk management training, with an emphasis on fraud risks, and build on the progress made in FY 2023. In FY 2024 and FY 2025, the SBA's financial management processes will continue to adhere to strong internal controls and support the development, implementation, and sustainment of an Agency-wide fraud risk management program designed to prevent, detect, manage, and monitor fraud risks across the Agency.

The SBA will continue to monitor, address, and take corrective actions to close GAO and OIG audit recommendations through its program offices. Each audit will be tracked in the agency's audit follow-up system with evidence of actions taken provided to auditors for closure. The Agency will continue to provide disaster planning and other continuity of operations support to minimize organizational risk.

In FY 2024, the SBA will continue to implement the FY 2023–2026 ERM Strategic Plan to mature its ERM program. Each ERM objective and actions with completion dates will be tracked. The Agency will continue to promote and assist program offices in identifying and responding to risks specific to their program areas and strategic objectives.

The SBA will improve its Federal Mission Resilience (FMR) by investing in ongoing Continuity of Operations activities. The SBA will update its annual Continuity of Operations Plan (COOP) to ensure optimal communications. In FY 2024, the SBA will conduct an agency exercise of the new COOP plan, with subsequent annual exercises to align with annual COOP updates. The SBA will also increase its participation in annual Eagle Horizon National Level (EHNL) exercises.

Performance Report: In FY 2023, the SBA's ERM Board, comprised of senior leadership, met monthly to discuss critical risks impacting the Agency and the resources required to mitigate these risks. This risk information was used to update the Agency's 2023–2024 risk profile, and the updated profile was approved by the ERM Board.

The SBA developed an ERM strategic plan for the first time, leveraging the strategy outlined in the document to strengthen the agency's ERM program. The plan focuses on the four core elements: (1) Governance and Tone at the Top, (2) Enterprise-Wide ERM Knowledge and Capabilities, (3) Integrated ERM Program, and (4) ERM Reporting and Management. This multi-year strategy was launched in FY 2023 and led by the ERM Board with support from relevant key SBA stakeholders. This strategic plan will help the Agency progress along the ERM maturity model to make incremental and measurable progress toward the achievement of its ERM goals and objectives. In FY 2023, the SBA completed activities in support of the new plan and its 10 objectives.

To address concerns stemming from the COVID-19 relief programs, the SBA prioritized actions that restored longstanding anti-fraud controls, put in place innovative new protections, and reduced the potential for fraud, waste, and abuse across SBA's programs. Through the Fraud Risk Management Board (FRMB), the SBA is providing high-level, Agency-wide oversight of fraud risk management by deploying senior career officials to serve on the Board, employing the agency's first permanent fraud risk program manager,

bringing on a fraud risk subject matter expert to support the Board, and hiring the agency’s first Chief Risk Officer. The Agency has conducted fraud risk assessments for all pandemic relief programs, standardized data analytics across programs, implemented high-priority fraud risk recommendations from the GAO, and maintained an appropriate improper payments rate.

In continuation of prioritizing audit management, the Agency resolved, appropriately reduced, or made substantial progress on 95 percent of issues identified in SBA OIG’s Top Management and Performance Challenges Facing the SBA. The SBA closed 100 OIG audit recommendations in FY 2023, and the OIG issued 10 new reports with 74 new recommendations, a 43 percent decrease from FY 2022. Moving into FY 2024, 22 OIG audits are still in process. Additionally, the Agency closed 11 GAO audit recommendations, including 9 priority ones and 5 from the GAO High Risk List. GAO issued six new recommendations with 39 GAO audits still in process. Notably, the SBA achieved a 100 percent Annual GAO Implementation Rate for the fourth consecutive year in FY 2023.

The SBA’s Insider Threat Program helped the Agency achieve greater awareness through increased education for staff via newsletters, infographics, and partnership with the National Insider Threat Task Force (NITTF) and the U.S. Department of Homeland Security (DHS). The members of the Agency’s Insider Threat HUB met quarterly to discuss any incidents and report activities outside of the Agency, as appropriate. The annual Insider Threat training is required to be completed by all employees, and the OCIO includes an Insider Threat section in the annual Computer Security Awareness Training (CSAT).

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Percent of Open OIG Audit Recommendations Open More Than One Year | Target | N/A | N/A | N/A | N/A | 61% | 58% | 58% | 60% |
| | Actual | N/A | N/A | 85% | 37% | 41% | 60% | | |
| | Variance | N/A | N/A | N/A | N/A | 33% | -3% | | |
| Additional Information: This metric tracks OIG audit recommendations that have been open for more than 1 year, as required by the GAO-IG Act. OIG recommendations have varying target implementation timelines agreed upon by SBA management and the OIG. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Percent of GAO Recommendations Implemented | Target | N/A | N/A | N/A | N/A | 80% | 80% | 85% | 85% |
| | Actual | N/A | 78% | 100% | 100% | 100% | 100% | | |
| | Variance | N/A | N/A | N/A | N/A | 25% | 25% | | |
| Additional Information: This metric tracks the 4-year implementation rate of GAO recommendations. The GAO sets a government-wide performance target 4-year implementation rate of 80 percent. The 4-year implementation timeframe is meant to minimize the effects of atypical results each year. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of ERM Strategic Objective Activities Accomplished | Target | N/A | N/A | N/A | N/A | N/A | N/A | 12 | 12 |
| | Actual | N/A | N/A | N/A | N/A | N/A | 10 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: To measure the ERM program more holistically, the SBA is replacing the metric of the number of risk registers collected with the number of ERM Strategic Objective activities accomplished. The ERM program will continue to promote and assist program offices to develop and manage their risk registers. | | | | | | | | | |

Grants Management Program

Program Description: The Office of Grants Management (OGM) oversees the Agency’s financial assistance programs. It provides leadership on managing grants and cooperative agreements through policy



development, oversight, enforcing compliance, and training related to grants management. The staff serve as expert advisers to all program offices. The lead grants office is responsible for serving as expert advisers to all program offices and for responding to interagency requests, including OMB. In addition, a grants management dashboard and a community of interest monthly meeting have also been developed.

SBA grants specialists serve as the technical representatives and advisors for all grants, which include standard grants and cooperative agreements, and they collaborate with and oversee program offices that have been given the authority to manage and award grants under specific provisions. On average, they administer between 400 and 500 grants per year.

Performance Plan: In FY 2024 and FY 2025, SBA will continue using the GrantSolutions grants management system to strengthen collaboration across grants management, financial management, and program management to establish a financial interface to the GrantSolutions system. This system will provide program offices with a consolidated workflow management environment, providing integrated data to enable business process automation, reduce duplication, and increase data integrity. The SBA will continue to award and monitor grants, with focused attention on congressionally directed spending. The Agency will continue to train and provide all grant-making program offices and staff with updates on Federal assistance. The SBA will integrate GrantSolutions and the Agency financial platform to implement a financial enterprise grants management system, which will allow both internal and external customers to use the system better and increase productivity. In FY 2024, the SBA will continue to award, monitor, and conduct site visits for the FY 2022 and FY 2023 earmark grants, with focused attention on awards from nearly \$180 million in FY 2023 Congressionally directed initiatives to more than 200 recipients.

Performance Report: In FY 2023, the SBA continued to use the GrantSolutions grants management system for all six program offices with grant responsibilities; the Agency also centralized and improved oversight and compliance management as a full grant life cycle system, from pre-award to closeout. Existing grants made under pandemic relief programs will be closed out in the grants management system in which they were made.

The grants management system has improved data quality by enhancing the capability to generate reports quickly, pull grants data, respond to audit inquiries, and efficiently track financial and staff workload metrics. The system improves the customer experience and reduces reliance on paper processing by allowing grant recipients to manage their grant activities electronically. The system also increases transparency and communication between key stakeholders, eliminates redundancy and human error, and improves the Agency's ability to assess its grant management performance.

The SBA conducted Agency-wide training to update grant program staff on the grants management policy and financial assistance compliance. The SBA also measured the grants closure rate in alignment with the Grants Oversight and New Efficiency Act and the DATA Act to promote the efficiency of the grants management process. The SBA closed 100 percent of its grants required within the 5-year time period. Through the end of FY 2023, the SBA had successfully issued 1,192 new awards amounting to over \$457 million and an additional 207 Congressionally-directed initiative awards totaling nearly \$180 million.

The SBA appoints Grants Management Officers (GMOs) on behalf of the Agency, requiring a warranted grants officer and certifying Grants Officer Technical Representatives (GOTR). In FY 2023, the SBA issued 10 GOTR certifications and 12 GMO warrants. The Agency also liaised with the Department of Health and Human Services (HHS) Indirect Cost Center, which is responsible for negotiating indirect cost rates for organizations where the Agency is the cognizant organization.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|----------|---------|---------|---------|---------|---------|---------|
| SBA Financial Assistance Closure Rate | Target | N/A | Baseline | 100% | 100% | 100% | 100% | 100% | 100% |
| | Actual | N/A | 80% | 100% | 100% | 100% | 100% | | |
| | Variance | N/A | N/A | 0% | 0% | 0% | 0% | | |
| Additional Information: This measure supports both Grants Oversight and New Efficiency Act (GONE) and DATA Act reporting. The closure rate is calculated by dividing the number of grants closed by the number awarded. | | | | | | | | | |

Administrative Services Program

Program Description: The SBA provides agency-wide administrative support services in several key areas such as space management, security, records management, and other administrative functions required to maintain effective operation. Space management includes operating and managing SBA facilities, which span District Offices, branch offices, loan centers, and the headquarters building. The SBA manages approximately 1.4 million square feet of leased space, designs offices, and supports repairs for facilities, depending on office needs. With each facility, the SBA provides necessary levels of security to protect Federal property and people. The Agency also ensures that records are kept and stored under Federal guidelines. The SBA also manages a vehicle fleet to ensure that staff can visit stakeholders across the country.

Performance Plan: The response to the COVID-19 pandemic presented the SBA with unexpected challenges that will continue into FY 2024 and FY 2025. GSA is evaluating approaches to office configurations, and the SBA will stay engaged through its future of work efforts as this guidance develops to determine how it may shape future office configurations. As leases expire for various field offices, the SBA will pursue opportunities to reduce its real estate footprint to meet cost and space reduction objectives. The SBA continues to assess security needs and, when warranted, upgrade security equipment to ensure that it meets or exceeds Federal requirements by Federal Security Committee standards.

The COVID-19 pandemic has brought about significant changes in the work environment, and the SBA is no exception. The SBA recognizes the need to adapt to these changes to remain an employer of choice. As such, the Agency is committed to providing its employees with flexible work arrangements, including a hybrid work environment and telework where appropriate. The SBA is also constantly evaluating its customer data, personnel policies, workplaces, and IT needs to ensure that it can effectively support a hybrid workspace.

The SBA identified potential space consolidation and/or reduction recommendations. The Agency is piloting space projects to help eliminate unused space and identify annual cost savings. The Agency developed a project plan outlining the necessary steps to achieve these goals and determine how to redirect resources to optimize organizational performance and enhance the customer experience. This plan is integrated into the SBA’s FY 2025–FY 2029 capital plan and leveraged to meet the Agency’s sustainability goals per Executive Order 14057, *Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability*.

The SBA manages a vehicle fleet, which comprises 192 vehicles covering 706,308 miles, with associated costs totaling over \$977,000. In support of Executive Order 14057²¹—the Administration’s goal to transition the Federal motor vehicle fleet to clean and zero-emission vehicles—the SBA will continue prioritizing resources for the operation and procurement of electric vehicles (including plug-in hybrid technology) and associated

²¹ *Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability*, December 8, 2021.

charging infrastructure, in alignment with targets set by the Council on Environmental Quality and OMB for FY 2023, and for longer-term electrification goals.

The SBA completed work related to OMB and the National Archive and Record Administration’s (NARA) Memo M-19-21 and revised via Memo M-23-07, directing Federal agencies to digitize their paper and analog records. The comprehensive approach included a well-executed communication plan, 21 program briefs, 18 training sessions, digitization of an impressive 195,302 records (equivalent to 404 boxes), and the efficient shipment of 7,208 boxes of records to the Federal Records Center, all ahead of NARA’s deadline of June 2024. Starting July 1, 2024, NARA will no longer accept paper records at their Federal Records Centers (FRCs). The SBA has coordinated across programs and field offices to determine which records should be digitized or disposed of based on disposition schedules and which records must be submitted to the FRCs by the mandated deadline. The SBA also continues coordinating with Federal records centers to eliminate files that no longer require retention. The upfront costs of removing outdated records will be offset by long-term savings realized in future years.

The SBA is committed to implementing its Trusted Workforce 2.0 (TW 2.0) compliance plan, which was issued in April 2022. The plan focuses on several key areas, including implementing initial vetting and continuous evaluation vetting, enrollment of all agency personnel into Rap Back—an FBI program that constantly monitors arrest activity—and onboarding using the National Background Investigation Services (NBIS). To ensure the plan’s successful implementation, the SBA has designated an Agency Senior Implementation Official to provide assistance. The Agency has also obtained a compliance certification with Trusted Workforce 1.5, which is required as the Agency moves towards TW 2.0. The SBA remains committed to the implementation of TW 2.0 and will continue its efforts into Fiscal Year 2024.

Performance Report: The SBA initiated and continued several efforts in FY 2023 that have implications for the future of work. The Agency also reviewed its lease portfolio to determine potential offices and locations eligible for space reduction or elimination. The SBA footprint includes 14 loan processing/servicing centers/warehouses, 68 District Offices, 34 alternative work sites/branch offices, Agency headquarters, and a corresponding operations center as the main units in its review. In accordance with M-23-15, the Agency is aligning its work environment with Organizational Health and Performance and has surveyed space considerations for Headquarters, which will inform how the SBA could configure its space in the future.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| SBA Real Estate Footprint | Target | 1% | 1% | 1% | 1% | 1% | 1% | 3% | 3% |
| | Actual | -0.4% | 5.2% | 6% | 3% | 1.7% | 4.6% | | |
| Reduction Rate | Variance | -60% | 420% | 500% | 200% | 70% | 360% | | |
| <p>Additional Information: The SBA tracks agency facility square footage and continues to reduce space through consolidations, co-locations, and return of excess space. Data calculated for FY 2016–FY 2020 was developed against an FY 2015 baseline using GSA’s <i>Reduce the Footprint</i> data sets. In FY 2021, GSA stopped providing agencies with the <i>Reduce the Footprint</i> data sets, so the SBA developed a different methodology. In FY 2023, the SBA managed space that reflects the hybrid work environment.</p> | | | | | | | | | |

Financial Management Program

Program Description: The SBA ensures that all employees have the tools to make effective and efficient decisions in managing resources. Through up-to-date policies, the use of advanced data analytics, evidence-based decisions, and strong internal controls, SBA employees provide outstanding program oversight. A well-formulated and executed budget ensures that every employee is equipped to manage resources. Well-



managed financial systems and new technologies help automate processes and reduce error. The SBA's financial management program consists of Budget Formulation and Execution; Financial Analysis and Modeling; Financial Reporting; Internal Controls; Financial Systems; and Accounting, all of which allow the SBA to optimize the planning and execution of its finances.

Performance Plan: In FY 2024 and FY 2025, in addition to strictly observing time schedules in compliance with Federal guidelines for budget, accounting, and financial reporting activities, the SBA will continue addressing the material weaknesses in the audit findings and will continue to resolve those issues, including providing support to program offices to facilitate remediation. To emphasize improved fraud risk management, SBA program offices will conduct additional fraud risk assessments to follow best practices and use updated fraud risk tools to manage programs.

The SBA will continue to use the Information Technology Working Capital Fund to finance long-term IT modernization projects, including enhanced customer experience for SBA stakeholders across the loan and certification programs, centralized management of systems, equipment, services, and maintenance. The projects will advance technology modernization by supporting cloud-based solutions and streamline systems investments with an enterprise approach geared towards improving the customers' experience and minimizing the need for standalone systems. The SBA also plans to submit a proposal to the Technology Modernization Fund to support critical investments to make significant cybersecurity enhancements, continuing to build the foundation for a zero-trust network.

The SBA will continue to utilize a risk-based approach to perform internal control assessments of programs that are of significant risk or high priority and provide internal control training to strengthen operations and improve procedures. The SBA will incorporate assessments of data integrity while implementing *OMB Circular A-123*. Through the strength of its internal control practices, the SBA will strive to remediate existing deficiencies to achieve 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.

Performance Report: The SBA continues to be impacted by its unprecedented response to the COVID-19 pandemic. The economic aid that the SBA provided to small businesses through the CARES Act and the American Rescue Plan (ARP) Act programs exposed gaps in the SBA's financial management internal control protocols. In FY 2022, the SBA established a FRMB, and in FY 2023, the Agency hired its first permanent fraud risk program manager to help the FRMB oversee and coordinate the SBA's fraud risk prevention, detection, and response activities to ensure adequate controls. This program manager will oversee the FRMB and provide fraud risk expertise and experience to address remediation and risk response for the Agency. This demonstrates the Agency's commitment to ensuring that anti-fraud protocols are effective. Since its inception, the FRMB has built frameworks for anti-fraud activities, including finalizing a multiyear strategic plan, conducting fraud risk assessments, and developing risk tolerance levels. Although the FRMB is the designated anti-fraud entity responsible for oversight and coordination of the SBA's fraud risk prevention, detection, and response activities, managing fraud is the responsibility of all levels of the Agency. Through this collaborative approach, the SBA is positioning itself to ensure secure and effective fraud management.

The SBA's Chief Financial Officer continued to manage IT-related contract reviews in collaboration with the Chief Information Officer (CIO) under the Federal IT Acquisition Reform Act (FITARA). All contract actions 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. The SBA continued to implement its Information Technology Working Capital Fund to finance long-term IT modernization projects.

The Agency continued to assess business processes impacting financial operations to comply with OMB requirements. Internal controls have been documented for key processes, and the Agency continued to monitor and identify strategies to strengthen operations.

The SBA continued to implement enterprise solutions to provide program offices with a consolidated financial workflow management environment that included integrated budget formulation and execution data, which enabled business process automation. This solution established a standardized data model for funding requests in order to reduce duplication and increase data integrity.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|-----------------|---------|---------|---------|----------|---------|---------|---------|---------|
| Number of Programs with Improper Payment Rates Above Standard | Target | N/A | N/A | N/A | Baseline | 0 | 0 | 0 | 0 |
| | Actual | 0 | 0 | 1 | 1 | 0 | 0 | | |
| | Variance | N/A | N/A | N/A | N/A | 0% | 0% | | |
| Additional Information: The SBA uses this measure to track and reduce programs with improper payments above standards set by the Office of Management and Budget in Circular A-123. | | | | | | | | | |

Acquisition Management Program

Program Description: The SBA strives to exceed its small business acquisition goals and reduce improper payments. Federal acquisition guidelines and the Small Business Act require the SBA to conduct acquisition planning. The SBA’s acquisition planning process includes defining the acquisition need and business case, developing requirements, conducting market research, drafting procurement documents and an acquisition strategy, and procuring an awardee. The SBA strives to award most of its contracting dollars to small businesses, and its small business utilization goal is the highest in the Federal Government. Through the acquisition management program, the SBA historically processes between 1,000 and 1,500 procurement actions every year. The pandemic increased over eightfold the dollar amount of the procurement actions. The Agency ensures that it meets not only its small business utilization goals but also its subgoals for contracting actions for HUBZone, service-disabled veterans, women-owned, and small disadvantaged businesses.

Performance Plan: In FY 2024 and FY 2025, the SBA will continue to add additional acquisition training opportunities for Program and Project Managers and Contracting Officer Representatives. The Agency will also improve communications between procurement management and the program offices. The SBA will continue to support Executive Orders 14030, 14057, 14096, and 14008 to minimize its greenhouse gas emissions and support Federal Government climate goals.

The SBA is prioritizing contract writing system and management for improvement. The current contracting platform is the PRISM application, which interfaces with other financial systems, but it has limited interoperability with other acquisition systems. The SBA will work with GSA to leverage emerging technologies in acquisitions to help the workforce deliver improved mission support. Through increased use of the GSA Acquisition Gateway platform, the SBA will be able to conduct pre-award activities such as procurement forecasting and market research with free, online collaborative tools.

Performance Report: In FY 2023, the SBA exceeded its small business utilization goal of 68 percent and achieved 77 percent small business utilization. The SBA exceeded the targets for all small business

contracting subgoals (SDB, HUBZone, WOSB, and SDVOSB programs). The SBA continued to work with contracting staff on procedures to ensure that procurements for manufactured end products comply with Made in America laws and regulations. The SBA awarded over \$400 million in contracts to small businesses while also achieving the highest competition rate over the past 3 fiscal years.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| Strategic Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| SBA Small Business Utilization Rate | Target | 73% | 71% | 73% | 75% | 65% | 68% | 70% | TBD |
| | Actual | 80% | 81% | 80% | 61% | 76% | 77% | | |
| | Variance | 10% | 14% | 10% | -19% | 17% | 13% | | |
| Additional Information: The SBA tracks small business contracts and has the highest small business contracting goal in the Federal Government. SBA Utilization Rate targets are negotiated annually and are not yet established for future fiscal years. | | | | | | | | | |

Performance Management and Program Evaluation Program

Program Description: The SBA ensures that leadership has the tools to make effective and efficient decisions in managing resources by building relevant evidence and conducting frequent, thorough program performance reviews. Evidence is used to drive decisions, and continuous learning serves as a foundation for performance improvement. The SBA conducts strategic planning to set long-term goals and objectives for the Agency. Through quarterly data-driven reviews, the Agency regularly discusses how each lead office is progressing toward objectives and metrics that they support. Through regulatory analysis, the economic impacts of various regulatory actions are evaluated and considered to ensure that data and evidence are available and used prior to moving forward with policy decisions. The program evaluation function provides support for a portfolio of evaluations based on the ELA and Annual Evaluation Plan, which provides meaningful analyses to answer questions that help program managers optimize their operations. The SBA also conducts robust program management and improvement to ensure that program and project managers have the tools they need.

Performance Plan: In FY 2024 and FY 2025, the Agency will deliver performance improvement projects. The SBA will continue to refine its quarterly data-driven review process improvements to integrate budget, staffing, and risk, along with Administration priorities of Customer Experience and Equity, to give leadership a more comprehensive view of Agency performance. This includes increased integration of performance, budget, and financial requirements to reduce program burden and eliminate silos. In support of OMB Memorandum M-23-15, *Measuring, Monitoring, and Improving Organizational Health and Performance in the Context of Evolving Agency Work Environments*, the SBA has begun a baseline assessment of organizational performance to inform and mature measures and management routines. These assessments will provide continuous improvement opportunities that will allow the Agency to identify and improve its activities that lead to better organizational performance. Support for M-23-15 will continue to be integrated into the quarterly data-driven reviews.

The Agency will implement a performance reporting digitization project to assist program offices in more streamlined performance reporting, along with a reduction in the amount of low-value manual processes involved in the reporting process. The digitization project will also be combined with planned improvements in performance reporting that center around program burden reduction.

The SBA will also continue to implement the Program Management Improvement Accountability Act (PMIAA) plan and collaborate with the Chief Human Capital Officer (CHCO), CIO, and other mission-support senior leaders to ensure that program and project managers have the tools they need to manage



effectively. The SBA will continue development of resources for program managers in customer experience, project management, financial capacity management, and process improvement. To support the Administration’s priorities and outline the long-term goals of the Agency, the SBA will continue to implement its *FY 2022–2026 Strategic Plan* and *Enterprise Learning Agenda* and develop the FY 2026 Annual Performance Plan.

The Administration is committed to evidence-building activities that will help the SBA understand the challenges, opportunities, and processes impacting small businesses. In FY 2024, the SBA will lead several new evaluations, including the continuation of the equity in procurement evaluation to assess and drive long-term, meaningful changes that will increase equity through the Federal acquisition processes.

The SBA will continue to support evidence capacity building in alignment with the Evidence Act and Federal Data Strategy. The SBA will continue to mature the Agency’s use of evidence to make critical decisions. The SBA is focusing on capacity-building for both program offices and evaluation staff and will hire additional staff with advanced analytical skills to upskill its analysis and evaluation program. The SBA will update its ELA and Annual Evaluation Plan, and further investments in program evaluations will help the SBA understand ways to improve program efficiency and outcomes. To better assess and support the Agency’s use of evidence and data, the SBA will be developing data analytics measures.

Performance Report: In FY 2023, the SBA began seven evaluations which will be completed after the close of FY 2023. Two evaluations are collaborations with other Federal partners. Findings from the evaluations continue to support program improvements as the SBA promotes evidence and evaluation tools and leverages its program evaluation framework to give program managers timely evidence for improved decision-making. The Agency also continues to support implementation of the Evidence Act through its ELA, recommendations from the Evidence Capacity Assessment, and the development of the SBA’s AEP.

The Agency continued its progress on the Strategic Objectives outlined in the FY 2022–2026 Strategic Plan. The SBA conducts quarterly data-driven reviews and annual Strategic Objective Reviews with program offices and senior leaders to ensure alignment of priorities.

The SBA continued to implement the Program Management Improvement and Accountability Act in accordance with OMB guidance. The Agency developed a Customer Experience (CX) toolkit in coordination with its CX landscape evaluation to provide program and project managers tools to integrate and embed CX into all aspects of its project planning. The Agency conducted peer-to-peer training and orientation of the toolkit to the SBA employee community. The SBA reports metrics that track the percentage of priority projects completed on time and that track evidence capacity.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|-----------------|---------|---------|---------|----------|---------|---------|---------|---------|
| Evidence Capacity Index Score | Target | N/A | N/A | N/A | Baseline | 4.2 | 4.3 | N/A | N/A |
| | Actual | N/A | N/A | N/A | 4.1 | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| <p>Additional Information: The Evidence Capacity Index Score is based on the aggregate rating that examines five dimensional attributes (coverage, quality, method, effectiveness, and independence) across four evidence practices (evaluation, analysis, research, and statistics). Results are scaled from 1–5, with 5 being best, and are based on surveys of SBA leaders who are knowledgeable about the SBA’s use of evidence. The SBA did not conduct a new survey in FY 2023. Because the Agency does not conduct the capacity assessment survey every year, the SBA is retiring this measure in favor of an annual evidence measure to improve the Evidence Capacity Index score during the years that the capacity survey is conducted. The SBA will be developing and implementing a new measure on data maturity and evidence use.</p> | | | | | | | | | |

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|-----------------|---------|---------|----------|---------|---------|---------|---------|---------|
| Percent of Priority Projects Completed on Time | Target | N/A | N/A | Baseline | 78% | 80% | 80% | 85% | 85% |
| | Actual | N/A | N/A | 76% | 50% | 78% | 81% | | |
| | Variance | N/A | N/A | N/A | -36% | -3% | 1% | | |
| <p>Additional Information: This measure tracks improvements in the SBA's program and project management capabilities as part of the implementation of the Program Management Improvement Accountability Act. 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. Through enhanced development and tracking of milestones, the Agency improved its results for FY 2023.</p> | | | | | | | | | |

Strategic Goal: 3) Implement Strong Stewardship of Resources for Greater Impact

Strategic Objective: 3.2) Build an Inclusive and High-Performing Workforce

Objective Lead(s): Chief Human Capital Officer; Assistant Administrator for Diversity, Inclusion, and Civil Rights

Programs: Recruitment and Retention; Human Capital Strategy, Systems, and Employee Development

Objective Overview: The SBA recognizes that employees are critical to achieving its mission, and the Agency continues to make investments in its workforce a top priority. A highly skilled, agile, and committed workforce is needed for the Agency to execute program goals and respond effectively and quickly to disaster events. Hiring a diverse workforce ensures that the SBA retains talent and that its employees reflect the diversity of the U.S. population and its small business owners. The SBA works with the U.S. Office of Personnel Management (OPM) to identify cost savings and improve the human resource service delivery model. The SBA's human capital management strategies include quality training, targeted workforce planning, skills gaps assessment, dynamic employee engagement, and a performance management framework that develops and supports a workforce that can meet any challenge. The SBA has defined specific and measurable human capital management strategies 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. The Agency will deliver a talented, skilled, and diverse workforce that will help transform service delivery and give employees tools to deliver mission outcomes efficiently and effectively.

Progress Update: In FY 2023, the SBA designed, planned and implemented the Agency's lapse in appropriation plan, the SBA Workforce Safety Plan, Re-entry Plan, and OMB M-23-15 work environment requirements while maintaining employee safety and well-being. In addition, the Agency implemented a record number of high-priority reorganizations to meet emerging mission needs. The SBA has increasingly leveraged technology and data analytics to drive strategic decision-making. This includes implementing innovative HR technologies, leveraging people analytics to inform business decisions, and using data to optimize HR processes and improve workforce management. The Agency made significant progress in streamlining human resources programs and services through the development and implementation of an enhanced CRM system.

Establishing a culture of ongoing process improvement allows the SBA to adapt to changing conditions, identify inefficiencies, and implement solutions to optimize operations. As a result, the Office of Human Resources Solutions (OHRS) achieved scores above the governmentwide average for most areas in the GSA Mission Support Customer Satisfaction Survey. In alignment with the President's Management Agenda's workforce priority, the SBA updated and executed the SBA Strategic Workforce and Succession Plan to build critical position bench strength and ensure that the right number of employees with the right skills were in the right positions. The SBA expanded the internal coaching program, promoted the Agency's ongoing succession management and leadership development, and developed and implemented the Future of Work Training Plan.

In support of Executive Order 14035, *Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce*, the SBA established and utilized strategic alliance memorandums of understanding with minority-serving institutions, expanded the number of paid interns to improve equity in hiring and increase the diversity of its leadership pipeline, assessed employee competencies and skills, and implemented the mission critical occupation (MCO) online career pathing project. Furthermore, the SBA obtained OPM full certification for the SES and SL performance management systems.

The SBA continues to focus on factors that lead to an engaged workforce. As a result of the Agency’s strategic human capital programs, the SBA achieved a sixth-place ranking amongst mid-size agencies in the Best Places to Work and maintained a high employee engagement score of 79 percent, 7 percentage points higher than the governmentwide average.

The table below highlights progress toward SBA Strategic Measures identified in the *FY 2022–2026 Strategic Plan*.

| Strategic Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Federal Employee Viewpoint Survey Global Satisfaction Index | Target | 67% | 67% | 68% | 69% | 70% | 72% | 73% | 73% |
| | Actual | 68% | 70% | 72% | 70% | 76% | 74% | | |
| | Variance | 1% | 4% | 6% | 1% | 9% | 3% | | |
| Additional Information: The satisfaction rate is the Human Capital Assessment and Accountability Framework (HCAAF) Trends—Global Satisfaction Index, which indicates the extent to which employees are satisfied with their jobs. | | | | | | | | | |
| Equity Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Number of MOUs and Agreements with Minority Serving Institutions | Target | N/A | N/A | N/A | N/A | 3 | 4 | 5 | 5 |
| | Actual | N/A | N/A | N/A | 2 | 3 | 4 | | |
| | Variance | N/A | N/A | N/A | N/A | 0% | 0% | | |
| Additional Information: This measure tracks the number of agreements with minority serving institutions. By establishing the Strategic Alliance Memoranda (SAMs) and Memoranda of Understanding (MOUs) with organizations supporting minorities and underserved populations, the SBA seeks to increase the diversity of employees in the leadership pipeline to address barriers identified in the annual Management Directive (MD-715) report to the Equal Employment Opportunity Commission (EEOC). | | | | | | | | | |

Recruitment and Retention Program

Program Description: The SBA ensures that its programs and practices build an inclusive and accessible workplace that values and leverages the backgrounds, life experiences, and skills of all employees. The SBA collaborates with internal partners and OPM’s Office of Diversity and Inclusion to identify and implement government-wide best practices. By deploying reforms that ensure the effectiveness of the agency’s hiring process, SBA program offices can access a high-quality workforce to help small businesses grow and thrive. The SBA also seeks to retain employees through quality work-life activities.

Performance Plan: In FY 2025, the SBA will continue to evaluate the agency’s work environment plan in alignment with OMB M-23-15, *Measuring, Monitoring, and Improving Organizational Health and Performance in the Context of Evolving Agency Work Environments*, requirements. The Agency will assess its organizational health and performance to inform human capital policies and workplace space requirements that enable an effective mission-based hybrid workforce. In support of Executive Order 13932, the Agency will increase the use of hiring assessments for all covered positions and grades. The SBA will prioritize hiring and retaining early-career talent through hiring and conversion of the Pathways program participants, including paid interns and Presidential Management Fellows (PMFs). To improve recruitment efficiency and effectiveness, the SBA will leverage recruitment data to assess hiring trend patterns and provide targeted assistance to program offices with a time to hire that does not meet the designated target, implement hiring official training, and ensure that critical leadership positions are filled within 90 days or less. In support of Executive Order 14035, the SBA will integrate Diversity, Equity, Inclusion and Accountability (DEIA) practices within its operating procedures, deploy a communications campaign on harassment prevention and response, expand the availability of DEIA trainings, and ensure leadership accountability for DEIA.

Performance Report: In support of the PMA priority of strengthening and empowering the Federal workforce, the SBA used talent teams and developed an initial set of assessments, implemented USA Hire assessments for all positions up to the GS-13 and all supervisory positions, and provided centralized funding



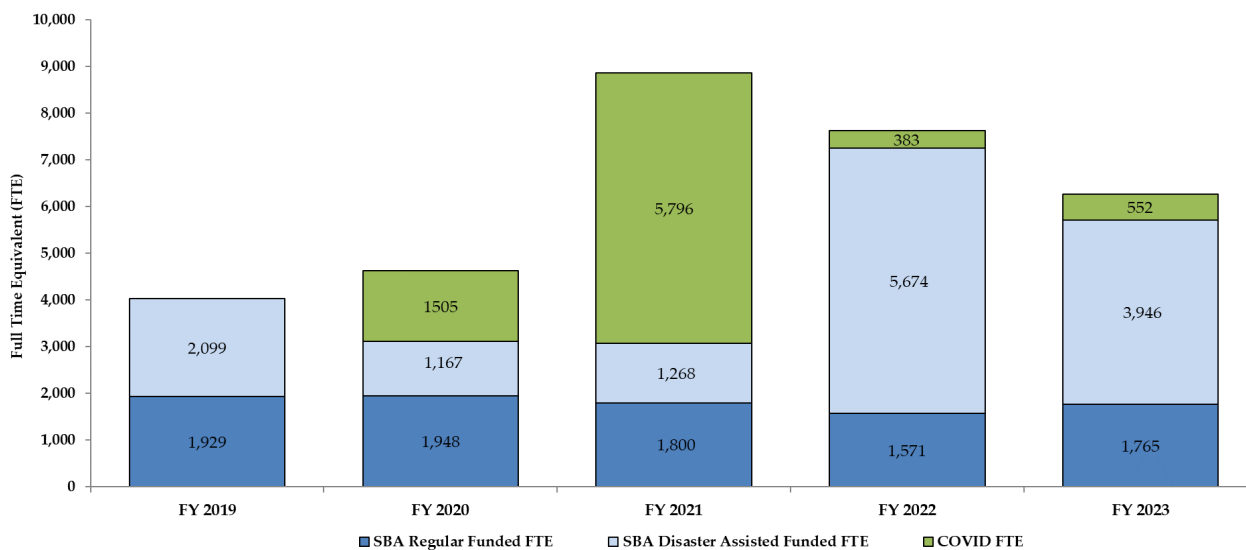
for 10 paid interns to support program offices. The SBA exceeded the 80-day average time-to-hire target with a FY 2023 average of 44 days. With the expiration of direct hire authorities to support the pandemic response, the Agency anticipates some increase in days-to-hire to more typical levels in the coming years. The SBA leveraged Memoranda of Understanding (MOUs) and partnerships with organizations, such as the Hispanic Association of Colleges and Universities, Military Spouses, the National Labor Exchange, and the Veteran Employment Transitions Program (VETS) to actively recruit top talent. Because of these outreach and recruitment efforts, the SBA achieved an average of 58 percent female, 61 percent non-white, 11 percent veteran, and 9 percent disabled employees since FY 2021. The Agency also successfully executed the VA CVE transfer to the SBA. Specific actions included the development and approval of a proposed reorganization, development and implementation of an organizational structure in the payroll system, and transferring VA employees to the SBA within established timeframes.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| New Hire Retention Rate | Target | 93% | 80% | 80% | 80% | 80% | 80% | 80% | 80% |
| | Actual | 80% | 82% | 73% | 72% | 75% | 78% | | |
| | Variance | -14% | 3% | -9% | -10% | -6% | -3% | | |
| Additional Information: The new hire retention rate is defined as a permanent, full-time employee remaining in a position for a minimum of two years within the Agency. The SBA is correcting the FY 22 actual based on an error in methodology. | | | | | | | | | |
| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Average Number of Days to Hire | Target | 100 | 100 | 100 | 100 | 100 | 80 | 80 | 80 |
| | Actual | 98 | 95 | 48 | 57 | 50 | 44 | | |
| | Variance | 2% | 5% | 52% | 43% | 50% | 45% | | |
| Additional Information: Time to hire includes the time a completed recruitment action is received until the job offer is accepted. A lower number of days to hire is considered better. The surge in hiring to support the Agency’s pandemic response positively affected time to hire, but the SBA expects this outcome to increase to more typical performance levels. 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. | | | | | | | | | |

The chart below displays the number of regular SBA full-time employees: regular funded and disaster assistance funded. The increase in FY 2020 and FY 2021 staffing resulted from the increase in funding received from the CARES Act, ARP Act, and other funding to address the COVID-19 pandemic.

Number of SBA Full-Time Employees



Human Capital Strategy, Systems, and Employee Development Programs

Program Description: The SBA uses technology to advance human capital and workforce analytics capabilities, improve organizational readiness, and deliver and expand educational offerings to provide opportunities for all employees to enhance their learning and development goals. These investments in human capital technology modernization help to transform human resource processes. Through integrated technology, the SBA improves its data integrity and enhances organizational readiness by having tools to support effective decisions, deliver on mission critical priorities, support agency-wide workforce planning, and improve service delivery. The SBA also uses a full range of workforce plans and tools to support professional and technical development needs for mission-critical occupations. A data-driven talent development plan enables the Agency to equip its workforce with the knowledge and skills needed to be successful. The SBA uses expansive education offerings and trainings, certifications, cross-training, rotational opportunities, leadership development programs, coaching, and mentoring to provide opportunities for employees to enhance their learning and development goals.

Performance Plan: In FY 2025, the SBA will support human capital programs by exploring potential third-party integration and enhancements to existing HR systems, such as the planned migration to a new time and attendance system and e-52 system. The SBA will update its Strategic Talent Development Plan, expand its mentoring program to include informal mentoring opportunities, and administer an enterprise-wide skills assessment to foster continuous learning and equity in developmental opportunities. In support of PMA Strategy 2, “Make every Federal job a good job, where all employees are engaged, empowered, and included throughout their careers,” and the Agency’s work environment plan, the SBA will champion work-life initiatives, conduct a workplace flexibilities assessment, and launch a workplace flexibilities communications campaign. The SBA continues to conduct quarterly HRStat reviews to identify and monitor human capital measures and refine workforce dashboards to support data-driven organizational performance decisions.

In alignment with the government-wide DEIA Strategic Plan and the SBA DEIA Strategic Plan, the SBA will build on available supervisory diversity training resources by creating toolkits and enhancing web-based access. The SBA will also increase transparency in HR processes and identify barriers to equity through in its routine operations to amplify inclusivity, accessibility, and programs that support belonging and ensure access to all programs and services. The Agency will implement the 2023–2026 SBA Workforce and Succession Strategic Plan workforce goals and objectives to meet mission needs.

Performance Report: In FY 2023, the SBA delivered workshops for managing and performing successfully and effectively in a hybrid work environment. The Agency was proactive in addressing the Federal Employee Viewpoint Survey (FEVS) results by providing targeted briefings and trainings to SBA executive leadership, supervisors, and managers. In addition, the SBA provided the organizational development support office with the lowest Leaders Lead Employee Engagement Index (EEL) scores. With targeted OHRS support and consultation, all identified program offices improved on Leaders Lead, and 70 percent of these program offices met the goal of improving their score by at least 20 percent by FY 2024 on their 2023 survey.

The Agency promoted workforce resiliency through the delivery of Mindful Moments sessions offered four times a week throughout FY 2023. There were approximately 6,000 attendees for all sessions, and overall satisfaction was rated 5.0 out of 5.0.

In FY 2023 Q4, the Agency administered a skills assessment for the SBA workforce. Over 3,000 surveys were administered, and approximately 21 percent of the workforce completed the task. The FY 2023–2026 SBA

Strategic Workforce and Succession Plan that identifies the Agency’s highest priority workforce gaps was approved by the Administrator in September 2023.

To raise awareness of available workplace flexibilities, the SBA conducted a series of supervisor community of practice sessions on updated SOPs, provided telework training for employees, developed an internal process for remote work approvals, and integrated workplace flexibilities measures within the FEVS administration. The SBA expanded its use of the PMF program in FY 2023. Also, the Workforce Analytics dashboards were integrated into the executive onboarding process and workforce planning liaisons training. Eight new executives received access to their program office workforce dashboards, and 17 workforce planning liaisons received access and were briefed on how to use the data.

To increase accountability and employee performance, the SBA provided training on how to maximize effective performance elements, created a performance plan job aide for managers and supervisors, provided technical and consultative support to supervisors and employees, and conducted an evaluation of its performance management programs. In alignment with OMB M-23-15 guidance, the SBA assesses its work environment’s impact on organizational health and performance and has deployed a Timekeeping Dashboard to assess work arrangement trends. The Agency continued strategic efforts to improve the workers’ compensation program, resulting in workers’ compensation claims savings of \$1 million since 2021 and cost avoidance of \$3.1 million.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Federal Employee Viewpoint Survey Employee Engagement Index | Target | 67% | 68% | 68% | 69% | 70% | 71% | 72% | 73% |
| | Actual | 69% | 70% | 73% | 76% | 79% | 79% | | |
| | Variance | 3% | 3% | 7% | 10% | 13% | 11% | | |
| Additional Information: The index comprises three sub-categories: Leaders Lead, Supervisors, and Intrinsic Work Experience. | | | | | | | | | |

Strategic Goal: 3) Implement Strong Stewardship of Resources for Greater Impact

Strategic Objective: 3.3) Develop and Deploy Technology-Driven Solutions to Enhance Mission Delivery

Objective Lead: Chief Information Officer

IG Management Challenges: 3) SBA Faces Significant Challenges in IT Investment, System Development, and Security Controls

Programs: IT Security and Governance, Mission Support and Enterprise Services

Objective Overview: The SBA Chief Information Officer leads the design, engineering, and management of information and technology across the enterprise and provides governance and oversight of information and technology capabilities throughout the SBA. The CIO delivers enterprise-level cost-effective technology solutions to deliver business outcomes and reduce duplication of products and services. The CIO collaborates with business owners and stakeholders to identify enterprise-wide business objectives and priorities to jointly develop solutions and ensure an optimal return on investments.

The SBA continues to prioritize the Agency’s cybersecurity posture through infrastructure enhancements and maturation of its cybersecurity and privacy program. Improvements include an integrated cybersecurity incident and privacy breach response plan, an Integrated Cybersecurity Center that provides 24/7 monitoring and response, and an improved ability to continue business/mission operations in the event of a cyberattack. The Agency continues to identify opportunities to address gaps in its security posture to enable better decision-making and improve leadership visibility and oversight.

Progress Update: The SBA’s cybersecurity and customer experience initiatives have played a critical role supporting the Agency’s capacity to serve its stakeholders. In FY 2023, the SBA’s IT programs enabled a key government initiative supporting veterans interested in government contracting by collaborating with the VA to transfer the certification of veteran-owned businesses to a new SBA system, the Veterans Small Business Certification (VetCert) platform. VetCert manages the certification decisions servicing and oversight for VOSBs and SDVOSBs.

The SBA implemented the foundations of a Zero Trust Architecture by establishing Endpoint Detection and Response capabilities across the enterprise. The Agency also increased its security and incident response capabilities by reaching Event Logging (EL) Maturity Level 3. To continue its support of the mission, the SBA has also focused on developing its customer service for internal consumers of IT.

The SBA also initiated a program to deliver measurable impact on job performance and career acceleration for enrolled staff, granting access to technical training and certifications that align with Agency skill gaps. The Agency also revised its IT governance policies and processes as part of a multi-year initiative to mature the IT investment management framework and enhance IT spending transparency using Technology Business Management (TBM).

The table below highlights progress toward SBA Strategic Measures identified in the *FY 2022–2026 Strategic Plan*.

| Strategic Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|---------|----------|---------|---------|---------|
| Inspector General Maturity Rating | Target | N/A | N/A | N/A | 2.8 | 3.2 | 3.4 | 3.4 | 3.8 |
| | Actual | 1.8 | 2.8 | 2.8 | 3.0 | 2.58 | 2.8 | | |
| | Variance | N/A | N/A | N/A | 7% | -19% | -18% | | |
| Additional Information: The Federal Information Security Modernization Act of 2014 requires each agency Inspector General to conduct an annual independent evaluation to determine the effectiveness of agency information security program and practices on a maturity model spectrum. Level 1 indicates low maturity and level 5 indicates high maturity. The annual evaluation captures the extent of the effectiveness and institutionalization of security programs and practices. The SBA did not meet its FY 2023 IG Maturity Rating goal and is seeking Technology Modernization Fund funding to assist in improving its cybersecurity posture. | | | | | | | | | |
| Customer-Centric Measure | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| IT Customer Satisfaction Score | Target | N/A | N/A | N/A | N/A | Baseline | 4.2 | 4.3 | 4.3 |
| | Actual | N/A | N/A | N/A | N/A | 4.0 | 4.1 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | -2% | | |
| Additional Information: The SBA uses this metric to track the quality of IT customer service. The SBA rates customer satisfaction on a scale from 1 to 5, with 5 being the highest. A score of 4 or higher indicates positive satisfaction with the SBA's IT services. | | | | | | | | | |

IT Security and Governance

Program Description: The SBA's IT Security and Governance program deploys advanced technologies to proactively identify and mitigate applications and infrastructure vulnerabilities. Through its IT security and privacy policies, the SBA ensures that its data and systems are not used or accessed by unauthorized actors, user identities are classified appropriately, and the correct controls are in place to prevent data loss or exposure.

The SBA's IT Security and Governance program enables the IT leadership team to efficiently plan, invest in, and control the enterprise IT portfolio. The SBA's IT governance framework aligns the Agency's IT portfolio with its business goals while managing risk and complying with the FITARA and other Federal IT policies.

Performance Plan: In FY 2024 and FY 2025, the SBA will continue the long-term evolution, sustainment, and expansion of its Enterprise Cybersecurity Services. The SBA plans to submit a proposal for TMF funds to support critical investments and will enhance training to SBA employees in support of Zero Trust Security in alignment with Executive Order No. 14028: *Improving the Nation's Cybersecurity* and guidance from the Cybersecurity and Infrastructure Security Agency.

The SBA continues to foster strategic collaborative partnerships with program offices to improve IT budget and acquisition reporting and transparency. The SBA will also continue to use the TBM framework to mature IT budget data analytics to support IT resource decision making and IT reporting. IT governance policies will be updated to implement current industry best practices for enterprise IT governance and investment management. IT Portfolio analysis will include portfolio rationalization and alignment to the SBA and IT strategic plans to support improved mission outcomes and potential cost savings.

The SBA is committed to ongoing organizational improvements through FY 2024 and FY 2025, based on the insights received from a comprehensive workforce assessment of the OCIO organization. The SBA will strategically use the findings from this workload analysis as a blueprint for advancing position management and addressing staffing shortfalls.

Performance Report: In FY 2023, the SBA continued to build and modernize cybersecurity to support its enterprise and customer-facing systems. This work included further implementing the foundations of Zero Trust in FY 2023 by bringing Endpoint Detection and Response capabilities to 100 percent coverage across

the enterprise. The SBA also made considerable strides in improving logging to increase its security and incident response capabilities by reaching Event Logging (EL) Maturity Level 3.

The SBA achieved increased compliance with mandates for the use of multifactor authentication (MFA) on FISMA systems, reducing the number of systems with noncompliant MFA implementations from 12 non-complaint systems based on FY 2022 Q4 FISMA reporting to five non-complaint systems. All noncompliant systems have issued formal plans to remediate the MFA issue by the end of FY 2024.

The SBA continued to oversee and report on the IT portfolio, ensuring that IT investments were efficiently aligned with and implemented based on the Agency’s strategic priorities. The SBA also revised its IT governance policies and processes as part of a multiyear initiative to mature the IT investment management framework and enhance IT spending transparency using TBM.

To facilitate progress toward its IT skills training goal, the SBA also initiated a program to deliver measurable impact on job performance and career acceleration for enrolled members, granting access to technical training and certifications that align with Agency skill gaps. The SBA’s IT workforce had participated in an average of 19 hours of training per worker in FY 2023.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|-----------------|---------|---------|---------|----------|---------|---------|---------|---------|
| Average Number of Training Hours per IT Worker per Year | Target | N/A | N/A | N/A | Baseline | 24 | 26 | 16 | 20 |
| | Actual | N/A | 2.8 | 6.5 | 20.9 | 21.1 | 19.1 | | |
| | Variance | N/A | N/A | N/A | N/A | -12% | -27 | | |
| Additional Information: The SBA uses this metric to manage training for IT workers. The IT Strategic Workforce Plan will identify a competency model for the 2210 workforce job series. The SBA will measure the total number of hours IT workforce staff train annually and divide that amount by the total number of IT workforce staff. Although the SBA did not meet the ambitious target set in FY 2023, the Agency did deliver more than 19 hours of training per IT worker in FY 2023. | | | | | | | | | |

Mission Support and Enterprise Services

Program Description: The SBA’s Mission Support and Enterprise Services Program supports the Nation’s small businesses by designing, developing, and deploying digital services in partnership with the SBA’s program offices through modernization initiatives to migrate legacy technologies to modern, secure, customer-focused systems. These services provide and maintain the physical and virtual infrastructure to support the SBA’s data, digital services, and business applications that bring desktop and mobile technology and collaboration and productivity systems to end users.

Performance Plan: In FY 2024 and FY 2025, the SBA will enhance its enterprise services through modernized enterprise processes and tools that improve customer experience and enable SBA employees to better support mission work. The Mission Support and Enterprise Services program will execute the SBA Administrator’s Network & Infrastructure Modernization priority project by completing the Advanced Engineering Services assessment launched in FY 2023, followed by the development of the Technical Modernization Roadmap and Strategic Plan that will provide the direction for the project. The SBA will initiate a series of consolidation, virtualization, and decommissioning actions of legacy on-premises systems to reduce the physical footprint of SBA data centers to prepare for the SBA’s legacy on-premises data center migration to a hybrid colocation and cloud environment.

The Agency will continue the adoption of single sign-on services for small business owners and stakeholders. The SBA will continue to support customer communication via the Agency’s digital service platform SBA.gov and will focus on service delivery by maintaining the SBA’s cloud environment and modernizing applications. The SBA will also continue the adoption of Cloud Smart strategies to prioritize the modernization of key mission systems, including public-facing websites, mobile apps, and digital tools and services, while modernizing nationwide and internal data collection sites.

Performance Report: In FY 2023, the SBA recoded and migrated several key systems to the SBA’s cloud platform and upgraded the SBA.gov platform. The Mission Support and Enterprise Services program supported the MySBA initiative with project management and technical support and also supported the Agency’s mission programs by developing SharePoint applications that provide project management capabilities, process automation, document management, CRM, and communication improvement for mission programs. The program also maintains the SBA’s Insight platform, which hosts the Customer Service Hub and the PPP loan application system.

In FY 2023, the SBA also executed an enterprise-wide assessment to identify vulnerabilities, issues, and risks that stem from the legacy local area networks; wide area networks; wireless networks; network and infrastructure management tools and platforms; on-premises infrastructure; and the SBA’s cloud environment. This assessment is the first phase of the SBA Administrator’s Network and Infrastructure Modernization priority project.

The SBA continued to stabilize and migrate systems to modern, cloud-based platforms, and the Agency also implemented enterprise monitoring and management for multiple cloud and on-premises environments. The SBA also continued an enterprise-wide initiative to replace desktop hardware with standardized laptops equipped with security applications to provide real-time cyber threat protection. These efforts, along with refined tracking measures for OCIO’s service level agreement, have reduced the time to resolve IT incidents by nearly 80 percent, from 52 hours to 11 hours, while the IT customer satisfaction score increased to 4.1.

Performance Measures and Targets: The table displays the performance measures and targets to assess program outcomes, outputs, efficiencies, and quality.

| | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|-----------------|---------|---------|---------|---------|----------|---------|---------|---------|
| Average Number of Hours to Resolve IT Incidents | Target | N/A | N/A | N/A | N/A | Baseline | 49 | 47 | 38 |
| | Actual | N/A | N/A | N/A | N/A | 52 | 11.4 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 77% | | |
| Additional Information: The SBA uses this metric to track the average time for IT Services to resolve incidents. An incident is defined as “an unplanned interruption to an IT service or reduction in the quality of an IT service” and does not include service or enhancement requests. | | | | | | | | | |

Appendix 1 – Appropriation 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, \$396,907,240, to remain available until September 30, 2026; of which not less than \$12,000,000 shall be available for examinations, reviews, and other lender oversight activities; of which \$6,100,000 shall be available for the Loan Modernization and Accounting System; of which \$15,500,000 shall be available for costs associated with the certification of small business concerns owned and controlled by veterans or service-disabled veterans under sections 36A and 36 of the Small Business Act (15 U.S.C. 657f-1, 657), respectively, and section 862 of Public Law 116-283; and of which no less than \$70,000,000 shall be available for administrative expenses related to any loan or grant program of the Small Business Administration, in addition to amounts otherwise available for such purposes: 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 2025.

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, \$47,020,000.

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.), \$10,211,000, to remain available until expended.

ENTREPRENEURIAL DEVELOPMENT PROGRAMS

For necessary expenses of programs supporting entrepreneurial and small business development, \$320,000,000, to remain available until September 30, 2026: Provided, That \$121,000,000 shall be available to fund grants for performance in fiscal year 2025 or fiscal year 2026 as authorized by section 21 of the Small Business Act: Provided further, That \$41,000,000 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 \$19,500,000 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, \$523,674,000, to be available until expended, of which \$20,380,000 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 \$497,000,000 is for direct administrative expenses of loan making and servicing to carry out the direct loan program, which may be transferred to and merged with the appropriations for Salaries and Expenses; and of which \$6,294,000 is for indirect administrative expenses for the direct loan program, which may be transferred to and merged with the appropriations for Salaries and Expenses: Provided, That, of the funds provided under this heading, \$491,674,000 shall be for major disasters declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(2)): Provided further, That the amount for major disasters under this heading is designated by the Congress as being for disaster relief pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177).

BUSINESS LOANS PROGRAM ACCOUNT (INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, \$3,000,000, 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 2025 commitments to guarantee loans under section 503 of the Small Business Investment Act of 1958 and 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, in the aggregate, \$16,500,000,000: Provided further, That during fiscal year 2024 commitments for general business loans authorized under paragraphs (1) through (35) of section 7(a) of the Small Business Act shall not exceed \$35,000,000,000 for a combination of amortizing term loans and the aggregated maximum line of credit provided by revolving loans: Provided further, That during fiscal year 2025 commitments to guarantee loans for debentures under section 303(b) of the Small Business Investment Act of 1958 shall not exceed \$7,000,000,000: Provided further, That during fiscal year 2025, guarantees of trust certificates authorized by section 5(g) of the Small Business Act shall not exceed a principal amount of \$15,000,000,000. In addition, for administrative expenses to carry out the direct and guaranteed loan programs, \$162,000,000, which may be transferred to and merged with the appropriations for Salaries and Expenses.

ADMINISTRATIVE PROVISIONS (INCLUDING TRANSFERS OF FUNDS)

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

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 notice to 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, 2028.

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 to ensure that data being used are appropriate for the outcomes being pursued. Data collected and measured reflect the performance being evaluated and have a clear relationship to the organization’s mission. In accordance with the GPRA Modernization Act of 2010, the SBA aligns its annual performance measures with its mission and three strategic goals within the Agency’s *FY 2022-2026 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 includes 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 by training managers to ensure they understand the need for quality data to develop valid performance measures, and 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 Agency 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. The SBA must also, however, assess the quality of program data provided by 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.

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. The Office also administers the disaster loan portfolio along with the Paycheck Protection Program, COVID-19 EIDL, and Restaurant Revitalization Fund.

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. The Office 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 Recovery and Resilience. The Office of Disaster Recovery and Resilience (ODR&R) is responsible for supporting the SBA’s delivery of disaster assistance through enhanced coordination and a whole-of-agency approach to deploying all SBA programs to communities impacted by disaster.

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, training, and virtual assistance through its resource partner network composed of Small Business Development Centers, Women’s Business Centers, SCORE, and the Community

Navigator Pilot Program, and Entrepreneurship Education, including the Learning Center, and the Emerging Leaders Program.

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, grants and records 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, and 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, and 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 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) along with the Federal and State Technology Partnership Program, the Growth Accelerator Fund Competition Program, and the Regional Innovation Clusters Program.

Office of the Native American Affairs. The Office of Native American Affairs (ONAA) facilitates full access to business growth and expansion tools for small businesses owned by Native Americans. ONAA engages in tribal consultations, produces promotional materials, and participates in national economic development conferences.

Office of the National Ombudsman. The Office of the 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, Planning, and the Chief Financial Officer. The Office of Performance, Planning, and the 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, enterprise risk and enterprise integrity, 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
AEP – Annual Evaluation Plan
ANCs – Alaska Native Corporations
B2B – Boots to Business
BIL – Bipartisan Infrastructure Law
CAP Goals – Cross-Agency Priority Goals
CDC – Certified Development Company
CFI - Community Financial Institutions
CHCO – Chief Human Capital Officer
CIO – Chief Information Officer
CBJ – Congressional Budget Justification
CRM – Customer Relationship Management
CVE – Center for Verification and Evaluation
CX – Customer Experience
DATA Act – Digital Accountability and Transparency Act
DEIA – Diversity, Equity, Inclusion, and Accessibility
DITO – District International Trade Officers
DLOC – Disaster Loan Outreach Center
DOD – U.S. Department of Defense
ECS – Enterprise Cybersecurity Services
EDWOSB – Economically-Disadvantaged, Women-Owned Small Business
EIDL – Economic Injury Disaster Loan
ELA – Enterprise Learning Agenda
ERM – Enterprise Risk Management
ESO - Entrepreneur Support Organization
FAST – Federal and State Technology Partnership Grants Program
FEMA – U.S. Federal Emergency Management Agency
FEVS – Federal Employee Viewpoint Survey
FITARA – Federal IT Acquisition Reform Act
FRMB - Fraud Risk Management Board
FTE – Full-Time Equivalent
FY – Fiscal Year
GAO – U.S. Government Accountability Office
GONE – Grants Oversight and New Efficiency Act
GPRA – Government Performance and Results Act (GPRAMA- Modernization Act of 2010)
GSA – U.S. General Services Administration
HBCU – Historically Black Colleges and Universities
HCTS – HUBZone Certification Tracking System
HSI – Hispanic Serving Institutions
HUBZone – Historically Underutilized Business Zone
IT – Information Technology

L/LMS – Loan and Lender Monitoring System
LRT – Loan Review Tool
MCO – Mission Critical Occupation
MOU – Memorandum of Understanding
MPA – Mentor-Protégé Agreement
NAICS – North American Industry Classification System
NARA – National Archive and Record Administration
NDAA – National Defense Authorization Act
NSA - National Security Agency
OCIO – Office of the Chief Information Officer
ODR&R – Office of Disaster Recovery & Resiliency
OCRM – Office of Credit Risk Management
OED – Office of Entrepreneurial Development
OMB – Office of Management and Budget
OPM – U.S. Office of Personnel Management
OSDBU – Office of Small and Disadvantaged Business Utilization
PARRiS – Portfolio, Asset, Regulatory, Risk, Special Items (risk management criteria)
PCR – Procurement Center Representative
PMA – President’s Management Agenda
PMF – Presidential Management Fellow
PMIAA – Program Management Improvement Accountability Act
PPP – Paycheck Protection Program
R&D – Research and Development
RRF – Restaurant Revitalization Fund
SAM – System for Award Management
SBA Express – SBA Express Loans
SBDC – Small Business Development Center
SBG – Surety Bond Guarantee Program
SBIC – Small Business Investment Company
SBIR – Small Business Innovation Research
SBJA – Small Business Jobs Act of 2010
SBPAC – Small Business Procurement Advisory Council
SCORE – Service Corps of Retired Executives
SDB – Small Disadvantaged Business
SDV – Service-Disabled Veteran
SDVETP – Service-Disabled Veteran Entrepreneurship Training Program
SDVOB – Service-Disabled Veteran-Owned Small Business
SMART – Solvency, Management, Asset Quality, Regulatory Compliance, Technical Issues (Lender Risk Framework)
SOP – Standard Operating Procedure
STEP – State Trade Expansion Program
STTR – Small Business Technology Transfer
SVOG – Shuttered Venue Operators Grant Program
TAP – Transition Assistance Program
TBM – Technology Business Management
TPC – Third-Party Certifiers
TPCC – Trade Promotion Coordinating Committee
TPSC – Trade Policy Staff Committee
TW 2.0 – Trusted Workforce 2.0

USEAC — U.S. Export Assistance Center
USFS — U.S. Forest Service
USPTO — U.S. Patent and Trademark Office
USTR — U.S. Trade Representative
VA — U.S. Department of Veterans Affairs
VBOC — Veterans Business Outreach Center
VOSB — Veteran Owned Small Business
WBC — Women’s Business Center
WCF — Working Capital Fund
WOSB — Women-Owned Small Business
WVETP — Women Veteran Entrepreneurship Training Program

Appendix 5 – OIG Management Challenges

The SBA Inspector General submitted its Report Number 24-01 entitled “Top Management and Performance Challenges Facing the Small Business Administration in Fiscal Year 2024,” on October 16, 2023. 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. The SBA sustained or improved on 95% of the issues from the OIG Top Management Challenges.

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 | SBA Loan Programs | SBA’s Economic Relief Programs are Susceptible to Significant Fraud Risks and Vulnerabilities | 2.1 |
| 2 | Small Business Contracting | Eligibility Concerns in Small Business Contracting Programs Undermine the Reliability of Contracting Goal Achievements | 1.4 |
| 3 | IT Leadership | SBA Faces Significant Challenges in IT Investment, System Development, and Security Controls | 3.3 |
| 4 | SBA Loan Program Risk Management and Oversight | SBA Risk Management and Oversight Practices Need Improvement to Ensure the Integrity of Loan Programs | 1.1 |
| 5 | 8(a) Business Development Program | SBA’s Management and Monitoring of the 8(a) Business Development Program Needs Improvement | 1.4 |
| 6 | SBA Loan Programs | Identification of Improper Payments in SBA’s 7(a) Loan Program Remains a Challenge | 1.1 |
| 7 | Disaster Assistance Program | SBA’s Disaster Assistance Program Must Balance Competing Priorities to Deliver Prompt Assistance but Prevent Potential Fraud | 2.2 |
| 8 | Grant Management Oversight | SBA Needs Robust Grants Management Oversight | 3.1 |

To read the full report, visit: [Top Management and Performance Challenges Facing the SBA in FY 2024, OIG Final Report, October 16, 2023, Report #24-01.](#)

Appendix 6 – Good Accounting Obligation in Government Act (GAO-IG) Report

Pursuant to Public Law 115-414, *Good Accounting Obligation in Government Act*, this appendix provides details for Government Accountability Office (GAO) and Office of the Inspector General (OIG) public audit recommendations over 1 year old. As required, the information includes anticipated timelines for implementation and justifications for any recommendations the SBA does not plan to implement. Any budget implication is noted below.

The SBA appreciates the work of GAO and OIG and will continue efforts to implement their insightful recommendations. This appendix includes open recommendations at least one year old as of March 1, 2024.

Government Accountability Office (GAO) Open Recommendations

GAO-13-217 Export Promotion – STEP 2013. Improve Collaboration to Implement Its Expanded Role.

Recommendation 3: *To more effectively implement the SBA’s expansion of OIT field staff as required by the Small Business Jobs Act of 2010 (SBJA), the Administrator of the SBA should update the Agency’s plan for additional OIT staff to include funding sources and time frames, and possible efficiencies from clearly defining roles and responsibilities and leveraging other entities’ export assistance resources.*

Implementation Status: The SBA’s Office of International Trade (OIT) currently has 23 Export Finance Manager positions filled. By leveraging technology, OIT has been able to increase the number of exporters and lenders receiving export counseling and training each of the past two years. Accordingly, and based on its own analysis and the consolidation of the banking sector into more regional and national lenders, OIT believes that the current number adequately fills the export finance needs of small businesses across the country. GAO acknowledged the SBA’s efforts and justification to close the recommendation, however they maintain that SBA is still seven positions short of the statutory requirement. Resolution of this recommendation will require action by Congress. Reference the Legislative Proposal Narrative and Legislative Language of this 2025 CBJ.

Budget Implications: Yes

GAO-15-54 Women-Owned Small Business Program: Certifier Oversight and Additional Eligibility Controls Needed

Recommendation 1: *To improve management and oversight of the WOSB program, and to help ensure the effective oversight of third-party certifiers, the Administrator of SBA should establish and implement comprehensive procedures to monitor and assess performance of certifiers in accord with the requirements of the third-party certifier agreement and program regulations.*

Recommendation 2: *To improve management and oversight of the WOSB program, and to provide reasonable assurance that only eligible businesses obtain WOSB set-aside contracts, the Administrator of SBA should enhance examination of businesses that register to participate in the WOSB program, including actions such as: (1) promptly completing the development of procedures to conduct annual eligibility examinations and implementing such procedures; (2) analyzing examination results and individual businesses found to be ineligible to better understand the*

cause of the high rate of ineligibility in annual reviews, and determine what actions are needed to address the causes; and (3) implementing ongoing reviews of a sample of all businesses that have represented their eligibility to participate in the program.

Implementation Status for Recommendations 1 and 2: The SBA implemented GAO recommendations and published SOP 60 80 02 in June 2023 that outlines the policies and procedures for the SBA Woman Owned Federal Contract Program. The SBA requested closure of the recommendations in July 2023, and provided additional supporting documentation in February 2024 as an addendum to that closure submission. Awaiting GAO decision to close the recommendations.

Budget Implications: No

GAO-20-168 Small Business Administration: Disaster Loan Processing Was Timelier, but Planning Improvements and Pilot Program Evaluation Needed

Recommendation 1: *The Associate Administrator for the Office of Disaster Assistance should identify, and document risks associated with its disaster response and plans to mitigate these risks in its disaster planning documentation.*

Implementation Status: The SBA submitted documentation to GAO in February 2024 in a formal request to close this recommendation. The SBA updated its Disaster Preparedness and Recovery Plan (DPRP) which incorporates regional risk reviews and other adjustments. The SBA is awaiting GAO's decision to close this recommendation.

Budget Implications: No.

Recommendation 3: *The Associate Administrator for the Office of Disaster Assistance should update its outreach plan to include information on region-specific risks or challenges, such as those encountered after the 2017 hurricanes.*

Implementation Status: The SBA submitted documentation to GAO in January 2024 in a formal request to close this recommendation. This documentation included an updated outreach plan that included region-specific risks such as those encountered after the 2017 hurricanes, Harvey, Irma, and Maria. The SBA is awaiting GAO's decision to close this recommendation.

Budget Implications: No

GAO-20-384 Disability Employment: Hiring Has Increased but Actions Needed to Assess Retention, Training, and Reasonable Accommodation Efforts

Recommendation 5: *The Administrator of SBA should develop and implement policies and procedures for obtaining employee feedback about the agency's reasonable accommodations efforts and use such information to evaluate the ongoing effectiveness of the program. This may include identifying any effects on employee retention, identifying potential risks, and determining any improvements that may be warranted.*

Implementation Status: GAO lists this recommendation as "Open – Partially Addressed" on its website. To address this recommendation, in September 2023, the SBA revised its Reasonable Accommodation and Personal Assistance Service Policy and Procedures (SOP 37-17) adding an addendum which requires that the effectiveness of the Reasonable Accommodation and Personal Assistant Program be assessed by the implementation of quarterly surveys to employees who have participated in the Reasonable Accommodation process, to help identify any potential barrier to employee retention, identify potential risks, and put appropriate measures in place if any such barriers are identified. In addition to conducting a quarterly survey request to participants in the Reasonable Accommodation process, the SBA has placed a link to the survey on

its internal Reasonable Accommodation website making the survey more accessible for participants. During FY 2024, the survey will be modified to better define the role of the participant in the process and capture their unique experience/feedback to better inform agency efforts (e.g., increase employee retention, identify any potential risks, and determine improvements as warranted). The SBA also monitors and reviews the separation rate of employees leaving the Agency, whether by removal, resignation, retirement or for other reasons, to determine whether individuals with disabilities were leaving the Agency at a higher rate when compared to individuals without disabilities. The SBA anticipates being able to remediate this recommendation by the end of Q3 FY 2024.

Budget Implications: No

GAO-20-41 Opportunities Exist to Strengthen Engagement with Historically Black Colleges and Universities

Recommendation 1: *The SBA Administrator should assign and document clear roles, responsibilities, and reporting lines for headquarters offices' implementation of SBA's plan for addressing the White House Initiative on HBCUs in a timely manner.*

Implementation Status: The SBA has officially launched the SBA HBCU Working Group with program offices across SBA to ensure clear roles, responsibilities, and reporting lines for headquarters offices' implementation of SBA's plan for addressing the White House Initiative on HBCUs. In FY 2024, SBA submitted the FY 2024 HBCU Agency Plan to the Department of Education. The SBA plans to close this recommendation in FY 2024.

Budget Implications: No

GAO-21-589 ECONOMIC INJURY DISASTER LOAN PROGRAM Additional Actions Needed to Improve Communication

Recommendation 1: *The Associate Administrator of SBA's Office of Disaster Assistance should develop a comprehensive strategy for communicating with potential and actual program applicants in the event of a disaster. Such a strategy should provide guidelines for the types of information and timing of information to be provided to program participants throughout a disaster. The types of information to be addressed in the strategy could include processing steps and time frames applicants might experience through different stages of the loan process.*

Implementation Status: This recommendation is a priority project for the SBA. The SBA is actively working to remediate this recommendation and anticipates closing this recommendation by FY 2025.

Budget Implications: No

GAO-22-104039 DISASTER RECOVERY Additional Actions Needed to Identify and Address Potential Recovery Barriers

Recommendation 5: *The SBA Associate Administrator of the Office of Disaster Assistance should, in coordination with the FEMA Administrator and the HUD Assistant Secretary for Community Planning and Development, develop, with input from key recovery partners, and implement an interagency plan to help ensure the availability and use of quality information that includes (1) information requirements, (2) data sources and methods, and (3) strategies for overcoming information challenges—to support federal agencies involved in disaster recovery in identifying access barriers or disparate outcomes.*

Recommendation 6: *The SBA Associate Administrator of the Office of Disaster Assistance should coordinate with the FEMA Administrator and the HUD Assistant Secretary for Community Planning and Development to design and*

establish routine processes to be used within and across federal recovery programs to address identified access barriers and disparate outcomes on an ongoing basis.

Implementation Status for Recommendations 5 and 6: The SBA is working with FEMA to remediate this recommendation. FEMA is the lead organization in developing an interagency plan to improve equity measures. Current target date for finalizing the plan and providing it to GAO is June 2024. The SBA anticipates closing these recommendations by FY 2025.

Budget Implications: No

GAO-22-104512 Recent Changes to the 8(a) Program’s Financial Thresholds Need Evaluation

Recommendation 1: *The Associate Administrator of SBA’s Office of Government Contracting and Business Development should document the procedures for the Section 408 report process.*

Implementation Status: The SBA’s Office of Government Contracting and Business Development (GCBD) is working with the Office of Performance, Planning, and the Chief Financial Officer (OPPCFO) to document the procedures for the Section 408 report process combined with the actions to address Recommendation 2. The SBA will develop standard procedures, process map, and a desk guide to document the procedures identified to gather data used for the Section 408 report. The Agency anticipates closing this recommendation by Q4 FY 2024.

Budget Implications: No

Recommendation 2: *The Associate Administrator of SBA’s Office of Government Contracting and Business Development should assess the process for producing Section 408 reports in light of identified delay-causing factors and use the results of the analysis to identify potential operational efficiencies and develop a plan to address report delays, including revising procedures as needed and developing time frames for report submission.*

Implementation Status: Implementation Status: In conjunction with the collaborative efforts outlined in Recommendation 1, the SBA has assessed the current Section 408 process to develop revisions that reduce or eliminate reporting delays. Since the issuance of GAO’s report, the SBA has completed the FY 2018 Section 408 Report and has obtained OMB’s approval. Further, the Section 408 reports for FY 2019, and FY 2020, FY 2021, and FY 2022 are drafted and pending OMB’s approval. The SBA anticipates closing this recommendation by Q4 FY 2024.

Budget Implications: No

GAO-22-105065 Privacy: Dedicated Leadership Can Improve Programs & Address Challenges

Recommendation 58: *The Administrator of SBA should fully define and document a process for ensuring that the senior agency official for privacy or other designated privacy official is involved in assessing and addressing the hiring, training, and professional development needs of the agency with respect to privacy.*

Implementation Status: In the Statement of Action that the SBA provided to GAO in March 2023, the SBA projected it would have the Privacy Program Plan fully implemented by the second quarter of fiscal year 2024. SBA’s remediation activities include continuous monitoring for improvements to the program, creating a Privacy curriculum, as well as establishing a tentative budget and performance/process review for the Senior Agency Official for Privacy (SAOP) to brief the Administrator on an annual basis to keep abreast of the SBA’s Privacy Program. Unfortunately, the re-purpose of funds for staffing and an allocated budget does not

appear to be feasible by the second quarter as originally planned and reported to GAO. The SBA's new target for full implementation is the end of the fourth quarter of fiscal year 2024 with current staff.

Budget Implications: No

GAO-22-105215 Tribal Economic Development: Action Is Needed to Better Understand the Extent of Federal Support

Recommendation 5: *The Assistant Administrator of SBA's Office of Native American Affairs, in coordination with tribes, should establish a plan for periodically analyzing and publicly reporting the amount of economic development assistance provided by SBA to tribal entities and using that analysis to identify opportunities to improve assistance to tribal entities.*

Implementation Status: The SBA launched the Native Lending Initiative in 2022 to increase access to capital for Native American small businesses, to increase awareness of SBA lending products, identify and fix any barriers to access to SBA lending products, and increase Agency lenders focused on serving the Native American community. Thanks in part to the Native Lending Initiative, SBA backed loans to American Indian and Alaska Native entrepreneurs has nearly doubled from \$139M in FY 2020 to \$278M in FY 2023. Furthermore, the SBA has added two new Native American-owned banks and Community Development Financial Institutions (CDFIs) to its approved SBA lenders, bringing the total to eleven. The SBA has made plans for enhanced data sharing with the Small Business Development Centers on business counseling usage by race and evaluating the primary metrics for success to ensure continued support for inclusive entrepreneurship.

The SBA held a series of three listening sessions during Summer 2023 to identify barriers to accessing the SBA's business counseling services, and any resulting impact to Tribal and Native American businesses. In response to feedback received, the Office of Native American Affairs launched the Tribal College Small Business Achievement (TCSBA) Grant Program in October 2023. The TCSBA Program serves to provide in-depth, substantive, outcome-oriented business services to both new and established Native American entrepreneurs, many of whom are socially and economically disadvantaged. The inaugural cohort includes the Institute of American Indian Arts, Salish Kootenai College, Nebraska Indian Community College, and Haskell Indian Nations University and marks the first partnership of its kind with Tribal Colleges and Universities to support both student entrepreneurs and existing businesses in the community and increase the capacity of SBA resource partners serving Native small businesses on reservation or in rural communities.

The SBA serves as co-lead of the White House Council on Native American Affairs Economic Development, Energy and Infrastructure Committee (EDEIC). The Federal Initiative on Access to Capital in Indian Country (FIACIC) – a subcommittee of the EDEIC – launched the Tribal Access to Capital Clearinghouse at the 2023 White House Tribal Nations Summit. This website seeks to increase accessibility of Federal resources for Tribal Nations by providing a searchable database of all Federal funding opportunities including grants and loans, available to Tribal Nations and Native businesses. Additionally, the FIACIC released a draft Request for Information (RFI) to help the Federal Government estimate the additional funding that Tribal Nations require to meet their communities' needs. The Request for Information will also seek information on barriers that Tribal Nations currently face in accessing Federal resources. The FIACIC has started discussions with the Indian Country Data Working Group to see how existing data collection sources can be used to compliment the RFI responses and investigate the use of data sharing agreements to formalize information exchanges among agencies. The FIACIC will take the draft directly to Tribal Consultation in Spring 2024. The SBA expects to remediate this recommendation by Q4 FY 2024.

Budget Implications: Yes

GAO-22-105442 Restaurant Revitalization Fund: Opportunities Exist to Improve Oversight

Recommendation 4: *The Associate Administrator for the Office of Capital Access should enhance RRF post-award reporting procedures by adding requirements for recipients to report their operating status.*

Implementation Status: In July 2023, the SBA submitted documentation in a formal request to GAO to close this recommendation. The SBA checks RRF award recipients' operating status as part of the RRF post-award review. If the SBA finds the recipient is closed, the SBA determines the closure date to see if it fell within the award period. The SBA's post-award review includes checking for RRF award recipients' operating status, as evidenced in the documentation that was submitted in the closure request. The SBA anticipates closing this recommendation in Q3 FY 2024.

Budget Implications: No

The SBA disagreed with the recommendations below. Please see the Implementation Status below for further details.

Recommendation 1: *The Associate Administrator for the Office of Capital Access should conduct and document an assessment of the RRF pre-award controls and address or mitigate deficiencies.*

Recommendation 2: *The Associate Administrator for the Office of Capital Access should assess how the design of RRF pre-award controls may have adversely affected applicants from U.S. territories, and identify and document steps to mitigate this issue for future programs.*

Recommendation 3: *The Associate Administrator for the Office of Capital Access should develop and implement policies and procedures for addressing RRF recipients who do not meet annual reporting requirements.*

Recommendation 6: *The Associate Administrator for the Office of Capital Access should develop, document, and implement procedures to use enforcement data on suspected fraud in other SBA programs, such as PPP, to identify potential fraud in RRF recipients.*

Recommendation 7: *The Associate Administrator for the Office of Capital Access should develop and implement a plan to respond to potentially fraudulent and ineligible RRF awards in a prompt and consistent manner. This plan should include coordinating with the OIG to align efforts to address fraud.*

Implementation Status for Recommendations 1, 2, 3, 6 and 7: The SBA disagreed with these recommendations and will follow the audit disagreement resolution process, as outlined in the SBA's Audit Compliance, Coordination and Resolution SOP (SOP 90 27 1). As of December 19, 2023, Recommendation 3 is listed as "Open – Partially Implemented" on GAO's website. The SBA's remediation timeline for these recommendations is dependent upon the results of the audit disagreement resolution process.

Budget Implications: TBD

GAO-23-105199 COVID Relief: SBA Could Improve Communications and Fraud Risk Monitoring for Its Arts and Entertainment Venues Grant Program

Recommendation 1: *The Associate Administrator of SBA's Office of Disaster Assistance should develop a comprehensive strategy for communicating with potential and actual grant program applicants in the event of a disaster or other emergency. Such a strategy should provide guidelines for how to communicate information in a timely and effective*

manner during nationwide emergencies (such as pandemics) and for doing so for any future industry-specific emergency assistance programs.

Implementation Status: The Office of Disaster Recovery and Resilience (ODR&R) and the Public Affairs and Communications Division (PACD) will move forward on the SBA's overall communication strategy based on organizational changes made to ODR&R. The strategy will take a wholesale approach to public facing messaging platforms along with disaster outreach tactics to include a higher profile social media presence to meet survivors where they are. A key element of the strategy will be utilizing better resources to connect directly with disaster survivors and more effectively pushing accurate and timely information, so they are able to make better decisions regarding the various disaster and traditional SBA assistance available. The SBA anticipates closing this recommendation by October 2025.

Budget Implications: No

Recommendation 2: *The Associate Administrator of SBA's Office of Disaster Assistance should ensure that its post-award monitoring procedures for the Shuttered Venue Operators Grant program specifically address the risks the agency has assessed, including fraud risks, and clearly link them to monitoring activities. As a part of this effort, SBA should document its tolerance for the risks it has identified.*

Implementation Status: The SBA's submission to close this recommendation is currently being finalized. The submission details that the SBA has adopted an updated and refreshed Fraud Risk Assessment for the SVOG program focusing on the post-award Monitoring and Closeout phase of the grant life cycle. It addresses the risks that accompany this phase and the impacts of those risks and links its monitoring activities to those risks. The SBA anticipates closing this recommendation by October 2025.

Budget Implications: No.

GAO-23-105591 Small Business Research Programs: Reporting on Award Timeliness Could Be Enhanced

Recommendation 1: *The Administrator of the Small Business Administration should develop, document, and execute a plan to (1) identify actions that could improve timely publication of its annual report to Congress, and (2) implement the actions identified.*

Implementation Status: The SBA is making progress in addressing the recommendation and has taken several actions to shorten the publication timeline of the annual report to Congress. The FY 2022 Annual Reporting module, which allows partnering agencies to provide required reporting, was made available to these agencies four business days following the end of FY 2022. As a result, all partnering agencies submitted the FY 2022 Annual Report data by the March 15, 2023, deadline, one of the earliest dates when all required reports were received timely. An Annual Reporting Streamlining Meeting has been convened with representatives from all agencies to address the components of the annual reporting process (e.g., statutory requirements, templates, data elements, and the SBIR.gov system infrastructure). This meeting has helped identify additional actions required to accelerate the timely publication of the annual report. The SBA anticipates closing this recommendation in FY 2025.

Budget Implications: No

GAO “Closed – Not Implemented” Recommendations

GAO-20-168 Disaster Loan Processing Was Timelier, but Planning Improvements and Pilot Program Evaluation Needed

Recommendation 5: The Associate Administrator for the Office of Capital Access should evaluate the implementation of the Express Bridge Loan Pilot Program to determine why so few loans have been made and if any design changes may be warranted before the end of the pilot. Such an evaluation could include assessing SBA’s outreach efforts and seeking feedback from lenders.

Implementation Status: GAO closed Recommendation 5 on August 16, 2021, as “Not Implemented.” The Express Bridge Pilot Program expired on March 13, 2021, and was not renewed. Because the SBA did not evaluate (and make corresponding changes to the program's design to encourage participation) the implementation prior to the program's expiration, the SBA is closing the recommendation as "Not Implemented."

Budget Implications: No

Office of the Inspector General (OIG) Open Recommendations

OIG-20-03 (Project 18006) Audit of SBA's Oversight of High-Risk Lenders

Recommendation 1: *We recommend the Administrator direct the Director for the Office of Credit Risk Management to: develop and implement policies and procedures to document OCRM's justification for (1) not conducting planned reviews and (2) identifying and prioritizing additional lenders for review.*

Recommendation 5: *We recommend the Administrator direct the Director for the Office of Credit Risk Management to: develop and implement policies and procedures that require OCRM to communicate systemic lender issues and material loan deficiencies to the appropriate SBA loan approval and purchase centers to facilitate proactive portfolio management and to mitigate the risk of improper guaranty purchases in the event of default.*

Implementation Status for Recommendations 1 and 5: The SBA is addressing these recommendations by incorporating changes in the revision to SOP 51 00, "On Site Lender Reviews/Examinations." That revision is currently underway. The SBA is currently studying the recently implemented policy and program changes so that they can be incorporated in the revised SOP 51 00. This process will take time to complete. The SBA anticipates closing these recommendations by June 2024.

Budget Implications: Yes

Recommendation 2: *We recommend the Administrator direct the Director for the Office of Credit Risk Management to: develop and implement a comprehensive database to manage its oversight of high-risk lenders to ensure performance of all planned reviews, implementation of risk mitigation actions, and identification of noncompliant lender and systemic material loan deficiencies.*

Implementation Status: The SBA's remediation of this recommendation has been dependent upon the allocation of funding for the development of a workflow management tool. As this funding has not been available, the SBA is working with the new contractor and OPSM to optimize the Loan and Lender Monitoring (L/LMS) to facilitate these tasks and anticipates closing this recommendation by August 2024.

Budget Implications: Yes

OIG-20-20 (Project 19802) Audit of SBA's Compliance with the Debt Collection Improvement Act, as Amended

Recommendation 1: *We recommend that the Administrator direct the Associate Administrator for Office of Capital Access to direct the Associate Administrator for Office of Capital Access to: Review all loans assigned to the resolution center that are 180 days or more delinquent and classified with code 66 (Lien or Mortgage/Refer to Treasury Offset Program Only) and 00 (Clear Existing Status Code) and transfer the loans to Treasury Cross-Servicing, unless verified as exempt when the temporary suspension of debt collection activities because of the pandemic is lifted.*

Implementation Status: The SBA has met internally and with OIG to discuss revisions to documentation previously submitted. The SBA is working to remediate this recommendation in FY 2024.

Budget Implications: No

Recommendation 2: *We recommend that the Administrator direct the Associate Administrator for Office of Capital Access to direct the Associate Administrator for Office of Capital Access to revise SOP 50 52 to clearly*

communicate that all loans with collateral must be evaluated for foreclosure and placed in foreclosure status before they are 180 days delinquent.

Recommendation 3: We recommend that the Administrator direct the Associate Administrator for Office of Capital Access to revise SOP 50 52 2 to clearly communicate that all debts 180-days delinquent must be transferred to Treasury Cross-Servicing unless the debt meets a valid transfer exemption.

Implementation Status for Recommendations 2 and 3: The SBA is addressing this recommendation with its SOP 50 52 2 “Disaster Loan Servicing Liquidation,” currently in development. OIG requested a copy of the Debt Collection Improvement Act (DCIA) memo which was sent to OCA Disaster employees to remind them that the SBA is required by the Debt Collection Improvement Act (DCIA) and the Digital Accountability and Transparency Act (DATA Act) to transfer certain delinquent debts to the Department of Treasury for further collection. The SBA relies on Treasury to submit the transferred debt for administrative offset, and the SBA must transfer delinquent debts to Treasury for the purposes of debt collection and administrative offset no later than 120 days after the debts become delinquent, unless specified by exception. The DCIA memo is currently being revised. Once the memo has been updated, the SBA anticipates that this will remediate the recommendation. The SBA is working to remediate this recommendation by FY 2024.

Budget Implications: No

Recommendation 5: We recommend that the Administrator direct the Associate Administrator for Office of Capital Access to direct the Associate Administrator for Office of Capital Access to ensure that information used to monitor compliance with the Debt Collection Improvement Act includes all loans assigned to the resolution center as identified in the Capital Access Financial System.

Implementation Status: The SBA is addressing this recommendation by providing requested documentation to OIG and anticipates closing this recommendation in FY 2024.

Budget Implications: No.

Recommendation 6: We recommend that the Administrator direct the Associate Administrator for Office of Capital Access to direct the Associate Administrator for Office of Capital Access to review all loans currently assigned to the Center and designated exempt from Treasury Offset Program and verify that each of the obligors is exempt from referral to Treasury Offset Program, and if not, refer the obligors to Treasury Offset Program, as required.

Implementation Status: The SBA has met internally and with OIG to discuss remediation activity and is working to remediate this recommendation in FY 2024.

Budget Implications: No

Recommendation 7: We recommend that the Administrator direct the Associate Administrator for Office of Capital Access to direct the Associate Administrator for Office of Capital Access to review all loans currently assigned to the Center and designated as exempt from Treasury Cross-Servicing that are 180 days or more delinquent and verify that each of the obligors is exempt from transfer to Treasury Cross-Servicing, and if not, transfer the debt to Treasury Cross-Servicing, as required when the temporary suspension of debt collection activities due to COVID-19 is lifted.

Implementation Status: The SBA has met internally and with OIG to discuss remediation activity and is compiling documentation to remediate this recommendation in FY 2024.

Budget Implications: No

Recommendation 8: *We recommend that the Administrator direct the Associate Administrator for Office of Capital Access to direct the Associate Administrator for Office of Capital Access to establish policies and procedures to require routine follow-up on delinquent loans to ensure full compliance with the Debt Collection Improvement Act.*

Implementation Status: Remediation activity for this recommendation is reliant upon updating the Debt Collection Improvement Act (DCIA) memo which went out to OCA Disaster employees to reinforce and remind all employees that the SBA is required by the Debt Collection Improvement Act (DCIA) and the Digital Accountability and Transparency Act (DATA Act) to transfer certain delinquent debts to the Department of Treasury (Treasury) for further collection. The SBA relies on Treasury to submit the transferred debt for administrative offset, the SBA must transfer delinquent debts to Treasury for the purposes of debt collection and administrative offset no later than 120 days after the debts become delinquent, unless specified by exception. The SBA is working to remediate this recommendation in FY 2024.

Budget Implications: No

Recommendation 9: *We recommend that the Administrator direct the Associate Administrator for Office of Capital Access to reiterate the requirements for workout agreements to responsible personnel to ensure compliance with the Debt Collection Improvement Act.*

Implementation Status: The SBA is addressing this recommendation by training all loan center employees on the Debt Collection Improvement Act (DCIA) and the Digital Accountability and Transparency Act (DATA Act). The SBA is working to remediate this recommendation in FY 2024.

Budget Implications: No

Recommendation 10: *We recommend the Administrator direct the Associate Administrator for Office of Capital Access in conjunction with the Associate Administrator for Disaster Assistance to perform a cost benefit analysis to determine if SBA should begin assessing fees to offset the cost of processing and handling delinquent disaster loans.*

Implementation Status: The SBA has met internally and with OIG to discuss remediation activity and is compiling documentation to remediate this recommendation in FY 2024.

Budget Implications: No

OIG-21-02 (Project 20804A) Inspection of Small Business Administration's Initial Disaster Assistance Response to the Coronavirus Pandemic

Recommendation 6: *We recommend the Administrator to direct the Associate Administrator for Disaster Assistance (currently called the Office of Disaster Recovery and Resilience) to strengthen data integrity to make it possible to determine if the inaccurate information allowed loans to be made to ineligible entities and to strengthen SBA's ability to service loans appropriately.*

Implementation Status: In November 2023, the SBA submitted documentation in an official request to close this recommendation. The SBA's submissions to OIG over the past two years showed significant progress in 2022 to strengthen data integrity to determine if inaccurate information allowed loans to be made to

ineligible entities. The SBA also incorporated procedures appropriate to the COVID-19 EIDL loan program in the new servicing guides, manuals, policies, and procedures.

Budget Implications: Yes

OIG-21-07 (Project 20010A) Inspection of SBA's Implementation of the Paycheck Protection Program

Recommendation 1: *We recommend the Administrator direct the Associate Administrator of the Office of Capital Access*

to review the loans identified as potentially ineligible to determine if the businesses met eligibility requirements. If not, take appropriate action related to loan guaranty and forgiveness.

Implementation Status: In October 2023, the SBA submitted documentation in a formal request for closure and has followed up with OIG on the request. OIG is currently reviewing the documentation.

Budget Implications: Yes

OIG-21-08 (Project 20801) SBA's Use of Vendors Without Contracts

Recommendation 1: *We recommend the Administrator to direct the Associate Administrator for the Office of Capital Access to require responsible personnel to execute a contract for foreclosure and real estate services to ensure the procurement of services are obtained and authorized in accordance with the Federal Acquisition Regulation requirements.*

Implementation Status: The SBA is working to address this recommendation, which may involve collaboration via an interagency agreement with a larger Federal agency. A major challenge for the SBA in selecting a vendor is the ability for a small business to perform real estate services in all 50 states and U.S. territories. The SBA has been working to obtain contracting resources and will apply those resources to remediate this recommendation. The SBA is working to remediate this recommendation in FY 2024.

Budget Implications: Yes

Recommendation 2: *We recommend the Administrator to direct the Associate Administrator for the Office of Capital Access to ensure that vendors used to provide foreclosure and real estate services are registered in SAM, as required.*

Implementation Status: The SBA is complying with the Federal Acquisitions Regulation (Title 2, Subtitle A, Chapter 1, Part 25, Subpart B, Section 25.205) to address this recommendation, which states that Federal contracts cannot be awarded to entities that do not have an active System for Award Management (SAM) account with current information. The SBA is working to remediate this recommendation in FY 2024.

Budget Implications: Yes

Recommendation 3: *We recommend the Administrator to direct the Associate Administrator for the Office of Capital Access to ratify the over \$10.8 million in payments in accordance with the FAR and 48 C.F.R. § 1.602-3.*

Implementation Status: To address this recommendation, the SBA will submit a ratification for each of the three vendors identified to its Acquisitions Management Division. Acquisitions Management will ratify the invoices identified for each vendor in accordance with the FAR. The SBA is working to remediate this recommendation in FY 2024.

Budget Implications: Yes

OIG-21-09 (Project 20018) Duplicate Loans Made Under the Paycheck Protection Program

Recommendation 1: *We recommend the Administrator direct the Associate Administrator for the Office of Capital Access to review the OIG identified potential duplicate disbursements for eligibility and take action to recover any improper payments as applicable.*

Implementation Status: The SBA will work to recoup any improper payment of funds for verified PPP duplicate disbursements. The SBA is working to remediate this recommendation in FY 2024.

Budget Implications: Yes

OIG-21-14 (Project 19004A) Audit of SBA's Oversight of Women's Business Centers' Compliance with Cooperative Agreement Financial Requirements

Recommendation 1: *We recommend that the Administrator require the Associate Administrator for the Office of Entrepreneurial Development to implement financial oversight procedures for the Women's Business Center (WBC) program that ensure the program office enforces WBC cooperative agreement requirements. Program officials should ensure WBCs use federal funds only for allowable, allocable, and reasonable expenses, adhere to contract award procedures, and separate project costs by funding source.*

Recommendation 4: *We recommend that the Administrator require the Associate Administrator for the Office of Entrepreneurial Development to implement policies and procedures for conducting thorough financial compliance reviews and coordinate with the Office of Field Operations to train field office personnel responsible for semiannual sites visits.*

Recommendation 5: *We recommend that the Administrator require the Associate Administrator for the Office of Entrepreneurial Development to establish policies holding program officials accountable for promptly following up on financial examination results and enforcing cooperative agreement requirements.*

Recommendation 6: *We recommend that the Administrator require the Associate Administrator for the Office of Entrepreneurial Development to require higher-level reviewers to clearly justify and document approving or denying disbursement of funds if the decisions differ from the recommendations of lower-level reviewers; justification documentation should be kept in the official cooperative agreement file.*

Recommendation 8: *We recommend that the Administrator require the Associate Administrator for the Office of Entrepreneurial Development to require program officials to enforce the cooperative agreement terms and conditions and de-obligate or withhold payments if WBCs do not submit accurate financial reports on time.*

Implementation Status for Recommendations 1, 4, 5, 6 and 8: The SBA is working on finalizing the final version of the Standard Operating Procedure (SOP) to satisfy recommendations 1,4,5,6, and 8. The SBA is working to remediate these recommendations in FY 2024.

Budget Implications: No

Recommendation 2: *We recommend that the Administrator require the Associate Administrator for the Office of Entrepreneurial Development to remedy \$508,696 in unsupported matching funds, unsupported program income, and the resulting portion of federal funds reimbursed for the unmet match, and \$186,537 in unsupported expenses.*

Recommendation 3: We recommend that the Administrator require the Associate Administrator for the Office of Entrepreneurial Development to recover \$31,215 for improperly awarded contracts and \$31,424 in unallowable or un-allocable expenses.

Recommendation 7: We recommend that the Administrator require the Associate Administrator for the Office of Entrepreneurial Development to review expenses for the \$28,089 reallocation of budget expenses we detailed in this report to ensure these costs are allowable and document the rationale for the reallocation or recover costs that are unallowable.

Implementation Status for Recommendations 2, 3 and 7: The SBA is working to remediate this recommendation by recovering funds from the women’s business centers (WBC) for the questioned costs. The SBA issued the repayment agreements in September 2021. The SBA generally provides WBCs three years to repay the costs. The SBA will work to remediate these recommendations in FY 2024.

Budget Implications: No

OIG-22-01 (Project 21802) SBA’s Emergency Economic Injury Disaster Loan Grants to Sole Proprietors and Independent Contractors

Recommendation 1: We recommend the Administrator direct the Associate Administrator for Disaster Assistance (currently named the Office of Disaster Recovery and Resilience) to review the applications of sole proprietors and independent contractors that included numbers of employees but no Employer Identification Number; and remedy the \$3.5 billion disbursed to sole proprietors and \$1 billion disbursed to independent contractors that exceeded the amount allowed by SBA’s policy.

Implementation Status: The SBA is developing a system to assess EIDL Advances awarded by reviewing a sampling of recipient sole proprietors and independent contractors that self-certified having employees but did not provide an EIN on their COVID-19 EIDL application. The SBA will also develop an appropriate plan to remedy cases identified where the applicant provided false information on their COVID-19 EIDL application about having employees. The SBA will explore available options to remedy cases, including but not limited to recovery of funds by offset, referral to OIG criminal investigative division, and supporting documentation, where appropriate. The SBA will work to remediate this recommendation in FY 2024.

Budget Implications: Yes

OIG-22-04 (Project 21008A) Independent Auditors’ Report on SBA’s Compliance with DATA Act Reporting

Recommendation 2: We recommend the Administrator coordinate with the Associate Administrator for the Office of Capital Access to enforce that documentation is maintained to evidence changes to a loan and ensure that awarding actions are entered into the source systems in a timely manner.

Implementation Status: The SBA is developing a new Unified Lending Platform (ULP) that will include all COVID-19 EIDL and Capital Access Financial System (CAFS) data. The ULP system is in the pilot and test phase and will be integrated in FY 2024. Once the ULP has been fully integrated, the SBA anticipates submitting a formal request to close this recommendation, likely by the end of FY 2024.

Budget Implications: No

OIG-22-06 (Project 20021B) COVID-19 Economic Injury Disaster Loan Program Recipients on the Department of Treasury's Do Not Pay List

Recommendation 2: *To prevent improper payments and strengthen oversight controls related to the COVID-19 EIDL program, we recommend that the Administrator direct the Associate Administrator for the Office of Capital Access to use Treasury's DNP analysis to systemically flag COVID-19 EIDL and Emergency EIDL grant recipients who were found in Treasury's DNP system and not previously reported by OIG. Review the applications and determine whether they are deemed ineligible. If the applicant is deemed ineligible, recover any disbursed funds, and flag the application as ineligible.*

Implementation Status: The SBA is examining COVID-19 EIDL loan file data with Treasury's Do Not Pay List to determine whether corresponding loans are deemed ineligible. If the applicant is deemed ineligible, the SBA will attempt to recover any disbursed funds, and report and refer any fraudulent applications to the Office of the Inspector General. The SBA anticipates closing this recommendation in FY 2024.

Budget Implications: No

Recommendation 3: *To prevent improper payments and strengthen oversight controls related to the COVID-19 EIDL program, we recommend that the Administrator direct the Associate Administrator for the Office of Capital Access, for all COVID-19 EIDLs and Emergency EIDL grants identified and flagged as potentially ineligible above, to include those transactions in SBA's 2021 improper payments estimation process.*

Implementation Status: The SBA has reviewed loans from the COVID-19 EIDL program and COVID-19 EIDL Advances, specific to requirements under the Payment Integrity Information Act (PIIA). In addition to the reviews, the SBA will provide documentation of the process of reviewing flags and holds associated with potential fraud or ineligibility in the loan population which should sufficiently remediate this recommendation. The SBA anticipates closing this recommendation in FY 2024.

Budget Implications: No

OIG-22-07 (Project 20012) Evaluation of SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal

Recommendation 3: *We recommend that the Administrator require the Associate Administrator for the Office of Entrepreneurial Development to evaluate whether the contract costs for web development services and media services are reasonable and remedy any violations.*

Implementation Status: The SBA has conducted market research to determine whether the contract for web development and media services was reasonable. The SBA has provided evidence, based on the research, that the contract costs were equitable. In addition, these costs do not account for how quickly these platforms had to be developed and evaluated for release. The SBA is working to remediate this recommendation in FY 2024.

Budget Implications: No

Recommendation 4: *We recommend that the Administrator require the Associate Administrator for the Office of Entrepreneurial Development to assess and recover the amount spent on the unallowable contracted project management services expenses incurred during the performance of the grant.*

Implementation Status: The SBA resubmitted a request to close recommendation 4 in January 2024 with additional supporting documentation. The SBA is awaiting OIG's decision on whether they will close this recommendation.

Budget Implications: No

Recommendation 5: *We recommend that the Administrator require the Associate Administrator for the Office of Entrepreneurial Development to recover the \$100,000 paid for unallowable pre-award project management expenses.*

Implementation Status: The SBA resubmitted a request to close Recommendation 5 in January 2024 with additional supporting documentation. The SBA is awaiting OIG's decision on whether they will close this recommendation.

Budget Implications: No

OIG-22-08 (Project 19012) SBA's Business Development Assistance to 8(a) Program Participants

Recommendation 1: *We recommend the Administrator direct the Associate Administrator of the Office of Government Contracting and Business Development, in collaboration with the Associate Administrator of the Office of Field Operations to do the following: implement a standard process to approve initial business plans and monitor to ensure that business plans are reviewed annually, to include appropriate updates for specific targets, objectives, and goals for the business development of program participants, in accordance with 13 CFR 124.403(a) and section 7(j)(10)(D) of the Small Business Act.*

Implementation Status: The SBA plans to close this recommendation in FY 2024. The SBA has placed greater emphasis on the review of business plan updates during annual reviews of clients and added several questions to the Annual Review Workbook to target certain aspects of the participant's business plan. The SBA is also updating the SOP and Desk Guide to clarify business plan review requirements.

Budget Implications: No

Recommendation 2: *We recommend the Administrator direct the Associate Administrator of the Office of Government Contracting and Business Development, in collaboration with the Associate Administrator of the Office of Field Operations to do the following: implement a standard process to capture, track, and recognize substantial achievement of the specific targets, objectives, and goals for the areas of finance, marketing, and management on 8(a) program participant business plans, in accordance with 13 CFR 124.112(f) and section 7(j)(10)(A) of the Small Business Act.*

Implementation Status: The SBA plans to close this recommendation in FY 2024. The SBA's Annual Review Workbook has been revised to focus on business development and outcomes for 8(a) participants. The SBA is updating the SOP and Desk Guide to clarify business plan review requirements.

Budget Implications: No

Recommendation 3: *We recommend the Administrator direct the Associate Administrator of the Office of Government Contracting and Business Development, in collaboration with the Associate Administrator of the Office of Field Operations to do the following: Establish outcome-based performance goals and measurements to assess whether the program achieved business development objectives, including the number of graduated 8(a) firms in*

accordance with the measure of success in section 101(b)(2) of the Business Opportunity Development Reform Act of 1988.

Implementation Status: The SBA established program-level, outcome-based performance goals and measurements that align with the Agency's Strategic Plan and has submitted information to OIG to close this recommendation. The SBA is awaiting OIG's decision on whether they will close the recommendation.

Budget Implications: No

Recommendation 5: *We recommend the Administrator direct the Associate Administrator of the Office of Government Contracting and Business Development, in collaboration with the Associate Administrator of the Office of Field Operations to do the following: Implement a process to ensure the systematic collection of accurate and complete data on program results and operations to make sure all program reporting requirements are met, in accordance with section 7(j)(16)(A) of the Small Business Act and Standards for Internal Control in the Federal Government Principles for Information and Communication.*

Implementation Status: The SBA plans to close this recommendation in FY 2024 and is tracking output data related to annual evaluations. The SBA will gather baseline data related to marketing, human resources, financial condition, sales trends, management experience and government contracting goals, and implement a technology solution to aggregate and scrub the data to produce portfolio-level results.

Budget Implications: No

Recommendation 6: *We recommend the Administrator direct the Associate Administrator of the Office of Government Contracting and Business Development, in collaboration with the Associate Administrator of the Office of Field Operations, to: Implement requirements for management to monitor that Business Opportunity Specialists consistently assess program participant's development needs, counsel participants, conduct annual field visits, and maintain required documentation, as required by standard operating procedures.*

Implementation Status: The SBA is planning to close this recommendation in FY 2024. The SBA's Annual Review Workbook has been revised to focus on the Business Development and outcomes for an 8(a) Participant. The SBA is updating the SOP and Desk Guide to clarify business plan review requirements.

Budget Implications: No

OIG-22-11 (Project 21014A) Evaluation of Federal Information Security Modernization Act (FISMA) 2021

Recommendation 2: *We recommend that the Administrator direct the Office of the Chief Information Officer, in coordination with program offices, to ensure the continuity of operations plan is tested annually, as required by Federal Continuity Directive 1.*

Implementation Status: The SBA's updated Continuity of Operations Plan (COOP) is being reviewed for approval. The SBA expects to close this recommendation in FY 2024.

Budget Implications: No

OIG-22-13 (Project 21009) SBA's Handling of Potentially Fraudulent Paycheck Protection Program Loans

Recommendation 1: *We recommend the Administrator direct the Associate Administrator of the Office of Capital Access to establish clearly defined and detailed roles, responsibilities, and processes for all SBA offices and officials responsible for managing and handling potentially fraudulent PPP loans to reduce the risk of ineligible applicants receiving PPP forgiveness and the risk of fraud and financial loss in PPP and when implementing similar future programs.*

Implementation Status: The SBA submitted a closure package to OIG in January 2024. The SBA is awaiting OIG's decision on whether they will close this recommendation.

Budget Implications: No

Recommendation 2: *We recommend the Administrator direct the Associate Administrator of the Office of Capital Access to provide lenders formal guidance to effectively and consistently handle potentially fraudulent PPP loans and ensure lenders have sufficient guidance when implementing similar future programs.*

Implementation Status: The SBA submitted a closure package to OIG in January 2024. The SBA is awaiting OIG's decision on whether they will close this recommendation.

Budget Implications: No

OIG-22-15 (Project 21015) SBA's Award and Payment Practices in the Shuttered Venue Operators Grant Program

Recommendation 3: *To establish more effective financial oversight controls for the SVOG program, we recommend that the Administrator direct the Associate Administrator for the Office of Disaster Assistance to: Recover the \$1.9 million of overpayments to a grant recipient in accordance with 2 CFR § 200.345-346.*

Implementation Status: In December 2023, the SBA submitted additional documentation to OIG and submitted a subsequent formal request for closure of this recommendation. The SBA submitted its original formal request for closure of this recommendation in December 2022. The SBA has implemented new actions and internal controls and is verifying the calculated amounts used to support the grant awards. The SBA is working to remediate this recommendation in FY 2024.

Budget Implications: No

OIG-22-17 (Project 21803) Economic Injury Disaster Loan Applications Submitted from Foreign IP Addresses

Recommendation 1: *We recommend the Administrator direct the Associate Administrator for the Office of Capital Access in conjunction with the Associate Administrator for Disaster Assistance and Chief Information Officer to thoroughly review each COVID-19 EIDL, grant, and advance application submitted from foreign IP addresses that were approved and funded and verify eligibility. If ineligibility or evidence of potential fraud is found, SBA should stop any further or future disbursements, recover any disbursed funds, and refer fraudulent loans to OIG for investigation.*

Implementation Status: The SBA expects to close this recommendation in FY 2024. The SBA initiated a thorough review of the COVID-19 EIDL applications. Based on this analysis, the SBA will continue to refer all suspected cases of fraud to the OIG to be investigated and will support criminal investigations and prosecutions conducted by the OIG, DOJ, and other law enforcement agencies.

Budget Implications: No

Recommendation 2: *We recommend the Administrator direct the Associate Administrator for the Office of Capital Access in conjunction with the Associate Administrator for Disaster Assistance and Chief Information Officer to examine controls related to foreign IP addresses and ensure these controls are more effective in future disaster processing systems.*

Implementation Status: The SBA expects to close this recommendation in FY 2024. The SBA examined controls related to foreign IP addresses to ensure these controls are more effective in future disaster processing systems. The SBA will continue to refer all suspected cases of fraud to the OIG to be investigated and will support criminal investigations and prosecutions conducted by the OIG, DOJ, and other law enforcement agencies.

Budget Implications: No

OIG-22-19 (Project 20020) COVID-19 and Disaster Assistance Information Systems Security Controls

Recommendation 1: *We recommend the Administrator direct the Office of the Chief Information Officer to do the following: Ensure the existing SBA System Development Methodology is updated to include supply chain risk-management practices as required by OMB Circular A-130 and high-value asset system designation guidance. Also, ensure high-value asset system risks are incorporated into the enterprise risk management framework, as recommended by OMB M-19-03 and SBA SOP 90 47 6.*

Recommendation 2: *We recommend the Administrator direct the Office of the Chief Information Officer to do the following: Communicate and enforce the SBA System Development Methodology in which a traceability matrix is used to ensure that system requirements can be tested and demonstrated in the operational system. Ensure all requirements are aligned with the contractual acceptance criteria.*

Recommendation 3: *We recommend the Administrator direct the Office of the Chief Information Officer to do the following: Implement in updated agency guidance, the requirements of OMB Circular No. A-123 that stipulate a SOC 1 Type 2 report is needed for all new and existing financial systems. This guidance should also require confirmation at least annually that the controls are functioning as designed.*

Recommendation 5: *We recommend the Administrator direct the Office of the Chief Information Officer to do the following: In conjunction with the Enterprise Risk Management Board, implement enterprise-wide privacy risk mitigation practices that can be assimilated into new and existing system program designs.*

Recommendation 6: *We recommend that the Administrator direct the Office of the Chief Information Officer and the Office of Capital Access collaborate with program officials to: Complete an initial assessment and authorization for each information system and all agency-designated common controls before operation.*

Recommendation 7: *We recommend that the Administrator direct the Office of the Chief Information Officer and the Office of Capital Access collaborate with program officials to: Transition information systems and common controls to an ongoing authorization process (when eligible for such a process) with the formal approval of the respective authorizing officials or reauthorize information systems and common controls as needed, on a time or event-driven basis in accordance with agency risk tolerance, as required by OMB Circular No. A-130 and SOP 90 47 6.*

Recommendation 8: *We recommend that the Administrator direct the Office of the Chief Information Officer and the Office of Capital Access collaborate with program officials to: Review and update POA&Ms at least quarterly as required by SOP 90 47 6.*

Implementation Status for Recommendations 1 – 8: The SBA has made additional changes to its implementation of the Modernizing Government Technology (MGT) Act since submitting a Technology Modernization Fund (TMF) request to procure resources to support several key enterprise services for FYs 24 and FY25. The Fund supports investments that ensure a consistent baseline of maturity in cybersecurity and privacy protections, including addressing gaps uncovered in the recent SolarWinds incident. This may include identity, credential, and access management, and moving towards a “zero trust” architecture while maintaining the capabilities and performance that agencies need to deliver modern services and succeed at their mission. The SBA is awaiting TMF board approval and is working to remediate this recommendation by July 2024.

Budget Implications: Yes

Recommendation 10: *We recommend that the Administrator direct the Office of the Chief Information Officer and the Office of Capital Access collaborate with program officials to: Implement an automated process to document and monitor system changes as recommended by NIST SP 800-53 Rev. 5.*

Implementation Status: The SBA has requested funds (through the Technology Modernization Fund) to help modernize the Agency’s systems and is awaiting funding approval to complete several recommendations. The SBA does not currently have funding to complete this effort but is working to remediate this recommendation in FY 2024.

Budget Implications: Yes

OIG-22-21 (Project 22001) Paycheck Protection Program Eligibility for Nonprofit Organizations

Recommendation 1: *We recommend the Administrator direct the Associate Administrator of the Office of Capital Access to: Review the 179 PPP loans, totaling approximately \$684 million, for compliance with affiliation and size standards to ensure eligibility requirements were met and seek remedy or repayment for all loans deemed ineligible.*

Implementation Status: The SBA partially agrees with this recommendation. An SBA review of a sample of identified higher risk loans resulted in an approval rate of 93 percent. This reflects with confidence that the SBA’s risk-based loan review process, which consists of automated screenings and manual reviews of selected loans, was effective in ensuring compliance with program requirements and accuracy of PPP borrowers’ self-certifications. The SBA will seek resolution through the existing resolution process as described in the Audit Compliance, Coordination and Resolution SOP (SOP 90 27 1). The SBA’s implementation timeline will depend upon the results of the audit dispute resolution process.

Budget Implications: Yes

OIG-22-22 (Project 21806) Follow-up Inspection of SBA’s Internal Controls to Prevent COVID-19 EIDLs to Ineligible Applicants

Recommendation 1: *We recommend the Administrator direct the Associate Administrator for the Office of Capital Access to: Review the 20 loans identified in this report as ineligible for the COVID-19 EIDL that the applicants received and recover the \$1,969,200 improperly disbursed to the applicants.*

Recommendation 2: *We recommend the Administrator direct the Associate Administrator for the Office of Capital Access to: Review the COVID-19 EIDL disbursements with suspect Taxpayer Identification Numbers made after December 27, 2020, to determine if the loan file contains conclusive evidence that the applicant business existed on January 31, 2020, and therefore, met the CARES Act eligibility requirements. If not, flag the borrower as ineligible and recover the funds.*

Implementation Status for Recommendations 1 and 2: The SBA is analyzing the identified loans to determine if the applicant business qualifies for assistance under the COVID-19 EIDL eligibility criteria. The final monetary impact will be determined when the review is completed. The SBA will remediate ineligible loans and will support criminal investigations by the OIG, DOJ, and other law enforcement agencies. The SBA is working to remediate these recommendations in FY 2024.

Budget Implications: TBD

OIG-22-23 (Project 22016) Verification Inspection of SBA's Corrective Actions to Improve Monitoring District Offices' Customer Service Activities

Recommendation 1: *We are reopening recommendation 1 from Report 19-06, SBA's District Offices' Customer Service. Fully establish a process to collect and analyze customer feedback.*

Implementation Status: The SBA submitted a closure request in February 2023. The SBA will mandate that all district office training and outreach materials have a link to the survey and will advise clients that their feedback is important to the Agency. OIG rejected the SBA's proposed remediation activities and proposed deadline. The Agency and OIG are working to reach an agreement on remediation activities and establish an appropriate deadline. The SBA is awaiting OIG's decision on whether they will close this recommendation.

Budget Implications: No

OIG-22-25 (Project 22013) SBA's Guaranty Purchases for Paycheck Protection Program Loans

Recommendation 2: *We recommend the Administrator direct the Associate Administrator for the Office of Capital Access to: Explore alternative means of collections for PPP loans with an outstanding balance of \$100,000 or less.*

Implementation Status: While the SBA initially disagreed with the feasibility and effectiveness of this recommendation, it is deliberating a possible policy change. Remediation of this recommendation is dependent upon the establishment of updated policy. OIG rejected the SBA's proposed remediation activities and proposed deadline. The SBA and OIG are working to reach an agreement on remediation activities and establish an appropriate deadline.

Budget Implications: No

Recommendation 3: *We recommend the Administrator direct the Associate Administrator for the Office of Capital Access to: Conduct an initial and periodic cost benefit analysis on PPP purchase guarantees with comprehensive estimates to sufficiently assess whether the cost of collecting loans of \$100,000 or less is more than the recovery amount and pursue collections based on results of the analysis.*

Implementation Status: The SBA agrees with the recommendation and will utilize a third-party contractor to perform a cost benefit analysis on PPP purchase guarantees with comprehensive estimates to sufficiently assess whether the cost of collecting loans of \$100,000 or less is greater than the expected

recovery amount and determine if pursuing collections is cost effective. The SBA will work to remediate this recommendation in FY 2024.

Budget Implications: Yes

OIG-23-03 (Project 22014) Fiscal Year 2022 Federal Information Security Modernization Act (FISMA) Review

Recommendation 1: *We recommend the Administrator direct the Office of the Chief Information Officer, in coordination with program offices, to: Design and implement a quality assurance program to ensure that SBA system hardware inventory is maintained as required by the National Institute of Standards and Technology (NIST) Special Publication 800-53.*

Recommendation 2: *We recommend the Administrator direct the Office of the Chief Information Officer to implement a process to ensure SBA reviews its external service providers for supply chain risks and ensure all assessments of supply chain risks are documented as outlined in NIST 800-53.*

Recommendation 3: *We recommend the Administrator direct the Office of the Chief Information Officer to: Communicate and reinforce to program offices the requirement to review and remove system and user accounts in accordance with SOP 90 47 6.*

Recommendation 5: *We recommend the Administrator direct the Office of the Chief Information Officer to: Develop, document, and implement a process that requires management review of information security data and report information security threats.*

Implementation Status for Recommendations 1, 2, 3 and 5: The SBA has made additional changes in implementing the Modernizing Government Technology (MGT) Act since submitting a Technology Modernization Fund (TMF) request to procure resources that support several key enterprise services for FY24 and FY25. The Fund supports investments that ensure a consistent baseline of maturity in cybersecurity and privacy protections, including addressing gaps uncovered in the recent SolarWinds incident. This may include identity, credential, and access management, and moving towards a “zero trust” architecture while maintaining the capabilities and performance that agencies need to deliver services and achieve mission success. The SBA is awaiting TMF board approval and is working to remediate these recommendations in FY 2024.

Budget Implications: Yes

FY 2025 Annual Evaluation Plan



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FY 2025 Annual Evaluation Plan

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I. Introduction

The Small Business Administration (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*.²² The AEP identifies the evaluations the Agency plans to undertake 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 (OMB). The evaluations are designed to meet SBA priorities, answer research questions in the Enterprise Learning Agenda (ELA) and build a suite of evidence to inform decision-making. Evaluations highlighted in this AEP reflect the most significant planned evaluations for FY 2025. The SBA defines evaluations as "significant" based on how they align with its mission, as reflected in its *FY 2022–2026 Strategic Plan* 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*.²³ They 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-20-12.²⁴

After the SBA completes an evaluation, it 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 recommended action plans, where appropriate. To promote transparency, the SBA publishes its evaluations on its Program Evaluation and Evidence Registry website and presents results to internal and external stakeholders (e.g., presentations to the SBA's Evidence and Evaluation Community of Practice, interagency committees and councils, trade associations, and grantees).²⁵

The following sections, organized by strategic objective, provide an overview of the programs to be evaluated, their connection to the SBA's ELA, 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. The evaluations identified below advance the Agency's cross-cutting equity and customer-centric design and delivery priorities and build on prior-year and ongoing evidence-building activities. As a result, many of this year's activities are expected to produce Government- or Agency-wide evidence insights.

²² www.congress.gov/bill/115th-congress/house-bill/4174

²³ www.sba.gov/document/policy-guidance--framework-guidelines-program-evaluation-us-small-business-administration

²⁴ www.whitehouse.gov/wp-content/uploads/2020/03/M-20-12.pdf

²⁵ <https://www.sba.gov/about-sba/organization/performance#section-header-6>

II. Program Evaluation: SBIR/STTR Outcome Evaluation

Strategic Plan Linkage.

- Strategic Objective 1.2: Build a thriving national innovation ecosystem that promotes investments in all small business communities.

Overview. The SBA's Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs aim to stimulate technological innovation in the US by investing Federal research and development (R&D) funds into high-tech small businesses. Agencies spending over \$100 million in R&D must participate in the programs, setting aside a portion of their R&D budgets for small businesses. The programs aim to stimulate technological innovation, meet federal R&D needs, encourage participation of women and economically disadvantaged individuals in R&D, and increase commercialization of the innovations funded through the programs.

This evaluation will assess the outcomes of the SBIR/STTR programs, including (as available) jobs created/retained, business survival/sales/exits/spin-offs, revenue, patents, and business obtainment of additional R&D funding. This study will provide a comprehensive analysis of SBIR/STTR program outcomes, which are often studied at the agency-level and through self-report, but are less well studied across all funding agencies, and through outside data sources.

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

- What impact does funding have on job creation, revenue growth, export sales, and additional capital growth, how do these impacts vary by business owner demographics, and what factors are responsible for these observed impacts?

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

1. What are the economic outcomes of the SBIR/STTR programs (e.g., jobs created/retained, business survival/sales/exits/spin-offs, revenue, patents, additional R&D funding, etc.)?
2. How do these outcomes vary by owner and business characteristics (e.g., SBA socio-economic small business category [SDB, WOSB, HUBZone], veteran status, owner race/ethnicity, geography, business size, industry, etc.)?

Data. The SBA maintains administrative records of firms that have obtained SBIR/STTR awards, as well as SBIR/STTR applicants and SBIR.gov website registrants. Available outcome measures are being explored and may include data from sources such as Dun and Bradstreet, IRS, US Patent and Trademark Office, Crunchbase, Experian, The Startup Cartography Project, and/or other private or public sources. Business and owner characteristics are available from the SBA's administrative program records as well as owner demographics reported via SAM.gov. Data may also be collected directly from firms.

Methods. The project will focus on SBIR/STTR firms participating since 2012 (approximately 15,000-17,000 firms), plus a comparison group selected from applicants, website registrants, or non-participating R&D firms. Records of these firms will be linked to various outcome datasets described above, to compare outcomes between SBIR/STTR participants and a comparison group or groups. Differences in outcomes will be explored by owner and business characteristics as listed above. If data cannot be obtained from outside sources, a survey may be designed to collect self-reported outcomes data from the firms under study.

Anticipated Challenges. Data availability is the central challenge to this project, as not all desired datasets (e.g., Census data) will be available in the period in which results are needed. This challenge will be addressed by relying on multiple data sources, if necessary, to mitigate risk and the investigation of partnerships early to ensure successful data matching. Survey data collection could also be utilized if outside data sources are unavailable or insufficient to answer the research questions.

Evidence Use and Dissemination. This evaluation presents an opportunity to understand outcomes for the SBIR/STTR programs as they are considered for reauthorization in 2025. Findings will be published online, shared with SBIR/STTR program and SBA leadership, and presented to the SBA's Evidence and Evaluation Community of Practice.

III. **Program Evaluation: Office of Government Contracting & Business Development (GCBD) Program Evaluability Assessment**

Strategic Plan Linkage.

- Strategic Objective 1.4: Build back an inclusive and proficient small business contracting base ready to compete for all federal procurement opportunities.

Overview. The SBA continues to build a substantial body of knowledge on the outcomes and impacts of its programs. As part of its evaluation process, the SBA regularly engages in activities to understand the evaluability of its programs. However, the SBA typically conducts these activities informally as part of evaluation scoping and does not yet have a single formalized evaluability standard or evaluability assessment checklist to use systematically. To address this need, the SBA intends to conduct a series of evaluability assessments to build a pipeline of planned evaluations for the future and establish a formalized evaluability assessment standard and checklist for future use.

For this evaluation, the SBA aims to establish a systematic process that it can use to determine the ability of programs to demonstrate the measurement of intended results. This process will then be used to conduct evaluability assessments of the 8(a), HUBZone, Women-Owned Small Business (WOSB), Economically Disadvantaged Women-Owned Small Business (EDWOSB), Veteran-Owned Small Business (VOSB), and Service-Disabled Veteran-Owned Small Business (SDVOSB) Federal contracting assistance programs. These programs aim to build a diverse base of small businesses that can successfully compete for Federal contracts and support a major mission area of the SBA (Strategic Objective 1.4). Thus, this project will simultaneously prepare the SBA to conduct future evaluations of its government contracting programs and create a standard, materials, and training for future evaluability assessments. Programs deemed ready for an outcome or impact evaluation will be slated for a future evaluation. Programs deemed not ready for evaluation will receive technical assistance to prepare the program for a future outcome or impact evaluation.

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

- How can the SBA advance equitable contracting policies and streamline small business certification in order to help more underserved small businesses win federal contracts?
- How does SBA technical assistance impact small business performance, and how can firms be better prepared to successfully participate and compete in the federal marketplace?

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

1. How ready are the SBA's Federal contracting programs for an outcome or impact evaluation that addresses the SBA's priority questions?
2. For those programs ready for an outcome or impact evaluation, what design, data, and timelines are needed to conduct rigorous, useful evaluations?
3. For those programs not ready for an outcome or impact evaluation, what activities would make them ready?

Data. The evaluability assessment will rely on internal and published SBA documents, review of SBA administrative and other available data, and interviews or other data collection from program staff and leadership.

Methods. The assessment will start with identifying a systematic process and a specified standard to assess evaluability according to best practices in the evaluation field. A checklist will also be developed to systematically assess each program's readiness for evaluation according to the criteria developed. Primary considerations include a clearly stated and measurable logic model or theory of change with clearly defined outcomes, expected program impact, the availability and quality of information to be used in the evaluation, and evaluation utility. The assessment will involve the review of available logic models, administrative and other available data, and interviews or other data collection from program staff and leadership. The project will culminate in recommendations for evaluating or improving the evaluability of each program, as well as creating and training on an evaluability assessments tool and standard.

Anticipated Challenges. Participation and buy-in from SBA program staff will be critical to the success of both the evaluability assessment and future evaluations stemming from the assessment. This challenge will be addressed by the SBA's work to promote active participation in the evaluability assessment and identify a skilled partner who will further facilitate trust and participation.

Evidence Use and Dissemination. This pre-evaluation effort will inform decision-making and assist the SBA in determining whether it is appropriate and worthwhile for the specified programs to be subject to an outcome or impact evaluation. It will also build evaluation capacity within the SBA by preparing SBA programs for evaluation and developing an evaluability assessment standard for SBA evaluators. Findings will be published online, shared with GCBD program and SBA leadership, shared with evaluators and other analysts at the SBA, and presented to the SBA's Evidence and Evaluation Community of Practice.

IV. Program Evaluation: Office of Women's Business Ownership: Women's Business Centers' Outcomes

Strategic Plan Linkage.

- Strategic Objective 1.5: Build an equitable entrepreneurial ecosystem through tailored training and counseling.

Overview. In 1988, the Women's Business Center (WBC) grant program was created to provide entrepreneurs who are women with mentoring, counseling, and access to capital services and resources. These services support the Office of Women's Business Ownership's (OWBO) mission to enable and empower women entrepreneurs through advocacy, outreach, education, and support. This outcome evaluation seeks to understand several intended outcomes defined in the logic model, including business

formation, growth, and maintenance, access to capital, and access to contracting. The results of this evaluation will inform future program design activities in the OWBO and technical assistance activities across the WBC Network.

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

- What are the business outcomes (including access to capital/financing) and impacts of the SBA's counseling, training, and outreach programs and services?
- How can the SBA's counseling, training, and outreach programs and services best contribute to the development of an equitable entrepreneurial ecosystem?

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

1. How do business outcomes (job creation, business formation, business growth, access to capital, access to contracting) vary based on Women's Business Center grantee and client characteristics?
2. How do outcomes vary for WBC clients and WOSBs based on WBC business development services (i.e., training, technical assistance, marketing assistance, and related services)?
3. How do WBC clients access capital and in what amounts? What is the relationship between loan amounts and business formation, growth, and survival?
4. How are WBCs referring clients to other SBA programs and services?

Data. This evaluation will use administrative and program records, including data from Nexus, to assess program outcomes. Additional data to supplement administrative data may be required to assess outcomes.

Methods. This is an outcome evaluation which will employ quantitative analyses of administrative and extant data.

Anticipated Challenges. Variations among WBCs include entity-type (e.g., economic development councils, colleges and universities), geographic area and reach, and organizational history and structure; these variations contribute to the differences in WBC implementation, including how and what types of data are collected. This challenge will be addressed by supplementing administrative data with third-party data, if necessary.

Evidence Use and Dissemination. The findings will inform program design and technical assistance needs for the WBC Network. They will also be shared with resource partner programs, OWBO program and SBA leadership, published online, and presented to the SBA's Evidence and Evaluation Community of Practice.

V. **Program Evaluation: Equity in Procurement**

Strategic Plan Linkage.

- Strategic Objective 1.4: Build back an inclusive and proficient small business contracting base ready to compete for all Federal procurement opportunities.

Overview. The Federal Government has historically awarded approximately 10% of all federal contract dollars, or roughly \$50 billion in contracts, to Small Disadvantaged Businesses. In July 2022, President

Biden issued Executive Order (E.O.) 14091, *Further Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, announcing the goal to increase procurement awards to small business concerns owned and controlled by socially and economically disadvantaged individuals (SDB) to 15% by 2025. Advancing the President’s vision, in FY 2022, the federal government awarded \$69.9 billion to SDBs, which represents 11.4% of all contracting dollars, up from 11.01% the previous year. The percentage of procurement awards also increased for service-disabled veteran-owned small businesses (SDVOSBs) and Historically Underutilized Business Zone (HUBZone) small businesses but decreased for women-owned small businesses (WOSBs). To further efforts to expand procurement dollars awarded to SDBs, the SBA continues building on foundational learnings from Equity in Procurement evaluations and projects in FY 2023 and FY 2024 to build agency-specific and government-wide evidence around practices that contribute to equitable Federal spending.

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

- How can the SBA advance equitable contracting policies and streamline small business certification to help more underserved small businesses win Federal contracts?

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

1. What activities support equitable Federal procurement spending with socially and economically disadvantaged small businesses?
2. Which activities could be more broadly adopted by Federal agencies to promote equity in Federal procurement?

Data. This portfolio of evaluations has used existing administrative records, including Federal contracting spending data from the SBA, SAM.gov, USAspending, and other available sources. Administrative data will be supplemented by interviews, surveys, focus groups, observation, or user testing.

Methods. Initiated in FY 2024, this portfolio of evaluations continues into FY 2025 and will use randomized buyer-focused and supplier-focused interventions. Buyer-focused interventions aimed at boosting the number of contracts or amount of contracting dollars the federal government awards to SDBs. Supplier-focused interventions aimed at increasing the number of SDBs in the federal marketplace enrolled in SBA contracting assistance programs.

Anticipated Challenges. Data availability, data integrity, data matching opportunities, lack of standardization across federal buying offices, sample size sufficiency, opportunities for embedded randomization, and response or participation rates may influence the study and will be considered when finalizing the evaluation design.

Evidence Use and Dissemination. The knowledge gained through the equity in procurement evaluations offers an opportunity to increase the number of SDBs that are ready, willing, and able to support the federal government’s procurement needs and increase the procurement dollars awarded to SDBs by sharing leading practices that contribute to equitable Federal spending. Findings will be published online and shared with the SBA, OMB leadership, the Small Business Procurement Advisory Council, and the SBA’s Evidence and Evaluation Community of Practice.

**U.S. Small Business Administration
Office of Advocacy**

**Fiscal Year 2025
Congressional Budget Justification**

and

**Fiscal Year 2023
Annual Performance Report**

U.S. Small Business Administration Office of Advocacy

Fiscal Year 2025 Congressional Budget Justification and Fiscal Year 2023 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 Act²⁶ 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, documenting the vital role of small businesses in the economy, and exploring and explaining 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.

²⁶ 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 2025 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 2025 Budget Request

For FY 2025, the Office of Advocacy requests \$10.211 million in new budget authority for its direct expenses.

New Budget Authority (dollars in millions)

| FY 2018 Enacted | FY 2019 Enacted | FY 2020 Enacted | FY 2021 Enacted | FY 2022 Enacted | FY 2023 Enacted | FY 2024 Annualize d CR | FY 2025 Request |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------------------|--------------------|
| 9.120 | 9.120 | 9.120 | 9.190 | 9.466 | 10.211 | 10.211 | 10.211 |

¹ Actual obligations for past years are reported in the tables at end of this presentation.

The largest portion of Advocacy’s request, \$9.741 million, is planned for the compensation and benefits of Advocacy’s professional staff. Staffing accounts for approximately 95 percent of Advocacy’s total FY 2025 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 2025 request will enable the office 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 2023 accomplishments, and FY 2025 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, D.C., but Advocacy has 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, D.C., 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. Once 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 number 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 and 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 SBREFA panel process is an important tool for Advocacy, as the additional consideration required for those agencies and regulations subject to the panel process ensure that small business concerns are considered early in the rule development process.

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 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 continues to work with OMB and regulatory agencies to identify rules where regulatory cost savings can be achieved; 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.

International trade. Public Law 114-125, the Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA), established a 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 Interagency Working Group (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.²⁷

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 2025 from rules on which Advocacy has worked; and
- Objective 1.2 - the provision of Regulatory Flexibility Act compliance training in FY 2025 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

²⁷ <https://advocacy.sba.gov/2018/12/21/advocacy-releases-trade-report/>

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.²⁸ Another limitation of this measure is that Advocacy is unable to 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 2025 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. Advocacy's training efforts also result in reduced RFA-related litigation and better compliance.

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 2023, such live classroom training has been provided to officials in 18 cabinet-level departments and agencies, 80 separate component agencies and offices within these departments, 24 independent agencies, and various special groups including congressional staff, business organizations and trade associations.

²⁸ 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/>).

FY 2023 Accomplishments

During FY 2023, Advocacy achieved \$91.3 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 four separate Federal regulations originating in four agencies (the Environmental Protection Agency, the Securities and Exchange Commission, the Consumer Financial Protection Bureau, and the Food and Drug Administration). Information on these rules will be detailed in Advocacy's annual RFA report for FY 2023. 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 2023, 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. Advocacy will continue exploring opportunities to capture and improve regulatory advocacy performance metrics to measure these efforts and their effects.

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 2023, Advocacy provided training to 139 officials at regulatory agencies, substantially exceeding its annual goal 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 2023, Advocacy provided 46 public comment letters to 27 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 2023, Advocacy's legal team hosted 28 virtual roundtables to collect information from stakeholders on a range of issues. More information on regulatory roundtables is posted at <https://advocacy.sba.gov/category/regulation/agency-roundtables/>.

Of special 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 proposal from an agency, 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 rules in a manner that minimizes the burden on small entities.

The text below describes activity connected with SBREFA panels during FY 2023, even though that activity may have commenced before FY 2023.

On August 31, 2020, the Environmental Protection Agency (EPA) published a proposed rule to establish air emission limits on solid waste incinerators not covered by previous rules, i.e., “other solid waste incinerators” or OSWI. EPA certified this proposed rule would not have a significant economic impact on a substantial number of small entities. Since the proposed rule, key circumstances in EPA’s analysis changed, and EPA notified Advocacy of its intent to convene a panel on May 15, 2023.

On October 15, 2020, the Consumer Financial Protection Bureau (CFPB) convened a SBREFA panel on its section 1071 rulemaking. Section 1071 of the Dodd-Frank Act amends the Equal Credit Opportunity Act to require, subject to rules prescribed by the CFPB, financial institutions to collect, report, and make public certain information concerning credit applications made by women-owned, minority-owned, and small businesses. On December 15, 2020, the CFPB released the Final Report of the Small Business Review Panel on the CFPB’s Proposals Under Consideration for the Small Business Lending Data Collection Rulemaking. This report includes a summary of the feedback received from small entity representatives during the panel process, and findings and recommendations made by the panel. A Notice of Proposed Rulemaking was published in October 2021 which included several recommendations in the panel report. The CFPB published the final rulemaking on May 31, 2023.

On November 25, 2020, the Environmental Protection Agency notified Advocacy that it was convening a SBREFA panel in anticipation of a proposed rule on air emissions of ethylene oxide from commercial sterilization and fumigation operations. The panel met with small businesses that operate sterilization facilities in December 2020 to discuss likely impacts of such regulations and the technical and regulatory barriers to reducing ethylene oxide emissions. The panel concluded its work with a panel report signed on April 26, 2021. EPA published a notice of proposed rulemaking on April 13, 2023, and Advocacy filed a comment letter on the proposed rule on June 23, 2023.

On January 7, 2021, the Environmental Protection Agency notified Advocacy that it was convening a SBREFA panel on a potential rulemaking under the Toxic Substances Control Act to regulate the conditions of use of methylene chloride that present an unreasonable risk. The panel met with small entity representatives on January 28, 2021. The panel report was signed in October 2021. EPA published a proposed rule on May 3, 2023.

On July 15, 2021, the Environmental Protection Agency notified Advocacy that it was convening a SBREFA panel on methane emissions from oil and gas production. Air emissions from oil and gas production were also the subject of a SBREFA panel in 2015 and EPA rulemaking in 2012, 2016, and 2020. The panel met with small businesses likely affected by this rule in July and August 2021. The panel report was signed on September 20, 2021, and a proposed rule was published on November 15, 2021. EPA issued a fact sheet for small businesses that discussed the SBREFA panel and EPA's responses to the panel's recommendations. Advocacy filed a public comment on the proposed rule on January 31, 2022. EPA published a supplemental notice of proposed rulemaking on December 6, 2022, that further responded to Advocacy's letter and the panel recommendations. Advocacy filed a public comment on the supplemental proposed rule on February 13, 2023.

On January 6, 2022, the Environmental Protection Agency notified Advocacy that it was convening a SBREFA panel on a potential rulemaking under the Toxic Substances Control Act to regulate the conditions of use of cyclic aliphatic bromide cluster (HBCD) that present an unreasonable risk. The panel met with small entity representatives on January 20, 2021. The panel report was signed in September 2022.

On April 6, 2022, the Environmental Protection Agency notified Advocacy that it was convening a SBREFA panel for its recently proposed rulemaking under the Toxic Substances Control Act to require reporting for previously manufactured PFAS, including importing and importing of articles containing PFAS, dating back to 2011. The proposed rule had been published on June 28, 2021. The panel met with small entity representatives on April 20, 2022. The panel report was signed in August 2022. EPA published an IRFA and an updated economic analysis as a Notice of Data Availability (NODA) for public comments on November 25, 2022.

On May 24, 2022, the Environmental Protection Agency notified Advocacy that it was convening a SBREFA panel on a potential rulemaking under the Safe Drinking Water Act to regulate the certain PFAS. The panel met with small entity representatives, and the panel report was signed in August 2022. EPA published a proposed rule on March 29, 2023.

On July 28, 2022, the Environmental Protection Agency notified Advocacy of its intent to convene a SBREFA panel on an amendment to the Safe Drinking Water Act rules to mandate a more rapid replacement of lead drinking water service lines. The panel met with small entity representatives in advance of the panel on September 12, 2022. EPA convened the panel on November 15, 2022, and the panel met with small entities again on November 29, 2022. The panel completed the report on May 31, 2023.

On September 20, 2022, the Environmental Protection Agency notified Advocacy of its intent to convene a SBREFA panel on a new source performance standard for greenhouse gas emissions from fossil fuel power plants. The panel met with small businesses likely to be affected by the rule on December 14, 2022. After that meeting, EPA determined that the proposed rule would not have a significant economic impact on a substantial number of small entities and published

the proposed rule on May 23, 2023, without an initial regulatory flexibility analysis. EPA subsequently determined that some of the regulatory alternatives proposed would require a regulatory flexibility analysis if finalized. Thus, EPA convened the panel on July 27, 2023. The panel met with small entities on August 10, 2023.

On October 25, 2022, the Consumer Financial Protection Bureau (CFPB) notified Advocacy of its intent to convene a panel on personal financial data rights pursuant to Section 1033(a) of the Dodd-Frank Act. The CFPB officially convened the panel on February 1, 2023. The panel met with small entity representatives via video conference on February 1 and 2, 2023. The panel signed the panel report on March 30, 2023.

On October 27, 2022, the Environmental Protection Agency notified Advocacy that it was convening a SBREFA panel on a potential rulemaking under the Toxic Substances Control Act to regulate the conditions of use of perchloroethylene that present an unreasonable risk. The panel met with small entity representatives on November 10, 2022. The panel report was signed in February 2023. EPA published a proposed rule on June 16, 2023.

On December 29, 2022, the Department of Labor's Occupational Safety and Health Administration (OSHA) notified Advocacy that it was planning to convene a SBREFA panel on Workplace Violence in Healthcare and Social Assistance in the next 60 days. OSHA's possible rule would apply to employers whose employees face an increased risk of workplace violence from patients, clients, residents, and/or visitors, and could include hospitals (including emergency departments), home, behavioral, mental health, memory care, and social assistance services. OSHA formally convened the panel on March 1, 2023, and the panel issued a final report of its findings and recommendations to the head of OSHA on May 1, 2023.

On January 5, 2023, the Environmental Protection Agency published a notice of proposed rulemaking revising the National Emission Standards for Hazardous Air Pollutants for Lime Manufacturing. EPA certified this proposed rule would not have a significant economic impact on a substantial number of small entities. Advocacy filed a public comment on February 16, 2023, challenging this certification. After a re-evaluation, on April 27, 2023, EPA notified Advocacy of its intent to convene a panel, and on July 21, 2023, EPA convened the panel. The panel met with the affected small entities on August 3, 2023.

On January 17, 2023, the Environmental Protection Agency notified Advocacy that it was convening a SBREFA panel on a potential rulemaking under the Toxic Substances Control Act to regulate the conditions of use of trichloroethylene that present an unreasonable risk. The panel met with small entity representatives on January 31, 2023. The panel report was signed in April 2023.

On February 14, 2023, the Environmental Protection Agency notified Advocacy that it was convening a SBREFA panel in anticipation of a proposed rule on effluent limitations guidelines for meat and poultry producers. A pre-panel meeting was held on May 2, 2023, and the panel

was convened on July 3, 2023. A panel outreach meeting with small industry representatives was held on July 17, 2023.

On May 10, 2023, the Environmental Protection Agency notified Advocacy that it was convening a SBREFA panel on a potential rulemaking under the Toxic Substances Control Act to regulate the conditions of use of n-methylpyrrolidone (NMP) that present an unreasonable risk. The panel met with small entity representatives on May 24, 2023.

Additional SBREFA panel activity is expected in FY 2023. On August 25, 2023, OSHA formally convened a SBREFA panel on Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings. The possible rule would apply to employers whose employees are exposed to heat hazards in the workplace and could cover a broad array of employers in General Industry, Construction, Maritime, and Agriculture. The panel was assisted in its review by a number of small entity representatives from across the regulated community who reviewed the background materials and provided their advice and recommendations to the panel. The final panel report was submitted to OSHA on November 3, 2023. The next step will be for OSHA to publish a proposed rule for public comment.

On August 15, 2023, the CFPB notified Advocacy of its intent to convene a SBREFA panel on consumer reporting on October 10, 2023. The SBREFA panel was convened on October 16, 2024. The panel meetings with small entity representatives occurred on October 18 and 19 via teleconference. The panel report was signed on December 15, 2023.

Public Law 114-125, the Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA), 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 Interagency Working Group (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.

During FY 2021, Advocacy continued work on an IWG report on the impact of a trade agreement with Japan, after the President notified Congress in FY 2020 of the intent to negotiate trade agreements with Japan, the European Union and the United Kingdom. Advocacy convened an IWG for all three agreements, as required by the TFTEA statute, and will produce reports under the Trade Promotion Act in the event agreements are reached. Advocacy will

continue to use its resources and regulatory experience to help small businesses participate in international trade with a more level playing field.

At the request of the Department of Commerce's Office of International Trade, Advocacy has agreed to produce a report on small business access to digital tools. This request originated in the inaugural meeting of the U.S.-E.U. Trade and Technology Council (TTC), which was held in September 2021. Among the TTC's goals was to coordinate approaches to key global technology, economic, and trade issues, and to deepen transatlantic trade and economic relations based on shared democratic values. Various working groups were formed to support these initiatives. The Office of Advocacy is a member of the *Small- and Medium-sized Enterprises (SME) Working Group*. Advocacy conducted listening sessions with SMEs and underserved communities. The purpose of the listening sessions was to develop recommendations for U.S. and EU policymakers through the TTC that will help accelerate SME access to and the uptake of digital technologies. On February 7, 2023, Advocacy published a report ([U.S. SME Access and Use of Digital Tools – SBA's Office of Advocacy](#)) summarizing its findings on American SME access to and use of digital tools. The report analyzes research and data from the U.S. Census Bureau and the Organization for Economic Cooperation and Development to note the benefits, characteristics, and barriers of digital technologies for SMEs. Furthermore, the report contains summaries of three Advocacy-led roundtables with SMEs in the United States, which can inform the TTC's focus on how to increase small business uptake of digital tools that can grow their business.

FY 2025 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 2025, 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 \$6.23 billion from FY 2002 through FY 2021. 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.

Advocacy will continue exploring opportunities to capture and improve regulatory advocacy performance metrics to measure these efforts and their effects.

Advocacy will continue to train Federal regulatory agency personnel on RFA compliance, as required by Executive Order 13272. Classroom and virtual training have been conducted by Advocacy staff since FY 2004 and will continue. Agencies have been responsive to the 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.

In FY 2025, 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.

In FY 2025, 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 increased new SBREFA panel activity in FY 2025. Although it is impossible to predict how many of these labor-intensive panels will be convened in the future, Advocacy is prepared to accommodate this priority work. Advocacy anticipates that in FY 2025 EPA will continue to convene SBREFA panels for most or all of high priority chemicals reviewed under the Toxic Substances Control Act. EPA is required to always have 20 chemicals in the process of risk evaluation which will result of more SBREFA panels on a continuing basis.

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.

At the request of the Department of Commerce's Office of International Trade, Advocacy has agreed to produce a report on small business access to digital tools. This request originated in the inaugural meeting of the U.S.-E.U. Trade and Technology Council (TTC), which was held in September 2021. Among the TTC's goals was to coordinate approaches to key global technology, economic, and trade issues, and to deepen transatlantic trade and economic relations based on shared democratic values. Various working groups were formed to support these initiatives. The Office of Advocacy was a member of the *Small- and Medium-sized Enterprises (SME) Working Group*. Advocacy conducted listening sessions with SMEs and underserved communities. The purpose of the listening sessions was to develop recommendations for U.S. and EU policymakers through the TTC that will help accelerate SME access to and the uptake of digital technologies.

Advocacy is actively engaged in Good Regulatory Practices (GRP) chapter of the Indo-Pacific Economic Framework for Prosperity (IPEF), which was launched in May of 2022. The first round was held in Australia in December of 2022. Advocacy also participates in the GRP and SME chapters of the U.S.-Taiwan Initiative on 21st-Century Trade.

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 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.

Advocacy economists. Advocacy’s economists have knowledge and expertise on the latest available data on small businesses from government and non-government sources. They are often sought out by congressional staff, SBA offices and resource partners, other federal agencies, the media, and trade associations to answer important questions in understanding the small business economic landscape. Beyond the value of research products, Advocacy economists provide critical resources to stakeholders across government and the private sector on the latest small business data and statistics available from a variety of sources.

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 government procurement process. Advocacy also uses contract research funds to update older studies of special value.

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. Additionally, as Advocacy’s role in regulatory development has expanded into trade policy as required by the Trade Facilitation and Trade Enforcement Act, Advocacy’s economists have supported these efforts with analyses of relevant small business trade data. 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 regulatory 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 50,000 online subscribers. Also, Advocacy’s specialized research and data listserv goes to more than 45,000 subscribers, and its regulatory listserv goes to 42,000 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 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 2025, 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 2025, 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 2025, 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 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 work with agencies throughout government daily 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 2025 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. In addition to policymakers, a wide variety of other stakeholders use Advocacy research and statistics, including Congressional offices, SBA and its resource partners throughout the country, state and local governments, the press, and small businesses themselves.

A second performance objective for Strategic Goal 2 is an output measure that Advocacy's 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 informed 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 in or near Washington, D.C., 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, D.C., but also in communities throughout the country where most 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, including RFA training conducted in cooperation with Advocacy's Office of Interagency Affairs.

FY 2023 Accomplishments

During FY 2023, Advocacy published 20 new research and data products. Advocacy released two new editions of its popular *Economic Bulletin*, two new Issue Briefs: *Business Ownership Dynamics During COVID-19*; and *Deconstructing the Change in Veteran Business Ownership*, and new infographics, *Asian American and Native Hawaii and Pacific Islander Ownership Statistics*; and *Hispanic Ownership Statistics*. Additionally, Advocacy released a report on U.S. SME Access and Use of Digital Tools for the US-EU Trade and Technology Council SME Working Group. Advocacy also launched a new series, *Small Business Profiles for Major Metropolitan Areas*. Advocacy's Office of Economic Research (OER) contributed data analyses to Advocacy's Report on the Regulatory Flexibility Act, FY 2022, released in May 2023, and OER published its own annual report.

Advocacy continued to publish shorter products with quicker turn-around times for the convenience of its users, including during FY 2023:

- *Facts About Small Business: Veteran Ownership Statistics*
- *Small Business Facts: Reasons for Being an Owner*
- *Small Business Facts: An Overview of Immigrant Ownership*

- *Facts About Small Business: Black Ownership*
- *What's New About Small Business?*
- *Frequently Asked Questions About Small Business, 2023*
- *Facts About Small Business: Women Ownership Statistics*
- *Small Business Facts: An Analysis of Immigrant Employer Ownership*
- *Facts About Small Business: Small Businesses in Rural Areas*
- *Facts About Small Business: Family Farm Ownership Statistics*

As part of a project to develop new sources of non-employer firm data, Advocacy also continued in FY 2023 to financially support a ground-breaking project Advocacy has undertaken in collaboration with the U.S. Census Bureau to develop and publish on an annual basis comprehensive business owner demographic data on non-employers. Such data had not been available since the Census Bureau discontinued its Survey of Business Owners after its 2012 edition, replacing it with annual products with owner demographics on employer firms only. The new data product, [Nonemployer Statistics by Demographics \(NES-D\)](#), is now available online and fills a major data gap, including information on non-employers owned by women, minority, and veteran entrepreneurs.

Beginning in FY 2013, Advocacy adopted a performance indicator for measuring outreach activity by its professional economists. During FY 2023, Advocacy economists made 14 qualifying presentations to academic, media, or policy audiences, as well as participating in RFA compliance training at regulatory agencies.

Also beginning in FY 2013, Advocacy adopted another 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 2023, 410 qualifying events were held.

FY 2025 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. Regulatory flexibility analyses and policy decisions often hinge on how many firms suffer what consequences from a given proposal or policy. Advocacy's regulatory economists provide data and economic analyses to help quantify these effects. 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. Advocacy expects its economists to respond to an increasing number of data inquiries related to the COVID-19 pandemic and other issues on the latest small business statistics and assessments of small business impacts by geographic area, owner demographic, and industry. Advocacy economists will continue to serve as a key resource for

congressional staff, SBA offices and resource partners, other federal agencies, the media, and trade associations in understanding the latest small business data sources available to provide policymaking insight.

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 2025, 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, do not result in technically acceptable proposals. The FY 2025 request supports Advocacy's ability to continue data purchases and supports data collection at other agencies that underpins a variety of Advocacy's widely used data products. Advocacy's FY 2025 goal is to publish 20 new research and data products.

During FY 2025, 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, including Regulatory Flexibility Act training. 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 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, D.C., 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, D.C.

Performance Measurement

Following are tables depicting Advocacy performance indicators from FY 2018 through FY through FY 2023, together with FY 2024 and FY 2025 targets.

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.

Objective 1.1 - Achievement of regulatory cost savings

| Performance Indicator | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| 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 | 0.26 | 0.77 | 2.26 | 3.28 | 0.07 | 0.09 | TBD | TBD |
| | Variance | -96% | -88% | -65% | -49% | -99% | -98% | 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 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|--------|----------|----------|---------|---------|-----------|----------|---------|---------|
| Cost per \$1 million in regulatory cost savings (\$) | Target | \$1,403 | \$1,403 | \$1,403 | \$1,414 | \$1,458 | \$1,571 | \$1,630 | \$1,630 |
| | Actual | \$35,938 | \$13,840 | \$4,118 | \$2,177 | \$107,042 | \$99,811 | 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.

Objective 1.2 - Provision of Regulatory Flexibility Act compliance training to regulatory development officials throughout government

| Performance Indicator | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Newly trained regulatory staff with in-house expertise on Regulatory Flexibility Act (#) | Target | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| | Actual | 132 | 113 | 224 | 290 | 257 | 139 | TBD | TBD |
| | Variance | 32% | 13% | 124% | 190% | 157% | 39% | 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 2018 Actual | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual | FY 2022 Actual | FY 2023 Actual | FY 2024 Annualized | FY 2025 Request |
| Administrative resources (\$ thousands) | \$9,344 | \$10,698 | \$9,306 | \$7,141 | \$7,493 | \$8,983 | \$10,211 | \$10,211 |

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.

| Performance Indicator | | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Outreach events by regional advocate team using Advocacy work products (#) | Target | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 |
| | Actual | 523 | 852 | 552 | 0 | 0 | 410 | TBD | TBD |
| | Variance | 45% | 137% | 53% | -100% | -100% | 14% | 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 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
| Presentations by Advocacy economists to academic, media or policy audiences (#) | Target | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| | Actual | 18 | 22 | 12 | 25 | 24 | 14 | TBD | TBD |
| | Variance | 50% | 83% | 0% | 108% | 100% | 16% | 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 2023 and actual results. Explanations for these variances follow.

Regulatory cost savings to small businesses (98% below goal). Advocacy did not meet its goal of \$6.5 billion in regulatory cost savings to small businesses, being able to quantify \$91.3 million in such savings in FY 2023. However, Advocacy’s 20-year annual average from FY 2002 through FY 2021 was \$6.23 billion in savings per year. As explained in the section on FY 2023 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. As more Advocacy technical assistance has been provided before new rules are published, baseline costs of proposed rules have not reflected Advocacy’s work or are not provided at all by agencies. Advocacy will continue exploring opportunities to capture and improve regulatory advocacy performance metrics to measure these efforts and their effects.

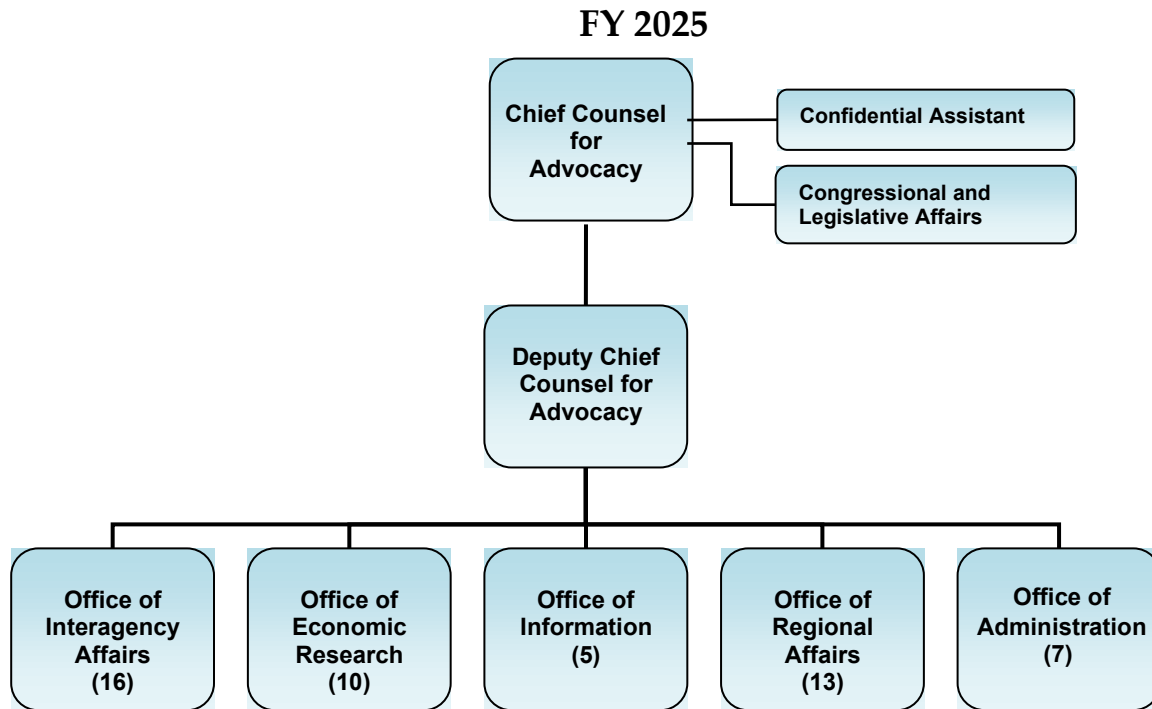
Regulatory staff with in-house expertise on Regulatory Flexibility Act compliance (39% over goal). Advocacy continued its extensive RFA compliance outreach efforts in FY 2023, providing in house RFA compliance training to 139 regulatory development and policy officials.

Research and data publications (goal met exactly). Advocacy met its FY 2023 goal of 20 research and data publications with the release of 20 such products, including updated revisions to its most popular periodic reports, 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 (14% above goal). Advocacy’s regional advocates exceeded their goal of participation in 360 qualifying outreach events during FY 2023, with 410 such events.

Presentations by Advocacy economists to academic, media, or policy audiences (16% above goal). Advocacy economists exceeded their FY 2023 goal of making presentations to at least 12 academic, media, or policy audiences, with 14 such presentations, including participation in Advocacy RFA compliance training classes provided to regulatory development and policy officials in government agencies.

Office of Advocacy Organization



U.S. Small Business Administration Office of Inspector General

FY 2025 Budget Justification

March 2024



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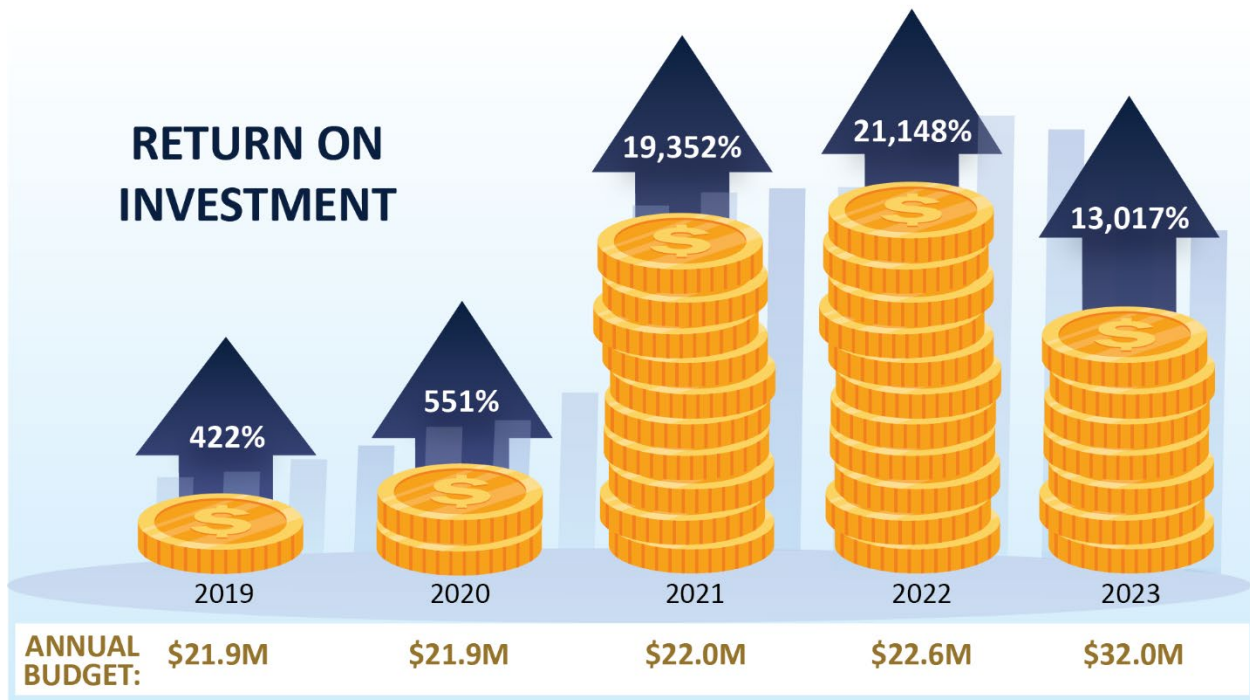
Overview

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. OIG provides recommendations to SBA leadership aimed at improving the integrity, accountability, and performance of SBA and its programs for the benefit of the American people. The office's investigations division pursues evidence of wrongdoing in SBA programs, bringing fraudsters to justice. For the past 2 years (2021-2022), our office has been ranked as a top OIG in the Best Places to Work in the federal government by the Partnership for Public Service with a 2022 engagement and satisfaction score of 86.2, which far exceeds the overall government score of 63.4. OIG's engaged workforce provides taxpayers with a significant return on investment, rooting out fraud, waste, and abuse in SBA programs.

Since fiscal year (FY) 2021, OIG has provided a historic and exponential return on investment to the taxpayer with over \$13 billion in dollar accomplishments, which includes investigative recoveries, fines, and forfeitures, as well as review findings of disallowed costs. These accomplishments have resulted in consistent year-over-year returns on investment to the American taxpayer of 19,352 percent in FY 2021; 21,148 percent in FY 2022; and 13,017 percent in FY 2023 (see Figure 1). OIG anticipates providing significant returns on investment for years to come.

OIG has been aggressively combating fraud in SBA's pandemic response programs. As of December 31, 2023, our Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) oversight and investigative work has resulted in 1,255 indictments, 985 arrests, and 683 convictions. Additionally, over \$8 billion in EIDL funds have been returned to SBA by financial institutions and another \$20 billion by borrowers. OIG has played a key role in the return of these funds through working with our law enforcement partners, financial institutions, and educating the public about fraud in the pandemic relief programs, which has served as a deterrent to fraudsters. Also, consistent with the recommendations in our oversight work published in OIG Reports 23-16 and 22-25, the agency has completed comprehensive cost benefit analyses that substantiate the pursuit of collections on \$30 billion in EIDL and PPP loans under \$100,000.

Figure 1: Return on Investment FY 2019–2023



Source: OIG generated

Notwithstanding these accomplishments, OIG’s oversight capacity is dependent upon the availability of sufficient budgetary resources to continue addressing the fraud within SBA pandemic response programs. The President has put forward a Budget request for OIG to ensure continued oversight of SBA’s pandemic response and its vital flagship programs supporting the nation’s small businesses. The FY 2025 Budget will allow OIG to capitalize on the laws (P.L. 117-165 and P.L. 117-166) that extended the statute of limitations for fraud in the PPP and EIDL programs to 10 years, as well as provide effective oversight over SBA’s flagship programs that are subject to significant management and performance challenges.

OIG is critical to the success of SBA in meeting its mission to maintain and strengthen the Nation’s economy by helping small businesses and by assisting in the economic recovery of communities after disasters. OIG provides independent, objective, and timely oversight to improve the integrity, accountability, and performance of SBA. OIG’s reviews and investigations have found that even before the pandemic, SBA faced major challenges in managing enormous financial lending programs, information technology, and other areas. That being said, management of the Coronavirus Disease 2019 (COVID-19) pandemic stimulus lending programs is the greatest overall challenge facing SBA, and it will continue to be for many years as the agency grapples with fraud

in these programs. Pandemic response has magnified the challenging systemic issues in SBA's mission-related work.

The extension of the statute of limitations allows for the fight to continue for 10 years, but without the requested appropriations for the 2025 Budget, we will not have sufficient means to combat the fraud within SBA programs. Our full budget request allows us to provide effective oversight of SBA's flagship programs. OIG's resources are prioritized to align with these challenges, so the scope of fraud within the pandemic response programs and the systemic challenges will severely cripple OIG's investigative and auditing work.

Pandemic Response Oversight

SBA was authorized to administer approximately \$1.2 trillion primarily through the PPP, COVID-19 EIDL, Shuttered Venue Operators Grant (SVOG), and the Restaurant Revitalization Fund (RRF) to help mitigate the economic damage from the pandemic. Executive and legislative actions at the onset of the pandemic were designed to quickly address the economic fallout, which allowed SBA to reduce or eliminate key internal controls and rely on self-certification of eligibility to expedite aid. In turn, OIG quickly pivoted to provide oversight of SBA's pandemic response programs.

OIG knew at the start of the pandemic that SBA would face a delicate balancing act of preventing widespread fraud while ensuring timely disbursement of relief funds to Americans in immediate need of assistance. Our concern was how SBA was going to quickly deliver capital to qualifying small businesses without having first established the internal controls necessary to decrease fraud risk. This was why we issued two reports prior to the first PPP loan being disbursed. Our reports stressed the importance of up-front program controls to mitigate the risk of fraud, such as verifying that the business did indeed exist before the onset of the pandemic and that it had been adversely affected by the economic downturn. Based on the lessons learned from other disasters, OIG knew the weaknesses we found in the past would be greatly magnified with programs as large as the COVID-19 EIDL and the PPP.

Even with these early warnings, SBA's internal control environment contributed to bringing about the biggest fraud in a generation. It was immediately clear that pandemic relief efforts had drawn the attention of unscrupulous and greedy criminals. In fact, the first criminal charges of PPP fraud were announced on May 5, 2020 — approximately 1 month after the program was initially authorized by Congress. Complaints from lenders and allegations of misuse of funds overwhelmed OIG's Hotline. We received over 100,000 in the first year alone. Hotline complaints now exceed more than 270,000.

OIG focuses its oversight capacity on the most significant risks to SBA and taxpayers. Many of these risks are addressed in OIG's *Top Management and Performance Challenges Facing the SBA*, which OIG issues annually in accordance with the Reports Consolidation Act of 2000. The 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.

To date, we have issued 40 reports that have focused on SBA's pandemic response and more are upcoming. As stated in our Audits Division 2024 Oversight Plan, upcoming reports will focus on a holistic approach in assessing SBA's pandemic response programs and flagship programs. SBA's decision to expand the role of Small Business Lending Centers within the 7(a) program, and other planned regulatory changes, are significant and will be subject of oversight efforts. Additionally, OIG is working on more than 10 mandatory reviews required by law, and dozens of other reviews that are determined by our risk analyses. Finally, OIG also is providing oversight of SBA's response to Hurricanes Ian and Fiona.

Fraud Landscape

Our *COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape*, released June 27, 2023, provided policymakers with an understanding of the fraud perpetuated against SBA, and also provided OIG the insight necessary to prioritize and lead investigative efforts across the nation, particularly in task forces and strike forces led by the U.S. Department of Justice (DOJ).

Using OIG's investigative casework, prior OIG reporting, advanced data analytics, and additional review procedures, we estimated SBA disbursed more than \$200 billion in potentially fraudulent COVID-19 EIDLs and PPP loans. This estimate represents approximately 17 percent of disbursed COVID-19 EIDLs and PPP funds — specifically, more than \$136 billion COVID-19 EIDLs and \$64 billion in PPP funds. Since SBA did not have an established strong internal control environment for approving and disbursing program funds, there was an insufficient barrier against fraudsters accessing funds that should have been available for eligible business owners adversely affected by the pandemic.

In addition, recent regulatory changes to flagship SBA programs greatly affecting small business owners and the American economy could expand the fraud landscape. SBA's changes to the 7(a) loan program and the 8(a) Business Development Program, which intend to increase the inclusion of lenders and small businesses, also could require an increase in oversight. OIG will continue to shine the light on areas of concern and will be an independent and objective voice promoting transparency.

Support of OIG's budget request sends a strong message of deterrence to fraudsters taking aim at all U.S. government programs. OIG has proven that with the necessary resources, we promote public trust and instill integrity in SBA programs. However, OIG will exhaust supplemental funds being directed to combat fraud in SBA's pandemic response programs in FY 2024. Absent the total budgetary authority requested in the Budget, OIG would not be able support the investigative and fraud enforcement capabilities necessary to provide accountability for wrongdoing and preserving the integrity of SBA programs.

Budget Request

The 2025 Budget requests \$67.4 million in total budget authority to continue to build on our robust return on investment to taxpayers. This includes \$47.02 million in direct discretionary funding and \$20.38 million transferred from the SBA Disaster Loan Program, including \$16.674 million to support ongoing oversight of SBA's COVID-19 EIDL portfolio. These funds will allow OIG to maintain a total staffing level of 247 positions, providing vital investigative capacity and oversight to the hundreds of billions in potential fraud in SBA pandemic response programs. This will also enable oversight of the burgeoning \$481.5 billion loan portfolio and \$162.9 billion in federal contracting dollars to small businesses.

P.L. 117-165 and P.L. 117-166 extended the statute of limitations to 10 years for PPP and EIDL fraud. The extension of the statute of limitations recognizes the importance of OIG's oversight, our unprecedented results, and the magnitude of PPP and EIDL fraud. Thanks to swift Congressional action, our office is authorized to continue to bring fraudsters to justice until at least 2030 because the 10-year statute of limitations is chargeable to the last overt act. These requested funds will provide investigative resources, such as criminal investigators, data scientists, investigative analysts, and attorneys to ensure those who exploited the public trust do not evade justice.

Continued support of OIG will undoubtedly result in a robust return on investment to taxpayers. The 2025 Budget request will position our office to continue to spearhead the fraud fight in FY 2025 and beyond. Since 2020, OIG's work has resulted in more than \$13 billion in dollar accomplishments, which includes investigative recoveries, fines, and forfeitures, as well as review findings of disallowed costs. This figure does not include the nearly \$30 billion returned to SBA from borrowers and lenders, which is greatly attributable to OIG's outreach and coordination. Our assertive oversight efforts have the added value of deterring future fraudsters in other government programs. Also, consistent with the recommendations in our oversight work published in OIG Reports 23-16 and 22-25, the agency has completed comprehensive cost benefit analyses that substantiate the pursuit of collections on \$30 billion in EIDL and PPP loans under \$100,000.

OIG will leverage the funding requested in the FY 2025 Budget to continue its oversight of SBA's pandemic response programs, combat the fraud identified within our fraud landscape report, and provide oversight of programs that pose risk through systemic management and performance challenges. This also includes SBA's flagship programs within the framework of capital, contracting, counseling, and disaster assistance.

For FY 2023, SBA's total budgetary resources used for staffing, operations, and loan subsidy costs were \$32.3 billion. Total nonbudgetary resources for loan financing used to make direct loans and purchase guaranteed loans in default were \$32.3 billion. The SBA's guaranteed portion of the outstanding loan principal decreased \$23.5 billion in FY 2023 to \$140.2 billion. During FY 2023, new guarantees disbursed by SBA participating banks were \$27 billion, a \$5.6 billion decrease from last year. In FY 2023, purchases of defaulted guaranteed loans increased from \$6 billion last year to \$12.2 billion. The loans receivable portion of the SBA credit program portfolio decreased in FY 2023 to \$272 billion from \$321.5 billion in FY 2022. The decrease in loans receivable was related to a spike in disaster loan-making in 2022.

Below is a summary of additional, reported performance by SBA in its *FY 2023 Agency Financial Report*.

Capital: In FY 2023, the SBA approved nearly \$34 billion, or more than 63,000 7(a) and 504 loans to small businesses; 7(a) loans, 504 loans, microloans, and surety bonds helped to support more than 705,000 American jobs. The SBA invested more than \$8 billion in over 1,200 small businesses through the Small Business Investment Company program, which supported over 130,000 jobs.

Contracting: The SBA continued to partner with agencies across the Federal Government to expand small business contracting opportunities. From FY 2017 through FY 2022, small businesses were awarded over \$820 billion in federal contracts (FY 2023 contracting numbers continue to be collected and certified). The Federal Government continued to exceed its small disadvantaged and service-disabled, veteran-owned small business contracting goals but will continue to face challenges meeting its HUBZone and women-owned small business contracting goals.

Counseling: The SBA helped entrepreneurs start more than 28,900 new businesses in FY 2023 and served over 737,000 unique clients. Additionally, the SBA's Community Navigators Pilot Program helped small businesses access over \$115 million in grants and loans. Under the community navigator approach, traditional business assistance organizations enlist trusted, culturally knowledgeable partners to conduct targeted outreach to specific, underserved sectors of the entrepreneurial community.

Disaster Assistance: In FY 2023, the SBA approved more than 43,000 direct disaster loans for events such as floods, hurricanes, and tornadoes, totaling nearly \$3 billion. The Agency managed 425 disaster assistance declarations during FY 2023. In addition to supporting communities before, during, and after natural disasters, the SBA continued to oversee COVID-19 relief programs in every state and territory.

The fraud perpetrated against SBA's pandemic response programs has been characterized as the biggest fraud in a generation, as evident by the hundreds of billions in potential fraud estimated and identified by OIG and the oversight community. These estimates are turning into actionable fraud cases. Our investigative efforts across government are bringing fraudsters to justice. In August 2023, DOJ announced it has now seized over \$1.4 billion in COVID-19 relief funds that criminals had stolen and charged over 3,000 defendants with crimes in federal districts across the Nation. OIG criminal investigators are at the forefront in this fraud fight. Our data analytics team is fueling investigative leads and revealing fraud for joint and cross-governmental investigative efforts.

Coupled with suspicious transactions reported by financial institutions, referrals of fraud from OIG's Audits Division, anomaly detection and link analysis-derived leads through data analytics, OIG's investigative staff requires the total resources requested in the 2025 Budget. Though not every instance of fraud will be investigated or prosecuted within the PPP and EIDL programs, an investment of OIG's investigative capacity will promote cooperative partnerships across the Federal law enforcement community, facilitate prioritization of investigations, and provide desperately needed resources to investigate the most sinister and complex wrongdoers that disproportionately stole from taxpayers. Support of the 2025 Budget's request for OIG's sends a strong message of deterrence to fraudsters taking aim at all U.S. Government programs. OIG has proven with the necessary resources it is poised to promote public trust and instill integrity in SBA programs.

Budget Proposal and Resource Utilization

The 2025 Budget requests \$67.4 million in total budget authority for OIG. OIG has judiciously and deliberately leveraged its base and supplemental resources to provide a framework for oversight excellence in FY 2024/25. The 2025 Budget provides a continuation of OIG's oversight framework, which matches the President's Management Agenda, as well as the Administration's commitment to combatting fraud. In addition to investigating billions in estimated fraud, OIG also will perform oversight of SBA certification programs. Federal small business contracting reached a historic level of \$162.9 billion in FY 2022, an increase of \$8.7 billion over the previous fiscal year. There has also been a fourfold increase in SBA's loan portfolios since the pandemic

response, from more than \$150 billion to more than \$559 billion. OIG's oversight capacity must measuredly increase to mitigate risk to taxpayers and to promote integrity within SBA's programs.

FY 2025 Budget Request

The 2025 Budget requests \$67.4 million in total budgetary authority for OIG. The following critical initiatives account for this necessary increase:

- The request to transfer \$3.706 million from SBA's Indirect Disaster Assistance Program account represents a necessary \$2.106 million increase from the FY 2024 Annualized Continuing Resolution (CR) level. The budgeted transfer was last adjusted in FY 2020. Since then, no cost-of-living increases have been accounted for in the personnel costs associated with oversight of SBA's Disaster Assistance Program. These funds continue to support two audit teams supported by a writer-editor, an attorney, and a budget analyst. The teams are providing oversight of SBA's expansive EIDL program that provided \$387 billion in pandemic assistance. OIG's oversight of the Disaster Assistance Program includes declared disasters, including civil unrest and natural disasters such as hurricanes, flooding, and wildfires. Our office will leverage supplemental funds to continue to provide effective oversight of hurricanes like Ian and Fiona, and the wildfire tragedy in Maui, Hawaii.
- The request to transfer \$16.674 million from the SBA Disaster Loan Program account to support our ongoing oversight of SBA's COVID-19 EIDL portfolio. These funds are needed to sustain critical OIG resources to continue combatting the unprecedented fraud in SBA's pandemic response. These funds enable OIG to build on its existing oversight capacity as COVID-19 EIDLs enter into repayment with additional criminal investigators, data scientists, auditors, and professional staff. These investments in data analytics capabilities, auditors, and investigative coverage enable OIG to analyze more data, conduct more audits and reviews, instigate more cases, recover more funds from fraudsters, and promote public trust and integrity within SBA programs and operations.
- In support of the president's government-wide initiative to heighten Information Technology (IT) security. The Budget requests \$1.8 million to support OIG's IT modernization of antiquated systems, migration to a secure and cost-effective commercial cloud solution, and exploitation of digital evidence in our burgeoning investigative efforts related to pandemic assistance fraud. This will provide continuous support in the Technology Services Division, which will include staffing of a Chief Technology Officer, Cyber-Security Specialist, and application developers. OIG will also establish a Digital Forensics and Computer Intrusion Program to effectively combat cybercrimes and protect the public's

safety and privacy. This program will provide digital forensic support, leveraging state-of-the-art technology and innovative methodologies to support the search and seizure of digital evidence for criminal violations to ensure timely and effective investigations. The program will conduct oversight and coordination of cyber-related criminal investigations affecting the SBA network infrastructure, whether perpetrated by internal or external entities. A critical program goal is to bring bad actors to justice while also helping protect the privacy of Americans using SBA systems so small business owners and entrepreneurs can continue to access vital counseling, capital, and contracting support programs.

- OIG will utilize \$1.2 million for costs associated with the 2025 pay increase for its personnel.

Base Resource Utilization

OIG will work an active nationwide caseload of approximately 600 criminal, civil and administrative investigations of potential loan, grant, and contracting fraud as well as other wrongdoing. Many of these investigations involve complex, multimillion-dollar fraudulent financial schemes perpetrated by multiple suspects. OIG's pandemic assistance program oversight and investigative work resulted in 1,255 indictments, 985 arrests, and 683 convictions as of December 31, 2023. Also, over \$8 billion has been returned by financial institutions to SBA related to the EIDL programs. SBA has also received over \$20 billion in EIDL funds that have been returned by borrowers. Also, consistent with the recommendations in our oversight work published in OIG Reports 23-16 and 22-25, the agency has completed comprehensive cost benefit analyses that substantiate the pursuit of collections on \$30 billion in EIDL and PPP loans under \$100,000. OIG will conduct risk-based audits and reviews of SBA activities with a focus on systemic, programmatic, and operational vulnerabilities. During FY 2023, OIG issued 16 reports with 75 recommendations for improving the agency's operations, identifying improper payments and strengthening controls to reduce fraud and unnecessary losses in SBA programs. Additionally, the OIG Audits Division identified \$3.8 billion in disallowed costs agreed to by management for funds be put to better use.

OIG's Audits Division will staff four groups to oversee SBA's principal, high-risk programs in Business Development, Credit, Financial Management and IT, and Disaster Assistance. It will staff one Audit Operations Group to focus on efficiency and effectiveness of internal operations and SBA management challenges. These resources will efficiently execute the Annual Oversight Plan.

Utilizing the \$3.7 million transfer of funds from SBA's Disaster Loan Program account, OIG will staff the Disaster Assistance Programs Group. This group is comprised of an Audit Director and three audit teams and is supported by writing, legal, and budget

specialists to provide critical oversight of SBA's Disaster Assistance Program. The transfer of funds from SBA's Disaster Loan Program account has been fully supported for more than 20 years in the President's Budget. The \$2.1 million increase to the transfer of funds from SBA's Disaster Program account will cover payroll costs of personnel dedicated to oversight of the significantly expanded disaster loan portfolio. These program oversight costs have not been adjusted since FY 2020. As SBA responds to the most recent disasters, our oversight plans take shape and our work roots out fraud, waste, and abuse. Aided by this supplemental funding, our Audits Division initially focuses its reviews on timeliness, eligibility, technical assistance grants, and early defaults. Traditionally, our reviews are followed by a surge of investigative activity to root out fraud.

OIG contracts with an independent public accountant to ensure SBA's financial statements are prepared in accordance with *Government Auditing Standards* and to monitor the agency's compliance with the Federal Information Security Management Act (FISMA) and the Improper Payments Elimination and Recovery Act of 2010.

OIG will conduct mandated reviews to maintain integrity of SBA programs and meet informational needs of stakeholders. OIG performs a review semiannually to determine the adequacy of SBA controls over the solicitation, acceptance, holding, and utilization of cash contributions and gifts, and an annual review of government purchase card transactions.

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 FISMA. OIG has identified systemic problems with SBA's IT systems, and this remains a top management challenge facing the agency.

OIG has integrated its data analytics initiative into its audit and investigative processes and is committed to creating an infrastructure that will enable a robust data strategy for the future. The OIG Data Analysis Group is comprised of the Data Analytics Director, three data analysts/scientists, and an IT Specialist for Data Management. Currently, OIG's data analytics function is augmented through contracted data scientist, data visualization, and data integration personnel. SBA uses numerous data systems to manage its loan processes and activities, and this data changes constantly and involves automated processes. OIG's data analytics function positions the office to provide evidence-based oversight to detect and investigate fraud. Through artificial intelligence, OIG will augment its oversight capacity. We endeavor to detect fraud in real-time to prevent losses to the taxpayer.

Pursuant to mandates set forth in the Inspector General Act of 1978, as amended, OIG manages a robust Hotline to receive and process allegations of fraud, waste, abuse, or serious mismanagement in SBA programs and operations. These complaints come from

employees, contractors, and the public. During FY 2023, the Hotline received 49,319 complaints. In total, since March 2020, the Hotline has received over 275,000 complaints, in addition to over 2 million referrals from SBA of loan applications that are believed to be associated with identity theft. Hotline staff are collaborating with data analytics to handle these complaints and identify those that contain actionable evidence of wrongdoing. Such complaints are reviewed and analyzed by Hotline staff to determine and coordinate appropriate action.

Pursuant to mandates set forth in the Inspector General Act of 1978, as amended, OIG's designated Whistleblower Coordinator educates SBA employees about prohibitions on retaliation for whistleblowing, as well as employees' rights and remedies if they are retaliated against for making a protected disclosure.

We will continue to review proposed revisions to SBA regulations, policies, procedures, and other directives with an emphasis on strengthening internal controls to prevent potential fraud and wasteful, confusing, or poorly planned initiatives. For the year ending September 30, 2023, OIG provided recommendations to improve 15 of the 136 proposed revisions it reviewed.

We will continue to make present responsibility referrals that can result in debarments, suspensions, and other administrative enforcement actions to foster integrity in SBA programs. During FY 2022, OIG sent 53 present responsibility referrals to SBA, and during FY 2023, OIG sent 16 present responsibility referrals to SBA.

We will 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. OIG gave 754 training and outreach sessions to approximately 7,700 attendees in FY 2022. In FY 2023, OIG conducted 623 training and outreach sessions for approximately 6,212 attendees.

We will support the strategic use of awards and recognition throughout the performance year, address workforce challenges, recognize high-performing employees and those with talent critical to mission achievement.

We will cover the cost for required OIG employee and contractor background investigations to achieve a high level of integrity in OIG's workforce. Finally, we will adjudicate OIG employees and contractors for issuance of Personal Identity Verification cards pursuant to Homeland Security Presidential Directive 12 background investigations requirements.

Budget Table

To address the challenges and risks discussed above and in the critical risks section below, the 2025 Budget requests \$67.4 million in total budgetary authority for OIG. This includes \$47.02 million in direct discretionary funding and \$20.38 million transferred from the SBA Disaster Loan Program, including \$16.674 million to support ongoing oversight of SBA’s COVID-19 EIDL portfolio.

Table 1: FY 2025 Budget Request

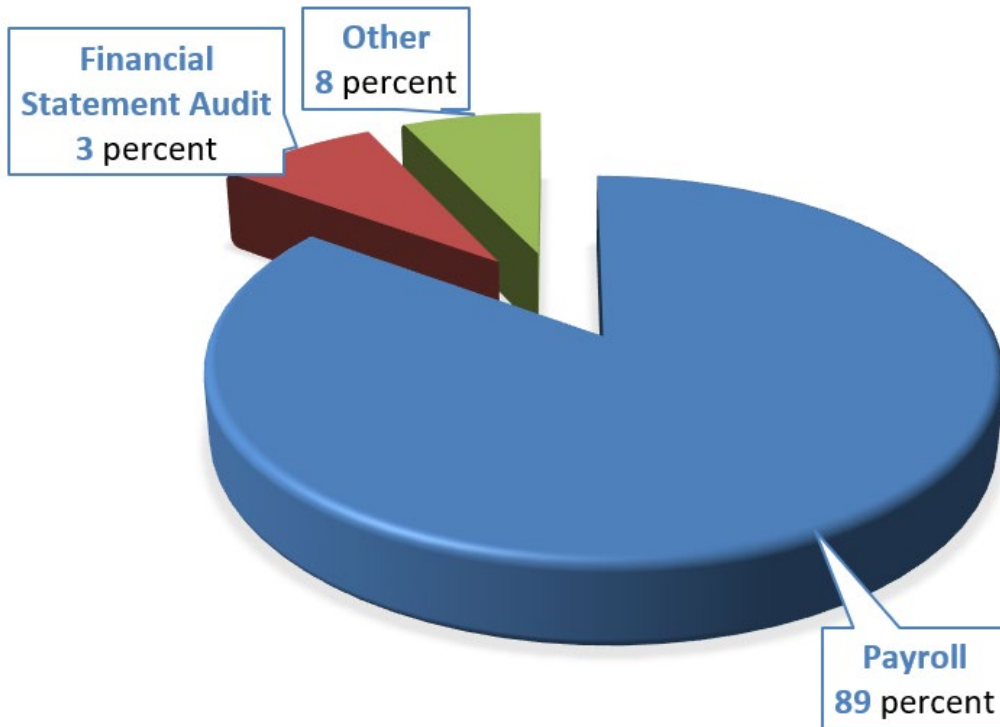
| Budget Authorizations | FY 2023 Actual (dollars in millions) | FY 2024 Annualized CR Request (dollars in millions) | FY 2025 Request (dollars in millions) |
|---|---|--|--|
| New Direct Budget Authority | \$32.020 | \$32.020 | \$47.020 |
| Transfer from Disaster Loan Program Account | \$1.600 | \$1.600 | \$3.706 |
| Transfer from Disaster Loan Program Account (COVID-19 EIDL Program Oversight) | \$0 | \$0 | \$16.674 |
| Total Amount | \$33.620 | \$33.620 | \$67.400 |

The request includes over \$1 million for training, which is sufficient to satisfy all training needs for the fiscal year. With enhanced telework and remote work options, OIG is committing to providing an annual all-hands training conference to provide strategic direction and training to its workforce. This training conference was previously held on a biennial basis.

Within this request, approximately \$270,000 will cover OIG’s funding support for the Council of the Inspectors General on Integrity and Efficiency (CIGIE), in accordance with § 6(g) of the Inspector General Act of 1978, as amended, 5 U.S.C. This contribution is .4 percent of the OIG’s FY 2025 designated funding level based on a total budget request of \$67.4 million, including the CIGIE amount.

Approximately 89 percent of the funds requested for FY 2025 will be used for salary and benefits and the anticipated 2 percent pay increase for 247 positions, as well as the cost of the annual audit of SBA’s financial statements by an independent public accountant.

Figure 2: FY 2025 Estimated Obligations



Source: OIG generated

Critical Risks Facing SBA

With available resources, OIG must focus on the most significant risks to SBA and the taxpayer. Many of these risks are addressed in OIG’s *Top Management and Performance Challenges Facing the SBA*, which OIG issues annually in accordance with the Reports Consolidation Act of 2000. In this context, OIG is providing robust oversight of SBA’s program areas, which includes more than \$1.2 trillion in pandemic response funds, \$162.9 billion in federal contracting dollars to small businesses, and a portfolio of \$713.2 billion in small business loan guaranties and direct loans, which includes loans made pursuant to the pandemic programs.

The 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 Government Accountability Office (GAO). We do not usually rank the top challenges in order of importance or magnitude, except for the COVID-19 challenge. We view all eight challenges as critically important to SBA operations in the upcoming year. However, we have placed the COVID-19 economic relief programs at the top for the last 3 years in recognition that it is the agency's most acute challenge.

SBA Top Management & Performance Challenges FY 2023

Challenge 1

SBA's Economic Relief Programs Are Susceptible to Significant Fraud Risks and Vulnerabilities

Challenge 2

Eligibility Concerns in the Small Business Contracting Programs Undermine the Reliability of Contracting Goal Achievements

Challenge 3

SBA Faces Significant Challenges in IT Investment, System Development, and Security Controls

Challenge 4

SBA Risk Management and Oversight Practices Need Improvement to Ensure the Integrity of Loan Programs

Challenge 5

SBA's Management and Monitoring of the 8(a) Business Development Program Needs Improvement

Challenge 6

Identification of Improper Payments in SBA's Loan Programs Remains a Challenge

Challenge 7

SBA's Disaster Assistance Program Must Balance Competing Priorities to Deliver Prompt Assistance but Prevent Fraud

Challenge 8

SBA Needs Robust Grants Management Oversight

Pandemic Response Programs

SBA's significant role in the nation's pandemic response is without precedent. SBA has expended more than \$1 trillion in lending authority and entrepreneurial assistance following the pandemic. The speed in which the aid had to be disbursed led the agency to lower internal controls, which increased the risk of fraud and misuse of taxpayer funds.

To support businesses affected by the COVID-19 pandemic, Congress tasked SBA with lending more than \$387 billion in COVID-19 EIDLs and \$20 billion in COVID-19 emergency advance grants. Congress also appropriated additional funds for new disaster assistance programs, \$35 billion for targeted EIDL advances, \$16.25 billion for the Shuttered Venue Operators Grant program, and \$28.6 billion for the Restaurant Revitalization Fund.

In addition, the Coronavirus Aid, Relief, and Economic Security (CARES) Act also provided \$349 billion for the creation of the Paycheck Protection Program under Section 7(a) of the Small Business Act. Congress added an additional \$310 billion to the PPP on April 24, 2020, through the Paycheck Protection Program and Health Care Enhancement Act.

On December 27, 2020, through the Consolidated Appropriations Act, 2021, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act extended the program through March 31, 2021. The Economic Aid Act provided an additional \$147.5 billion, and the American Rescue Plan Act of 2021 provided an additional \$7.2 billion in program funding, which increased the total program funding to \$813.7 billion. On March 30, 2021, the PPP Extension Act of 2021 continued the program through June 30, 2021. Applications closed May 31, 2021.

SBA's need to quickly provide relief to small businesses led the agency to reduce internal controls in pandemic-related programs, which substantially increased the fraud risk. It was immediately clear that pandemic relief efforts had drawn the attention of unscrupulous business owners and greedy criminals.

Within weeks, complaints from lenders and allegations of widespread fraudulent activity overwhelmed OIG's Hotline. We launched hundreds of investigations and initiated audits to root out the fraud and abuse endangering these critical resources. We made recommendations for corrective action in the internal control environment, seeking to achieve program effectiveness.

Small Business Access to Capital

SBA provides small businesses with capital and financial assistance through several key programs. It has a financial assistance portfolio of guaranteed and direct loans totaling \$481.5 billion. Over the years, OIG has worked closely with the agency to identify potential risks and to improve SBA's oversight and controls to ensure that only eligible participants benefit from these programs.

For example, the agency's largest lending program, the Section 7(a) loan, is SBA's principal vehicle for providing eligible 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 made by lenders with SBA 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 Recovery and Resilience, SBA provides long-term, low-interest financial assistance to businesses of all sizes, private nonprofit organizations, homeowners, and renters following a declared disaster. Each year, SBA approves hundreds of millions in disaster assistance loans.

The disaster assistance loan program is the only form of SBA assistance not limited to small businesses; the program's disaster assistance 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: home disaster, physical business disaster, economic injury, and military reservist economic injury loans.

Unfortunately, the need to disburse such loans quickly poses many complications, which can create opportunities for dishonest applicants to commit fraud. OIG and GAO audits have identified that SBA's disaster assistance loans have been vulnerable to fraud and losses in the past because loan transactions are often expedited to provide quick relief to disaster survivors. Disaster lending personnel, who are brought into the workforce quickly, may lack 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 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 FY 2023, the federal government aimed for 23 percent of these award dollars to go to small businesses. SBA reported that the federal government exceeded the goal in FY 2022, awarding 26.5 percent, or \$162.9 billion, in federal contract dollars to small businesses — an \$8.7 billion increase from the previous year.

To accomplish this goal, SBA has specific programs that focus on strengthening particular small businesses, including firms owned and controlled by service-disabled veterans or women (WOSBs), and small businesses that are disadvantaged or located in historically underutilized business zones (HUBZone). 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, service-disabled veteran, and 8(a) programs to wrongfully receive preference for government contracts. OIG and other federal investigations have identified schemes in which companies owned or controlled by non-disadvantaged persons falsely claim to be disadvantaged 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 (SBDC); SCORE, a national mentor network; and Women's Business Centers. The Office of Veteran Business Development partners with Veterans Business Outreach Centers (VBOC) to administer veteran technical assistance and training programs, which includes 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 business owners and entrepreneurs. SBA primarily 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 combined 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, which can be a waste of taxpayer resources. Our review of the SCORE program also identified similar weaknesses in SBA's oversight of federal funds, including funds used for unallowable, unallocable, unreasonable expenses, and inaccurate performance results.

Under the Disaster Relief Appropriations Act, 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 grants for disaster assistance.

In 2020, SBA administered the \$240 million provided under the CARES Act for the resource partners to provide counseling, training, and related assistance to small businesses adversely affected by the COVID-19 pandemic. OIG reviewed the procedures SBA used to award the grants and found improvement was needed to ensure the agency set meaningful performance goals to assess program achievements. SBA is also awarded a \$25 million cooperative agreement to resource partner associations to establish a single centralized hub for information related to COVID-19.

This included a training program to educate resource partner counselors and mentors on the COVID-19 information available to assist affected small businesses. OIG reviewed the implementation of the training program and found that SBA did not establish expectations for performance goals. As a result, SBA was unable to hold the grant recipient accountable when the training program was hardly used. Also, SBA did not ensure the grant recipient awarded contracts in accordance with federal regulations.

In FY 2021, SBA established the Community Navigator Pilot Program as authorized by the American Rescue Plan Act of 2021. SBA awarded grants to private nonprofit organizations, resource partners, states, tribes, and units of local government to strengthen outreach to underserved businesses and improve access to pandemic relief programs and recovery services for small businesses. OIG is currently assessing SBA's implementation of the pilot program to include the effectiveness of corrective actions identified in prior audits and reviews.

SBA also provides grants to states through its State Trade Expansion Program (STEP), 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's 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. 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. As international business and travel were adversely affected by the pandemic, the CARES Act provided extensions for STEP funding that will require additional oversight to ensure funds are used for their intended purposes.

Agency Management

OIG is responsible for ensuring that agency management appropriately safeguards SBA from fraud, waste, and abuse, and that SBA activities further agency goals. As part of these efforts, OIG works with the SBA 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.

Congress supplemented SBA's appropriations by approximately \$4.6 billion to administer over \$1 trillion dollars of authorized economic stimulus for small businesses. SBA used most of these funds to procure goods and services to support SBA's prompt implementation of the CARES Act programs. This spending is a sixfold increase over typical annual procurements for the agency.

SBA's IT systems play a vital role in managing the agency's operations and programs, including nearly \$1 trillion dollars in its loan portfolios. 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. OIG also supports SBA's mission by conducting criminal, civil, and administrative investigations involving agency programs and operations. The OIG Hotline is poised to receive complaints of fraud, waste, abuse, and mismanagement from the public, agency employees, its contractors, grantees, and stakeholders. OIG serves as a government-wide training resource for small business fraud and enforcement issues. OIG also plays a vital role in raising awareness of fraud schemes and vulnerabilities for SBA lending partners and other entities involved in agency programs. 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 2024 and 2025, 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 and conducting criminal, civil and administrative investigations to root out fraud, waste, and abuse. Several areas of emphasis are discussed below.

Pandemic Response Oversight

Congress authorized SBA with over \$1 trillion in pandemic assistance lending authority, as such, OIG has made this our highest oversight priority.

On June 27, 2023, OIG published the *COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape*. We conducted this review to provide a comprehensive estimate of the potential fraud in the SBA pandemic assistance loan programs. The fraud landscape not only provided policymakers with an understanding of the fraud perpetuated against SBA, but it also provides OIG the insight necessary to prioritize and lead investigative efforts across the nation, particularly in task forces and strike forces led by DOJ.

Using OIG's investigative casework, prior OIG reporting, advanced data analytics, and additional review procedures, we estimate SBA disbursed more than \$200 billion in potentially fraudulent COVID-19 EIDLs and PPP loans. This estimate represents

approximately 17 percent of disbursed COVID-19 EIDLs and PPP funds — specifically, more than \$136 billion COVID-19 EIDLs and \$64 billion in PPP funds.

In February 2023, OIG released its Audits Division 2023 Oversight Plan. Our comprehensive oversight plan uses all available OIG resources to provide timely, objective, and independent oversight of the PPP, EIDL, Shuttered Venue Operators Grant, Restaurant Revitalization Fund, and entrepreneurial development resources being implemented by SBA pursuant to congressional mandate.

To support businesses affected by the COVID-19 pandemic, in FY 2021, Congress tasked SBA with lending more than \$387 billion in COVID-19 EIDLs and \$20 billion in COVID-19 emergency grants. In FY 2021, Congress appropriated additional funds for new disaster assistance programs: \$35 billion for targeted and supplemental EIDL advances; \$16.25 billion for the SVOG program; and \$28.6 billion for the RRF. In addition, the CARES Act also provided \$349 billion for the creation of the PPP under Section 7(a) of the Small Business Act. Congress added an additional \$310 billion to the PPP on April 24, 2020, through the Paycheck Protection Program and Health Care Enhancement Act. On December 27, 2020, through the Consolidated Appropriations Act, 2021, the Economic Aid to Hard Hit Small Businesses, Nonprofits, and Venues Act extended the program through March 31, 2021. The Economic Aid Act provided an additional \$147.5 billion in program funding and the American Rescue Plan Act of 2021 provided an additional \$7.2 billion in program funding, which increased the total program funding to \$813.7 billion. On March 30, 2021, the PPP Extension Act of 2021 extended the program through June 30, 2021, with May 31, 2021, as the last day for acceptance of applications.

SBA response to the COVID-19 pandemic made FY 2020 a historic year in loan applications, approvals, and disbursements. To put SBA's effort in FY 2020 and going into FY 2021 in perspective, SBA had approved \$2.2 million in disaster loans, which is included in a total of \$66.7 billion in SBA's entire history since 1953. As of June 26, 2020, SBA had approved and distributed more disaster loans for COVID-19 than for all other disasters combined in the history of SBA. For Hurricanes Katrina, Rita, and Wilma, the agency approved 160,845 loans for \$11 billion. For Superstorm Sandy, the agency approved 38,094 loans for \$2.6 billion. For Hurricanes Harvey, Irma, and Maria, the agency approved 25,991 loans for \$1.16 billion. As of July 31, 2020, the agency had approved over 3.5 million COVID-19 EIDLs for over \$187.2 billion. By April 12, 2020, SBA had received more than 15 million loan applications. Before the pandemic, the agency averaged about 65,000 per year.

The pandemic loans will perform in the portfolio for up to 30 years. As loans go into default, whistleblowers come forward and data analysis continues, OIG will continue to identify prosecutable fraud charges for up to 10 years.

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. In addition, the CARES Act and Paycheck Protection Program and Health Care Enforcement Act expanded eligible entities for COVID-19 relief to include businesses, cooperatives, employee stock ownership plans, and tribal concerns with less than 500 employees, sole proprietorships with or without employees, independent contractors, and agricultural enterprises. The program included four categories of loans for disaster-related losses: home disaster loans, business disaster loans, EIDL, and military reservist economic injury loans.

OIG's resources are currently focused on providing oversight of PPP funds and combating fraud, waste, and abuse in PPP and other programs. We currently have 10 ongoing reviews involving PPP, EIDL, and entrepreneurial development programs. These reviews are focused on SBA's loan review and forgiveness processes, handling of potentially fraudulent PPP loans, initial disaster assistance response to COVID-19, implementation of subsidies for 7(a) loan payments, oversight of the resource partner associations' implementation of the CARES Act requirements, and another award procedures for cooperative agreements. Additionally, OIG identified several areas that will warrant future audits and reviews, including eligibility and forgiveness, third-party processors (fintechs), 7(a) and 504 lending, and reviews of the SBDCs and Women's Business Centers compliance with CARES Act cooperative agreement requirements. OIG will also assess SBA's use of contractors and its contracting practices in implementing pandemic response responsibilities, as well as IT security and infrastructure. OIG's robust oversight of these programs will continue for the foreseeable future.

Criminals used a wide array of techniques to fraudulently obtain PPP and EIDLs. Since March 2020, we have initiated hundreds of investigations involving complaints of fraud, with noteworthy results in arrests, indictments, and convictions being reported daily by DOJ. Among these accomplishments was the first case in the nation against defendants fraudulently seeking PPP loans, announced on May 5, 2020. This achievement was the result of dedicated work by OIG criminal investigators and its law enforcement partners. With the tens of thousands of allegations of wrongdoing reported to our OIG Hotline and data analysis efforts, the number of criminal investigations will increase rapidly. Further changes in the program terms (such as loan terms) could increase new complaints; however, we anticipate a resurgence of allegations of wrongdoing when the PPP shifts to forgiveness, with documentation to substantiate eligibility and use of proceeds facing scrutiny. Even though the term on these loans is only up to 5 years, statute of limitations for this fraud will be active beyond 2030.

Small Business Access to Capital

SBA provides small businesses with capital and financial assistance through several key programs. SBA has a financial assistance portfolio of guaranteed and direct loans that totaled about \$481.5 billion as of September 30, 2023. Over the years, OIG has worked closely with the agency to identify potential points of risk and improve SBA's oversight and controls to ensure eligible participants most in need of assistance benefit from these programs.

The Section 7(a) loan 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 (such as borrowers, loan agents, and lenders) to complete loan transactions.

SBA has centralized several loan approval and servicing functions and reduced the number of staff performing these functions, placing more responsibility on, and giving greater independence to lenders. Past OIG reviews have reported on these trends, and OIG continues to identify weaknesses in SBA's lender and loan agent oversight processes.

As recently as 2020, SBA stated it did not have the administrative resources to regulate and oversee new Small Business Lending Centers in the nationwide 7(a) lending platform beyond the current 14 centers. SBA is now amending its business loan program regulations to add a new type of lending entity called a Community Advantage Small Business Lending Center. SBA is also removing the requirement for a loan authorization in the 7(a) and 504 Certified Development Company Loan programs. The goal of these changes is to expand access to capital to small businesses and drive economic recovery. The 504 loan helps qualifying entrepreneurs who cannot find traditional financing purchase or renovate real estate or buy heavy equipment for a small business through a lender and a certified development company.

SBA must take intentional steps to implement internal control systems for new Small Business Lending Centers. OIG will need to assess changes proposed by SBA due to the increased risks for both the 7(a) and 504 programs.

SBA has also taken steps through pending final rules to expand non-federally regulated lenders' participation in the program. It is anticipated these lenders will use financial technology (fintech) companies in a similar way that we saw in the PPP. Fintech provides these non-federally regulated lenders and Small Business Lending Centers, which are collectively referred to as SBA Supervised Lenders, with the capacity to reach underserved markets. Highly regulated depository institutions (such as banks or savings associations), which are the backbone of the 7(a) loan program, also use fintech

in making services available to anyone with access to the internet. OIG's past and ongoing work can inform critical decisions to plan and deliver the 7(a) loan program to qualifying American small business owners.

Criminals use a wide array of techniques to fraudulently get — or induce others to obtain — SBA-guaranteed loans. The techniques include submitting fraudulent documents, making fictitious asset claims, manipulating listed property values, using loan proceeds contrary to the terms of the loans, and failing to disclose debts or previous 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, recovering taxpayer funds.

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. In addition to the significant work, our focus in recent years has been on providing oversight to SBA's disaster assistance to victims of Hurricanes Sandy, Harvey, Irma, Maria, Florence, and most recently, SBA's initial response to Hurricanes Ian and Fiona; the Maui wildfires; and Hurricane Idalia. As SBA responds to these disasters, our oversight plans take shape, and our work continues to root out fraud, waste, and abuse. Aided by vital supplemental funding, our Audits Division initially focuses its reviews on timeliness, eligibility, technical assistance grants, and early defaults. Traditionally, our audit reviews are followed by a surge of investigative activity; however, with our burgeoning data analytics program, we will soon have the potential to detect and combat fraud as the programs are being implemented.

In addition to reviews of Hurricane Sandy loans, OIG performed audits to assess SBA's response associated with other devastating disasters. During 2017, three additional hurricanes hit the country. In August, Hurricane Harvey struck Texas. 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 hit the U.S. Virgin Islands and Puerto Rico. The National Oceanic and Atmospheric Administration estimated damages for the three hurricanes at \$265 billion. They ranked 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. OIG has several reviews ongoing and directly oversaw SBA's response to Hurricanes Ian and Fiona.

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.

In 2020, despite our primary focus on COVID-19 related matters, we also assessed the Office of Disaster Assistance improper payment appeal process and its compliance with the Debt Collection Improvement Act. We will continue to evaluate potential risks in the program, such as SBA's continued response to COVID-19 EIDLs, eligibility requirements, use of proceeds, proof of insurance, early COVID-19 defaulted loans, timely program delivery, loan affordability, and training of reserve workforce. Our disaster loan program audits will assess whether SBA processed homeowner and business loans in accordance with the agency's procedures and established goals and ensured applicant eligibility.

For investigations, OIG will focus efforts on areas of known risk, such as unauthorized use of loan proceeds, overstatement of financial losses, materially 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. Since 2006, OIG has conducted dozens of criminal investigations involving disaster loans resulting in hundreds of arrests, indictments/informations, and convictions. As of September 30, 2022, OIG has 11 open cases involving disaster loans with potential dollar losses of nearly \$2.2 million. From FY 2006 through FY 2022, OIG, in conjunction with other law enforcement agencies, conducted 163 arrests, 177 indictments/informations, and 172 convictions related to wrongdoing in SBA's Disaster Assistance Program. These investigations have resulted in over \$27.2 million in court-ordered restitution and related recoveries. In addition, \$7.2 million in loans was denied to potentially fraudulent borrowers.

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. Since 2014, OIG, in conjunction with other law enforcement agencies, has conducted criminal investigations resulting in 61 indictments/informations and 47 convictions related to wrongdoing in SBA's Disaster Assistance loan program for Hurricane Sandy. The first OIG Sandy investigation was opened in May 2013. Subsequently, OIG has had 88 Sandy cases, totaling nearly \$16 million in potential fraud.

In the aftermath of Hurricane Harvey, OIG collaborated with federal and local agencies to coordinate responses to disaster assistance fraud. These partners included the National Center for Disaster Fraud in Baton Rouge, Louisiana, as well as the U.S.

Attorney's Office. OIG also worked with SBA program offices to alert Hurricane Harvey victims about possible fraud schemes, particularly identity theft. From FY 2018 through FY 2022, 16 Hurricane Harvey cases had been opened, with potential dollar losses exceeding \$3.1 million. During that time, there were six indictments and four convictions.

In the case of the geographically widespread Hurricanes Irma and Maria, OIG coordinated its efforts with task forces consisting of other law enforcement agencies and United States Attorney's Offices, as well as following up on leads from National Center for Disaster Fraud. OIG made field visits to promote its investigative mission to stakeholders in the affected areas. From FY 2018 through FY 2022, 21 cases related to Hurricanes Irma and Maria were opened, with potential dollar losses of nearly \$1.2 million. During that time, there were five indictments and five convictions. OIG anticipates its oversight of Hurricanes Ian and Fiona will parallel the geographically widespread nature of Hurricanes Irma and Maria.

Contracting and Counseling Programs

The U.S. government is the largest single purchaser of goods and services in the world, awarding over \$550 billion in prime contracts annually. SBA works to maximize opportunities for small businesses to receive these contract awards. As mandated by the Small Business Act, the government-wide goal is to award at least 23 percent of contract dollars to small businesses.

SBA has specific programs that focus on strengthening particular small businesses, like those owned by service-disabled veterans and women, as well as small businesses that are disadvantaged or located in historically underutilized business zones (HUBZones).

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 helps small businesses owned by socially and economically disadvantaged individuals gain business skills and access to federal contracting opportunities so they can better compete in the open marketplace. The program offers free business development education, training workshops, and match-making opportunities with federal buyers.

SBA also aids existing and prospective small businesses through a variety of counseling and training services offered by partner organizations. Among these partners are Small Business Development Centers, the SCORE mentoring network, Women's Business Centers, and Veterans Business Outreach Centers. SBA also started the Community Navigator Pilot Program, an American Rescue Plan initiative. The program will provide funding to organizations that will work with local community groups to improve access to SBA and government resources.

Additionally, SBA designed the Boots to Business program, providing transitioning service members interested in exploring business ownership or other self-employment opportunities with technical assistance and access to resources. These programs require effective and efficient management, outreach, and service delivery.

Financial Management and Information Technology

OIG will continue to oversee the audits of SBA's financial statements, as well as Federal Information Security Management Act 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 because of the volume and breadth of COVID-19 assistance programs. SBA received a disclaimer of opinion on its 2023 financial statement audit, and OIG is working with the agency to improve its financial controls. 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. This area remains one of the most serious management challenges facing the agency. OIG plans to continue monitoring 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 perform evaluations to improve SBA's controls over cybersecurity threats and vulnerabilities. OIG will continue its mandated reviews of SBA's compliance with the Digital Accountability and Transparency Act (DATA), the Improper Payments and Elimination Recovery Act, and purchase card and cash gifts acceptance and reporting guidelines.

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 this work, OIG coordinates 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.

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 beta.Certify.sba.gov platform. 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.

Verification Inspection Program

Over the years, Congress and other stakeholders have expressed concern about unimplemented OIG recommendations government wide. Recognizing the importance of assuring the agency has implemented OIG recommendations, we instituted a verification inspection program. This program will involve follow-up reviews to ensure SBA has implemented agreed-upon corrective actions and that they are operating as intended. Given the magnitude and significance of our previous, ongoing, and planned work, particularly considering SBA's role in the COVID-19 response, it is imperative for us to have adequate funding and staffing to meet this organizational need.

Other OIG Activities

In addition to investigations, audits, inspections, and other reviews, OIG will provide leadership and recommend policies for activities designed to promote economy, efficiency, and effectiveness, and to prevent and detect fraud and abuse in such programs and operations. The activities described here ensure that OIG can fulfill this statutory mandate and leverage external entities through training and outreach activities.

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.

The Hotline also handles the Freedom of Information Act (FOIA) program which involves the review, and processing of FOIA requests from the public. OIG FOIA staff are responsible for interacting and coordinating requests with the applicable SBA program office, contacting FOIA requestors, reviewing and redacting documentation,

and preparing responses to the requestors. FOIA requests are submitted through an online portal, via e-mail, or through U.S. mail.

OIG Whistleblower Program

Pursuant to the Whistleblower Protection Coordination Act, OIG has designated a Whistleblower Coordinator within the Office of Counsel 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 OIG 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.

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. The office also adjudicates OIG employees and contractors for issuance of Personal Identity Verification cards pursuant to Homeland Security Presidential Directive 12 requirements.

Review of Proposed Regulations and Initiatives

OIG reviews changes SBA proposes to make to its program directives, such as regulations, internal operating procedures, agency policy notices, and SBA forms completed by the public. OIG often identifies material weaknesses in the proposals and works with the agency to promote more effective controls to deter waste, fraud, and abuse.

Debarment and Administrative Enforcement Actions

OIG promotes program integrity by making present responsibility referrals to SBA and other agencies. Present responsibility means the business ethics, integrity, honesty, and competence of persons who participate in SBA programs or otherwise do business with the government.

Present responsibility referrals can result in suspensions, debarments, and similar administrative enforcement actions. These actions protect taxpayer funds from program participants who are not a good risk for the government.

A typical OIG referral contains a summary of allegations and criminal, civil, administrative, or other evidence supporting the recommendation. Most OIG administrative referrals involve SBA's loan and contract programs. OIG ensures that a suspension and debarment official reviews all appropriate allegations arising in other contexts, such as the investigation of False Claims Act cases.

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.

OIG Performance and Statistical Accomplishments

During FY 2021, OIG provided a historic and exponential return on investment to taxpayers with \$4.2 billion in dollar accomplishments, which includes investigative recoveries, fines, and forfeitures, as well as review findings of disallowed costs. OIG's oversight efforts in FY 2022 exceeded this return on investment with dollar accomplishments over \$4.8 billion. Adding to these consistent successes, OIG continued to provide a landmark return on investment in FY 2023 with another \$4.2 billion in dollar accomplishments to American taxpayers.

OIG's PPP and EIDL oversight and investigative work has resulted in 1,255 indictments, 985 arrests, and 683 convictions as of December 31, 2023. Also, over \$8 billion has been returned by financial institutions to SBA related to the EIDL programs. SBA has also received over \$20 billion in EIDL funds that have been returned by borrowers. OIG has played a key role in the return of these funds through working with our law enforcement partners, financial institutions, and educating the public about fraud in the pandemic relief programs, which has served as a deterrent. Also, consistent with the recommendations in our oversight work published in OIG Reports 23-16 and 22-25, the agency has completed comprehensive cost benefit analyses that substantiate the pursuit of collections on \$30 billion in EIDL and PPP loans under \$100,000.

Statistical Highlights in FY 2022

Table 2: FY 2022 Summary of OIG Dollar Accomplishments

| Dollar Accomplishments as a Result of Investigations and Related Activities | Amount |
|--|-----------------|
| Potential Investigative Recoveries and Fines | \$184,925,326 |
| Other Recoveries (e.g., administrative seizures with partner law enforcement agencies) | \$89,564,199 |
| Asset Forfeitures Attributed to OIG Investigations | \$33,468,574 |
| Loans/Contracts Not Approved or Canceled as a Result of Investigations | \$8,865,853 |
| Investigations Subtotal | \$316,823,952 |
| Dollar Accomplishments as a Result of Audit Activities | Amount |
| Disallowed Costs Agreed to by Management | \$4,500,000,000 |
| Recommendations that Funds Be Put to Better Use Agreed to by Management | 0 |
| Audit Subtotal | 4,500,000,000 |
| Total OIG Dollar Accomplishments | \$4,816,823,952 |

Table 3: FY 2022 Efficiency and Effectiveness Activities Related to Audit, Other Reports, and Follow-up Activities

| Activities | Amount |
|---|-----------------|
| Reports Issued | 25 |
| Recommendations Issued | 129 |
| Dollar Value of Costs Questioned | \$4,662,253,423 |
| Dollar Value of Recommendations that Funds Be Put to Better Use | 0 |
| Recommendations for Which Management Decisions Were Made | 105 |
| Recommendations Without a Management Decision | 40 |
| Collections as a Result of Questioned Costs | 0 |

Table 4: FY 2022 Indictments, Convictions, and Case Actions

| Actions | Amount |
|----------------------------|---------------|
| Indictments from OIG Cases | 294 |
| Convictions from OIG Cases | 194 |
| Cases Opened | 559 |
| Cases Closed | 289 |

Table 5: FY 2022 SBA Personnel Actions Taken as a Result of Investigation

| Actions | Amount |
|--------------------------|---------------|
| Dismissals | 0 |
| Resignations/Retirements | 0 |
| Suspensions | 0 |
| Reprimands | 0 |
| Other | 0 |

Table 6: FY 2022 Program Actions Taken During the Reporting Period as Result of OIG Action

| Actions | Amount |
|--|---------------|
| Present Responsibility Referrals to the Agency | 53 |
| Pending at the Agency as of March 31, 2021 | 49 |
| Suspensions Issued by the Agency | 7 |
| Proposed Debarments Issued by the Agency | 23 |
| Final Debarments Issued by the Agency | 15 |
| Proposed Debarments Declined by the Agency | 0 |
| Administrative Agreements Entered by the Agency in Lieu of Debarment | 0 |
| Present Responsibility Actions by Other Agencies | 0 |

Table 7: FY 2022 Agency Legislative and Regulatory Proposals Reviewed

| Actions | Amount |
|--|---------------|
| Legislation, Regulations, Standard Operating Procedures, and Other Issuances Reviewed | 142 |
| Comments Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances | 24 |

Reports Issued in FY 2022

Table 8: Top Management Challenges

| Title | Report Number | Issue Date | Questioned Costs (dollars) | Funds for Better Use (dollars) |
|---|---------------|------------|----------------------------|--------------------------------|
| Top Management and Performance Challenges Facing the SBA in FY 2022 | 22-02 | 10/15/2021 | 0 | 0 |
| Program Subtotal | 1 | — | 0 | 0 |

Table 9: Agency Management

| Title | Report Number | Issue Date | Questioned Costs (dollars) | Funds for Better Use (dollars) |
|---|---------------|------------|----------------------------|--------------------------------|
| SBA's Controls Over Cash Contribution and Gifts FY 2021 and 2022 | 22-03 | 10/28/2021 | 0 | 0 |
| Independent Auditors' Report on SBA's Compliance with DATA Act Reporting | 22-04 | 11/8/2021 | 0 | 0 |
| Independent Auditors' Report on SBA's FY 2021 Financial Statements | 22-05 | 11/15/2021 | 0 | 0 |
| COVID-19 EIDL Program Recipients on the Department of Treasury's Do Not Pay List | 22-06 | 11/30/2021 | 0 | 0 |
| FY 2021 FISMA Review | 22-11 | 4/28/2022 | 0 | 0 |
| Independent Auditors' Report on SBA's Fiscal Year 2021 Compliance with the PIIA of 2019 | 22-12 | 5/17/2022 | 0 | 0 |
| SBA's Controls Over Cash Contributions and Gifts Fiscal Years 2022 and 2021 | 22-14 | 6/15/2022 | 0 | 0 |
| COVID-19 and Disaster Assistance Information Systems Security Controls | 22-19- | 9/27/2022 | 0 | 0 |

| | | | | |
|--|-------|-----------|---|---|
| SBA's Corrective Actions to Improve Monitoring District Offices' Customer Service Activities | 22-23 | 9/30/2022 | 0 | 0 |
| Program Subtotal | 9 | — | 0 | 0 |

Table 10: Credit/Capital Programs

| Title | Report Number | Issue Date | Questioned Costs (dollars) | Funds for Better Use (dollars) |
|---|---------------|------------|----------------------------|--------------------------------|
| SBA's Paycheck Protection Program Loan Review Processes | 22-09 | 2/28/2022 | 0 | 0 |
| SBA's Handling of Potentially Fraudulent PPP Loans | 22-13 | 5/26/2022 | 0 | 0 |
| The 7(a) Loan Guaranty Approval Process | 22-18 | 9/20/2022 | 0 | 0 |
| Paycheck Protection Program Eligibility for Nonprofit Organizations | 22-21 | 9/26/2022 | \$3,544,216 | 0 |
| SBA's Guaranty Purchases for PPP Loans | 22-25 | 9/30/2022 | 0 | 0 |
| Program Subtotal | 5 | — | \$3,544,216 | 0 |

Table 11: Contracting/Counseling Programs

| Title | Report Number | Issue Date | Questioned Costs (dollars) | Funds for Better Use (dollars) |
|--|----------------------|-------------------|-----------------------------------|---------------------------------------|
| SBA's Oversight of the Grant Recipient's Implementation of the CARES Act Resource Partners Training Portal | 22-07 | 1/18/2022 | \$14,762,774 | 0 |
| SBA's Business Development Assistance to 8(a) Program Participants | 22-08 | 2/14/2022 | \$93,146,292 | 0 |
| Evaluation Of SBA's Contract for Disaster Assistance Loan Recommendation Services | 22-10 | 4/14/2022 | \$13,046,125 | 0 |
| Inspection of SBA's Award and Payment Practices in the Shuttered Venue Operators Grant Program | 22-15 | 7/5/2022 | \$35,784,816 | 0 |
| SBA's Implementation of the Women-Owned Small Business Certification Program | 22-20 | 9/29/2022 | 0 | 0 |
| SBA's Protest Process | 22-24 | 9/30/2022 | 0 | 0 |
| Program Subtotal | 6 | — | \$156,740,007 | 0 |

Table 12: Disaster Assistance

| Title | Report Number | Issue Date | Questioned Costs (dollars) | Funds for Better Use (dollars) |
|--|----------------------|-------------------|-----------------------------------|---------------------------------------|
| SBA Emergency EIDL Grants to Sole Proprietors and Independent Contractors | 22-01 | 10/7/2021 | \$4,500,000,000 | 0 |
| SBA's COVID-19 EIDL Program Data Migration Challenges | 22-16 | 7/19/2022 | 0 | 0 |
| Evaluation of COVID-19 EIDL Applications Submitted from Foreign IP Addresses | 22-17 | 9/12/2022 | 0 | 0 |
| Follow-up Inspection of SBA's Internal Controls to Prevent COVID-19 EIDLs to Ineligible Applicants | 22-22 | 9/29/2022 | \$1,969,200 | |
| Program Subtotal | 4 | — | \$4,501,969,200 | 0 |

Statistical Highlights in FY 2023

Table 13: FY 2023 Summary of OIG Dollar Accomplishments

| | |
|--|------------------------|
| Dollar Accomplishments as a Result of Investigations and Related Activities | — |
| Potential Investigative Recoveries and Fines | \$274,489,206 |
| Other Recoveries (e.g., administrative seizures with partner law enforcement agencies) | \$24,279,932 |
| Asset Forfeitures Attributed to OIG Investigations | \$87,680,566 |
| Loans and Contracts Not Approved or Canceled as a Result of Investigations | \$1,410,540 |
| Investigations Subtotal | \$387,860,244 |
| Dollar Accomplishments as a Result of Audit Activities | — |
| Disallowed Costs Agreed to by Management | \$3,807,280,585 |
| Recommendations that Funds Be Put to Better Use Agreed to by Management | 0 |
| Audit Subtotal | \$3,807,280,585 |
| Total OIG Dollar Accomplishments | \$4,200,151,211 |

Table 12: FY 2023 Efficiency and Effectiveness Activities Related to Audit, Other Reports, and Follow-up Activities

| | |
|---|-----------------|
| Reports Issued | 16 |
| Recommendations Issued | 75 |
| Dollar Value of Costs Questioned | \$3,812,290,967 |
| Dollar Value of Recommendations that Funds Be Put to Better Use | 0 |
| Recommendations with Management Decisions | 75 |
| Recommendations without Management Decisions | 1 |
| Collections as a Result of Questioned Costs | \$1,367,417 |

Table 13: FY 2023 Indictments, Convictions, and Case Actions

| | |
|----------------------------|-----|
| Indictments from OIG Cases | 445 |
| Convictions from OIG Cases | 216 |
| Cases Opened | 195 |
| Cases Closed | 249 |

Table 14: FY 2023 SBA Personnel Actions Taken as a Result of Investigation

| | |
|------------------------------|---|
| Dismissals | 0 |
| Resignations and Retirements | 0 |
| Suspensions | 0 |
| Reprimands | 0 |

Table 15: FY 2023 Program Actions Taken During the Reporting Period as Result of OIG Action

| | |
|--|----|
| Present Responsibility Referrals to the Agency | 16 |
| Pending at the Agency as of September 30, 2023 | 5 |
| Suspension Issued by the Agency | 59 |
| Proposed Debarments Issued by the Agency | 59 |
| Final Debarments Issued by the Agency | 11 |
| Proposed Debarments Declined by the Agency | 0 |
| Administrative Agreements Entered by the Agency in Lieu of Debarment | 1 |
| Present Responsibility Actions by Other Agencies | 0 |

**Table 16: FY 2023 Agency Legislative and Regulatory Proposals
Reviewed**

| | |
|---|-----|
| Legislation, Regulations, Standard Operating Procedures, and Other Issuances Reviewed | 136 |
| Comment Memoranda Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances | 15 |

Reports Issued in FY 2023

Table 17: 2023 Top Management Challenges

| Title | Report Number | Issue Date | Questioned Costs (dollars) | Funds for Better Use (dollars) |
|---|---------------|------------|----------------------------|--------------------------------|
| Top Management and Performance Challenges Facing the SBA in FY 2023 | 23-01 | 10/14/2022 | 0 | 0 |
| Program Subtotal | 1 | — | 0 | 0 |

Table 8: 2023 Agency Management

| Title | Report Number | Issue Date | Questioned Costs (dollars) | Funds for Better Use (dollars) |
|---|---------------|------------|----------------------------|--------------------------------|
| Independent Auditors' Report on SBA's FY 2022 Financial Statements | 23-02 | 11/15/2022 | 0 | 0 |
| FY 2022 FISMA Review | 23-03 | 12/13/2022 | 0 | 0 |
| SBA's Controls Over Cash Contribution and Gifts FY 2022 | 23-04 | 12/19/2022 | 0 | 0 |
| 00SBA's Controls Over Cash Contributions and Gifts, FYs 2023 and 2022 | 23-06 | 4/27/2023 | 0 | 0 |
| Independent Auditors' Report on SBA's FY 2022 Compliance with the PII Act of 2019 | 23-07 | 5/15/2023 | 0 | 0 |
| Program Subtotal | 5 | — | — | — |

Table 9: 2023 Credit/Capital Programs

| Title | Report Number | Issue Date | Questioned Costs (dollars) | Funds for Better Use (dollars) |
|--|---------------|------------|----------------------------------|--|
| White Paper: 7(a) Loan Program During SBA's Response to the COVID-19 Pandemic | 23-05 | 3/21/2023 | 0 | 0 |
| Serious Concerns Regarding the Return of PPP Funds | 23-08 | 5/31/2023 | 0 | 0 |
| COVID-19 Pandemic EIDL and PPP Loan Fraud Landscape | 23-09 | 6/27/2023 | 0 | 0 |
| SBA's Reporting of Loan Data to a Commercial Credit Reporting Agency | 23-13 | 9/21/2023 | 0 | 0 |
| SBA's Corrective Actions to Improve Controls Over 7(a) Loans Sold on the Secondary Market | 23-14 | 9/27/2023 | 0 | 0 |
| Program Subtotal | 5 | — | 0 | 0 |

Table 10: 2023 Contracting/Counseling Programs

| Title | Report Number | Issue Date | Questioned Costs (dollars) | Funds for Better Use (dollars) |
|--|----------------------|-------------------|-----------------------------------|---------------------------------------|
| SBA's Administrative Process to Address Potentially Fraudulent RRF Awards | 23-10 | 7/5/2023 | \$278,570,834 | 0 |
| SBA's Awards for Staffing Support for COVID-19 Economic Relief Loan Programs | 23-11 | 7/26/2023 | \$5,010,382 | 0 |
| SBA's Corrective Actions to Improve Oversight of the SCORE Association | 23-12 | 9/21/2023 | 0 | 0 |
| SBA's Oversight of Restaurant Revitalization Fund Recipients | 23-15 | 9/29/2023 | \$3,528,709,751 | 0 |
| Program Subtotal | 4 | — | \$3,812,290,967 | 0 |

Table 11: 2023 Disaster Assistance

| Title | Report Number | Issue Date | Questioned Costs (dollars) | Funds for Better Use (dollars) |
|---|----------------------|-------------------|-----------------------------------|---------------------------------------|
| Ending Active Collections on Delinquent COVID-19 Economic Injury Disaster Loans | 23-16 | 9/29/2023 | 0 | 0 |
| Program Subtotal | 1 | — | 0 | 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 2025 Budget Request

| Budget Authorizations | FY 2023 Actual (dollars in millions) | FY 2024 Annualized CR Request (dollars in millions) | FY 2025 Request (dollars in millions) | FY 2025 Increase/ Decrease (dollars in millions) |
|---|---|---|--|--|
| Base Budget | \$32.020 | \$32.020 | \$47.020 | \$15.000 |
| Transfer from Disaster Loan Program Account | \$1.600 | \$1.600 | \$3.706 | \$2.106 |
| Transfer from Disaster Loan Program Account (COVID-19 EIDL Program Oversight) | \$0 | \$0 | \$16.674 | \$16.674 |
| Total | \$33.620 | \$33.620 | \$67.400 | \$33.780 |

The request includes over \$1 million for training, which is sufficient to satisfy all training needs for the fiscal year. With enhanced telework and remote work options, OIG is committing to providing an annual all-hands training conference to provide strategic direction and training to its workforce. This training conference was previously held on a biennial basis.

Within this request, approximately \$270,000 will cover OIG’s funding support for the Council of the Inspectors General on Integrity and Efficiency (CIGIE), in accordance with § 6(g) of the Inspector General Act of 1978, as amended, 5 U.S.C. This contribution is .4 percent of OIG’s FY 2024 designated funding level based on a total budget request of \$67.400 million, including the CIGIE amount.

OIG Organizational Structure

In addition to the Office of Counsel to the Inspector General, three divisions assist in carrying out the statutory responsibilities of OIG: the Audits Division, Investigations Division, and the Management and Operations Division.

The Office of Counsel provides legal and ethics advice to all OIG components; protects the OIG's interests in litigation arising out of or affecting OIG operations; assists with the prosecution of criminal, civil, and administrative enforcement matters; processes subpoenas; reviews and approves responses to Freedom of Information and Privacy Act requests, and reviews and comments on proposed policies, regulations, legislation, and procedures.

The Audits Division performs and oversees audits and reviews to promote the economical, efficient, and effective administration of SBA programs and operations. Key areas of emphasis are SBA's loan, disaster assistance, business development, and government contracting programs, as well as mandatory and other statutory audit requirements involving information technology security, financial reporting, and other SBA program areas. The balance of the engagements is discretionary and focuses on high-risk activities and identified management issues.

The Investigations Division manages a program to detect and deter illegal and improper activities involving SBA's programs, operations, and personnel. The criminal investigations staff carries out a full range of traditional law enforcement functions. Within the division, the Hotline reviews allegations of waste, fraud, abuse, and severe mismanagement within SBA or its programs made by employees, contractors, and the public. A preliminary review of all complaints is conducted to determine the appropriate course of action. As part of the review process, Hotline staff 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, communications, procurement, and security operations) for various OIG functions and activities.

The Technology and Solutions Division provides data analytics and information technology support across OIG, such as artificial intelligence and machine learning solutions. It provides efficiencies and expands the impact of OIG's oversight activities.

OIG's headquarters is in Washington, D.C. Our field offices are divided into three regions within the United States: Eastern Regional Office (ERO), Central Regional Office (CRO), and Western Regional Office (WRO). ERO has field offices in Atlanta, Georgia; Boston, Massachusetts; Herndon, Virginia; Miami, Florida; New York, New York; Melville, New York; Philadelphia, Pennsylvania; Miami, FL; Tampa, Florida; and

Washington, D.C. ERO also cover Puerto Rico and U.S. Virgin Islands. CRO has field offices in Dallas-Fort Worth, Texas; Houston, Texas; Columbus, Ohio; Detroit, Michigan; Chicago, Illinois; and Kansas City, Missouri. WRO has field offices in Los Angeles, California; Sacramento, California; San Francisco, California; Seattle, Washington; and Denver, Colorado. WRO also covers Guam, American Samoa, Hawaii, and Saipan.

An organizational chart for OIG is provided below.

U.S. Small Business Administration

Office of Inspector General

