

# U.S. Small Business Administration

## FY 2016 CONGRESSIONAL BUDGET JUSTIFICATION AND FY 2014 ANNUAL PERFORMANCE REPORT



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PERFORMANCE BUDGET — PERFORMANCE REPORT



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## **FY 2014 – FY 2018 Strategic Plan Goals and Objectives**

### ***Strategic Goal One – Growing Businesses and Creating Jobs***

#### **Strategic Goal One has six Strategic Objectives:**

- 1.1 – Expand access to capital through SBA’s extensive lending network
- 1.2 – Ensure federal contracting goals are met and/or exceeded by collaborating across the federal government to expand opportunities for small businesses and strengthen the integrity of the federal contracting certification process and data
- 1.3 – Strengthen entrepreneurial ecosystems through a variety of strategic partnerships to provide tailored training, mentoring and consultation services that support entrepreneurs during every phase of their business growth
- 1.4 – Enhance the ability of current and future small business exporters to succeed in global markets by expanding access to financing, consultation, training, and other export tools
- 1.5 – Fuel high-growth entrepreneurship, innovation, and job creation by providing the tools small businesses need to start and grow their businesses
- 1.6 – Ensure that SBA’s disaster assistance resources for businesses, non-profit organizations, homeowners, and renters can be deployed quickly, effectively, and efficiently in order to preserve jobs and help return small businesses to operation

### ***Strategic Goal Two – Serving as the Voice for Small Business***

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

- 2.1 – Ensure inclusive entrepreneurship by expanding access and opportunity to small businesses and entrepreneurs in communities where market gaps remain
- 2.2 – Provide timely, instructive, and useful information to the small business community through SBA’s extensive digital and in-person outreach efforts
- 2.3 – Foster a small business-friendly environment by encouraging federal agency awareness about the impact of unfair regulatory enforcement and compliance efforts and reducing burdens on small business

### ***Strategic Goal Three - Building an SBA that Meets the Needs of Today’s and Tomorrow’s Small Businesses***

#### **Strategic Goal Three has three Strategic Objectives:**

- 3.1 – Streamline, simplify, and strengthen SBA’s core programs and operations to ensure that they are high performing, effective, and relevant to the needs of the small business community
- 3.2 – Invest in the Agency’s employee recruitment, hiring, training, work-life programs, and performance management so employees are engaged to more effectively serve small businesses
- 3.3 – Mitigate risk to taxpayers and improve oversight across SBA programs

## Overview of Budget Request

America's 28 million small businesses are the engine of job creation and economic growth in this country, creating nearly two out of every three net new jobs in the United States and employing over half of the nation's workforce. The U.S. Small Business Administration (SBA) ensures that these businesses have the tools and resources they need to start and expand their operations and create good jobs that support a growing economy and a strengthened middle class.

The FY 2016 budget submission supports SBA's efforts to provide smart, bold, accessible services to entrepreneurs through strategic efforts to modernize the Agency, enhance customer service, broaden access to affordable financing, and ensure a strong return on the U.S. taxpayers' investment. This budget submission builds on SBA's progress in providing access to capital, high quality consultation, federal contracting opportunities, and disaster assistance. It delivers smart solutions through modern technology, streamlined processes, and bold actions from a dedicated workforce. It focuses on creating a more inclusive SBA by making services more accessible and delivering expert assistance at every stage of the small business life cycle.

Small businesses and entrepreneurs drive American competitiveness and help grow the economy from the middle out. The SBA and its resource partners have the tools and proven track record to help expand the entrepreneurial playing field to more regions, more communities, and more industries. SBA's FY 2016 budget will build on the strong foundation already in place by focusing on several key priorities that support American competitiveness and job creation. These include:

- using smart systems to get start-up, growth, and investment capital into the hands of more small business owners by modernizing SBA's existing lending platforms;
- increasing microloans and small-dollar lending to creditworthy borrowers seeking to start new enterprises;
- promoting inclusive entrepreneurship through targeted initiatives to ensure equal access to SBA services for American entrepreneurs of every race, gender, ethnicity, and zip code;
- offering unique training opportunities for transitioning service members and current veterans who wish to pursue business ownership;
- creating 21<sup>st</sup> century jobs through programs that support innovative, high-growth small businesses in areas such as high technology and advanced manufacturing;
- building capacity and depth in America's small business supply chain and forging collaborative public-private partnerships to help entrepreneurs capitalize on business opportunities in the recovering economy;
- increasing U.S. global competitiveness by matching small and medium-size businesses with consulting and capital opportunities to penetrate foreign markets and broaden their international reach; and
- providing investment capital and low-cost leverage to create jobs by supporting the expansion of America's most promising high-growth small businesses.

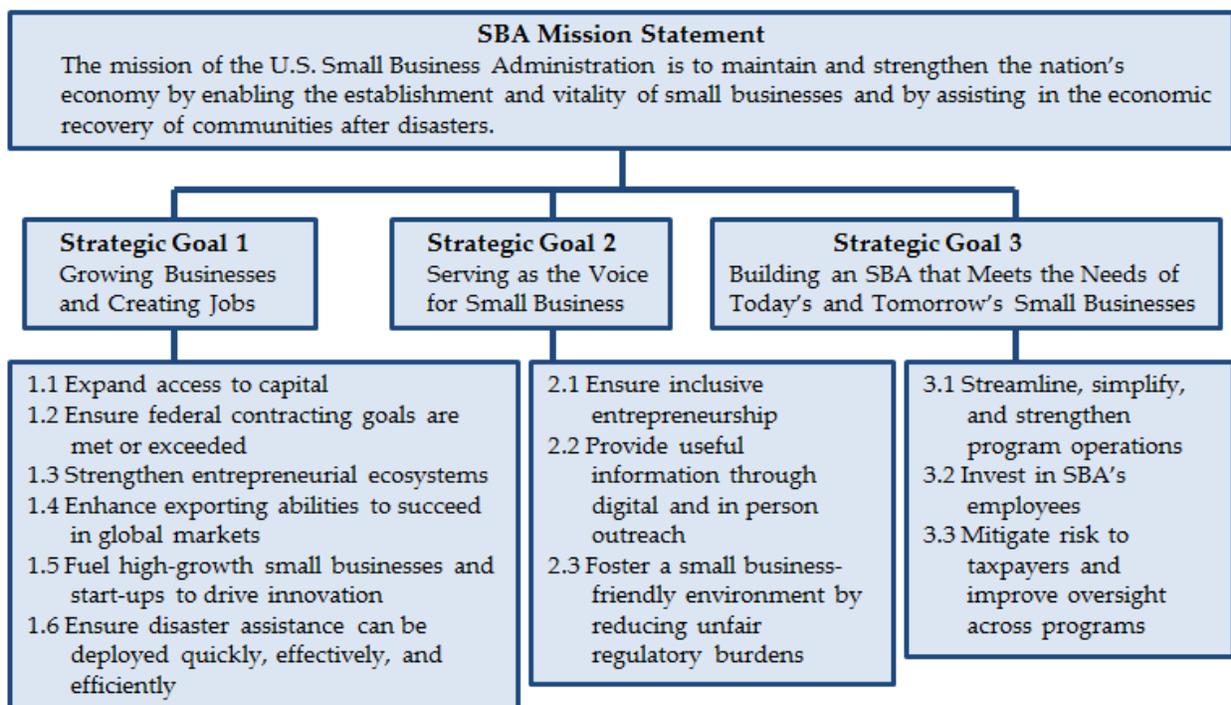
SBA's total budget request for FY 2016 is \$701.3 million. Of this amount, \$3.3 million is for business loan subsidy and \$206.3 million is for entrepreneurial development programs. An additional \$158.8 million is requested for disaster loan administration of Stafford Act disasters under the disaster relief cap adjustment authorized in the Budget Control Act.

Under the FY 2016 budget, the SBA will have the capacity to:

- support more than \$36 billion in small business financing;
- deploy nearly \$4 billion in long-term investment capital;
- support over \$1 billion in loans to disaster victims;
- facilitate access to over \$80 billion in federal contracting;
- provide consultation and training services to over one million small business owners through a nationwide network of resource partners;
- increase support for exporters, start-ups, veterans, and supply chain initiatives;
- expand the Impact Investment initiative to include investment into innovative manufacturing businesses; and
- if given the authority, generate \$10 billion over a five-year period in matching public-private investment activity for scaling up advanced manufacturing technologies

The SBA will remain focused on broadening access to its core capital programs while investing in entrepreneurial education programs that ensure business owners can effectively deploy capital to grow their businesses and create good jobs. [SBA.gov](http://SBA.gov) and [Business.USA.gov](http://Business.USA.gov) will expand their outreach and effectiveness by creating a “no-wrong-door” approach for small businesses interested in government assistance, with a wide variety of online training courses and integration of other agencies’ efforts.

The FY 2016 budget submission is crafted around the Agency’s *FY 2014-2018 Strategic Plan* that contains three strategic goals to guide the Agency’s work in the years ahead:



In accordance with the requirements of the GPRA Modernization Act of 2010 to address Cross-Agency Priority (CAP) Goals in the Agency Strategic Plan, the Annual Performance Plan, and the Annual Performance Report, please refer to [www.Performance.gov](http://www.Performance.gov) for the Agency's contributions to CAP goals, where applicable. The SBA currently contributes to the following CAP Goals that have been linked to SBA strategic objectives:

Cross-Agency Priority Goal	SBA Strategic Objective
<b>Job Creating Investment:</b> Improve federal investment tools and resources, while also increasing interagency coordination, to encourage foreign direct investment, spurring job growth.	1.1 Capital 1.2 Contracting 1.3 Entrepreneurship 1.4 Exports 1.5 High-Growth and Start-Ups 2.1 Inclusive Entrepreneurship
<b>Cybersecurity:</b> Improve cybersecurity performance through ongoing awareness of information security, vulnerabilities, and threats impacting the operating information environment, ensuring that only authorized users have access to resources and information; and the implementation of technologies and processes that reduce the risk of malware.	3.1 Program Operations
<b>Customer Service:</b> Deliver world class customer services to citizens by making it faster and easier for individuals and businesses to complete transactions and have a positive experience with government.	1.1 Capital 1.2 Contracting 1.3 Entrepreneurship 1.4 Exports 1.5 High-Growth and Start-Ups 1.6 Disaster Assistance 2.1 Inclusive Entrepreneurship 2.2 Outreach
<b>Smarter IT Delivery:</b> Improve outcomes and customer satisfaction with federal services through smarter IT delivery and stronger agency accountability for success.	1.1 Capital 3.1 Program Operations
<b>Strategic Sourcing:</b> Expand the use of high quality, high value strategic sourcing solutions in order to improve the government's buying power and reduce contract duplication.	3.1 Program Operations
<b>Benchmark and Improve Mission-Support Operations:</b> Improve administrative efficiency and increase the adoption of effective management practices by establishing cost and quality benchmarks of mission-support operations and giving Agency decision makers better data to compare options, allocate resources, and improve processes.	3.1 Program Operations 3.2 Employees
<b>Open Data:</b> Fuel entrepreneurship and innovation and improve government efficiency and effectiveness by unlocking the value of government data and adopting management approaches that promote interoperability and openness of this data.	3.1 Program Operations
<b>Lab to Market:</b> Increase the economic impact of federally funded research and development by accelerating and improving the transfer of new technologies from the laboratory to the commercial marketplace.	1.5 High-Growth and Start-Ups
<b>People and Culture:</b> Innovate by unlocking the full potential of the workforce of today and building the workforce needed for tomorrow.	3.2 Employees

## ***Strategic Goal One – Growing Businesses and Creating Jobs***

### **Strategic Objective 1.1 – Capital**

*Expand access to capital through SBA's extensive lending network*

Access to capital is critical to the long-term success of America's small businesses. The top priority at the SBA is to get lending flowing to small businesses. As the economy continues to improve, the SBA is working to ensure that remaining gaps in the commercial markets are filled and that small businesses across the country are well positioned to take advantage of opportunities. The SBA also continues to streamline and simplify its loan programs to make its products more attractive to lenders and borrowers. To continue delivering effective customer service through smarter information technology delivery and streamlined policies like credit reform, the SBA requests an investment of \$3.5 million for the Initiative for Center Efficiency. This initiative will increase productivity and cost savings to improve business facing transactions. Also, the SBA requests an investment of \$4.1 million to be used to develop an online tool for the public called LINC (Leverage Information Network access to Credit) that will connect small businesses in need of a microloan, 7(a) loan, or 504 loan with lenders in their community.

In FY 2016, the Agency will support \$36 billion in small business financing through the 7(a) Guaranty loan program and the 504 loan program. Due to the continued improvement in performance in the loan portfolio, the SBA is not requesting credit subsidy funds for the 7(a) and 504 loan programs. For the 7(a) loan guaranty program, the SBA requests budget authority to support a program level of \$21 billion. For 504 loans, the SBA requests budget authority to support a program level of \$7.5 billion. The SBA also requests reauthorization of the 504 Debt Refinancing program with a program level of \$7.5 billion.

As part of SBA's approach, the Agency has conducted extensive outreach with lenders and borrowers to address the challenges in today's small business lending market. This outreach has focused on concrete ways to reduce barriers, attract new lenders, grow loan volumes of existing lenders, and improve access to capital for small businesses and entrepreneurs.

### **Strategic Objective 1.2 – Contracting**

*Ensure federal contracting goals are met and/or exceeded by collaborating across the federal government to expand opportunities for small businesses and strengthen the integrity of the federal contracting certification process and data*

Small business contracting is one of the most important federal programs to help America's small businesses grow and create jobs. The federal government gets to work with some of the most innovative small businesses in America, often with direct access to senior management, and small businesses get critical revenue to build and scale their operations. SBA's goal is to make sure that all federal agencies meet or exceed their targets for federal prime contracting dollars to go to small businesses, which is typically over \$80 billion each year. To accomplish this goal, the SBA is improving coordination and communication across the federal government, facilitating matchmaking events, increasing online trainings and holding senior agency officials accountable for meeting their agencies' small business goals. The Agency continues to simplify access to federal contracting opportunities and educate small businesses on the contracting opportunities available to them. The SBA is also improving the 8(a) and HUBZone certification process and data for federal contracting, and continues to aggressively root out fraud, waste, and abuse in small business contracting to ensure that contracting dollars go to deserving small businesses.

### **Strategic Objective 1.3 – Entrepreneurship**

*Strengthen entrepreneurial ecosystems through a variety of strategic partnerships to provide tailored training, mentoring, and advising services that support entrepreneurs during every phase of their business growth*

Entrepreneurs and small business owners who receive SBA training, mentoring, and/or advising services increase sales, create more jobs, and have greater economic impacts on their communities. SBA's resource partner network – including 63 small business development centers (SBDC) with over 900 outreach locations, over 100 women's business centers (WBC), and 11,000 SCORE volunteers nationwide – assists more than one million business owners and entrepreneurs each year, providing valuable advising and mentoring for every stage of business growth and development. The FY 2016 budget requests grant funding of \$115 million for SBDCs, \$16 million for WBCs, and \$8 million for SCORE. To better understand the impacts of SBA's entrepreneurial development programs, the SBA is proposing to upgrade its information management system and requests an investment of \$1 million for Entrepreneurial Development Management Information System enhancements that collect program performance data. Also, to identify best practices and improve efficiency of the SBDC and WBC programs, the SBA requests legislative authority to collect small business data to determine the success of a small business after receiving counseling and training assistance.

The SBA will continue to lead and build partnerships with other agencies and organizations to provide services and foster the growth of entrepreneurial ecosystems across the country. Regional Innovation Clusters bring small businesses and entrepreneurs together with venture capitalists, universities and regional industry leaders to leverage a region's unique assets, transforming entrepreneurial ideas into sustainable high-growth small businesses. In FY 2016, the SBA requests \$6 million for Regional Innovation Clusters, which includes funds to conduct a rigorous program evaluation. The SBA also requests \$11 million in FY 2016 to support an Entrepreneurship Education initiative that will incorporate best practices from the Emerging Leaders training program with online training and in-depth coursework aimed at helping high potential businesses scale up their operations. To continue improving the online training experience, the SBA requests an investment of \$0.5 million for an online Learning Center redesign that leverages core business competencies.

### **Strategic Objective 1.4 – Exports**

*Enhance the ability of current and future small business exporters to succeed in global markets by expanding access to financing, consultation, training, and other export tools*

Export sales contribute to a strong middle class by fueling economic opportunity and jobs in communities across the U.S., while the countries that buy American products gain access to some of the highest quality products and services in the world. Today, nearly 96 percent of consumers and over two-thirds of the world's purchasing power reside outside the United States. Small businesses that can tap into this global market have the potential for vast expansion and growth, with small businesses now constituting 34 percent of total export dollars. In FY 2014, the SBA approved \$1.3 billion in export loans to help support that growth.

Expanding the base of small business exporters and making the process as easy as possible is a key free trade agreement component of the National Export Initiative. To accomplish this initiative, the SBA continues to partner with the Department of Commerce, Export-Import Bank, and others on the Trade Promotion Coordination Committee to promote exporting opportunities and trade shows, expand access

to trade financing through initiatives such as U.S. Global Business Solutions, and train business counselors and banks on exporting services.

The SBA also plays a central role in the implementation of the National Export Initiative through its chairmanship of the Small Business Working Group (SBWG), which coordinates interagency cooperation on small business export promotion. The objectives of the SBWG are to identify potential small business exporters, connect them to export opportunities, prepare them to be successful, and support them once they find international opportunities. The SBA, as part of the Export Promotion Cabinet, is collaborating with other federal agencies to meet the goal of supporting 50,000 new small business exporters by FY 2017. To achieve this goal, the Agency is working as part of an interagency process to develop a national marketing campaign, launch new products that will make it easier for more commercial lending institutions to offer trade financing, develop targeted trade promotion programs that ease the costs of finding foreign buyers, and market trade finance products to more community banks. In addition, the SBA is working to ensure that its resource partner network is certified to provide export counseling.

### **Strategic Objective 1.5 – High-Growth and Start-ups**

*Fuel high-growth entrepreneurship, innovation, and job creation by providing the tools small businesses need to start and grow their businesses*

High-growth businesses create almost all of the net new jobs in the economy today. Through longer-term “patient” capital, growth accelerators and regional innovation clusters, federal research and development (R&D) grants, and export assistance, the SBA plays a critical role in the ongoing success of high-growth small businesses, providing the opportunities that help them create jobs and sustain the cycle of American entrepreneurship and innovation.

Through its Small Business Investment Company (SBIC) Debenture program, the SBA is currently authorized to invest up to \$4 billion annually, making the Agency one of the larger players in funding high-growth businesses. To better serve these businesses, the SBA has expanded its reach through two initiatives: an Impact Investment initiative that is focused on economically distressed regions and an Early Stage Fund. Both strategies use the existing SBIC platform and are designed to fill gaps in the current market and to spur new business starts. SBICs use private capital plus funds borrowed with an SBA guaranty to make investments in qualifying small businesses. Over 290 SBICs have more than \$21 billion in capital under management; this program operates with zero subsidy. For FY 2016, the SBA requests \$4 billion in authority for the SBIC program. This program is operating as a model public-private partnership, with its fifth strong year in FY 2014. The SBA also supports the family of funds provision which would increase the amount of leverage by small business investment company (SBIC) licensees under common control from \$225 million to \$350 million. This increase impacts the amount of SBA-guaranteed debt a team of SBIC fund managers who operate multiple funds can borrow.

Manufacturing plays a central role in realizing the benefits of technological innovation and overall growth and health of the U.S. economy. To continue growing the economy and supporting innovation, the SBA requests mandatory authority in FY 2016 for \$1.257 billion in subsidy to be spread over five years to create the Scale Up Manufacturing Investment Funds (SUMIF) program. SUMIF will be designed to support innovative, advanced manufacturing technologies by financing their scale up from prototypes to commercial-scale facilities in the U.S. The program will generate \$10 billion in investment activity over five years, using \$5 billion in public funds and a matching amount of private funds, to bridge a significant portion of the financing gap for small advanced manufacturing startups.

In addition, SBA's Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs continue to have an extraordinary impact on the ability of small businesses to commercialize promising R&D; and the long-term reauthorization of the SBIR/STTR programs in FY 2011 gave small businesses the stability and confidence they needed to make full use of the program.

The SBA also requests \$5 million in funding to support the growth accelerators initiative. Under this funding proposal, the SBA will provide funds to either scale existing successful growth accelerators or provide funds to university and private sector accelerators to start a new accelerator program or entrepreneurship ecosystem (based on successful models) via a competition. This initial investment will scale what already works best. This request builds on input from the Start-Up America initiative, which solicited feedback from more than 1,000 entrepreneurs, venture capitalists, academics, economic development experts, small business owners, and thought leaders about how government could reduce the barriers to growth for entrepreneurs.

#### **Strategic Objective 1.6 – Disaster Assistance**

*Ensure that SBA's disaster assistance resources for businesses, non-profit organizations, homeowners and renters can be deployed quickly, effectively, and efficiently in order to preserve jobs and help return small businesses to operation*

Returning small business operations to normal in the wake of a disaster is critical to ensuring that local economies regain traction as quickly as possible and once again are able to contribute to the economy and create jobs. The SBA – in coordination with the U.S. Federal Emergency Management Agency (FEMA), other federal agencies, the American Red Cross, and others – helps small businesses prepare for disasters and provides direct low-interest loans to small business owners, homeowners, and renters to help them recover in the aftermath of a disaster.

Following a disaster, the SBA works closely with its resource partners to provide technical assistance and counseling to small businesses, and ensure small businesses receive increased opportunities to access federal and local contracting.

The FY 2016 budget request supports a disaster loan volume of \$1.1 billion in direct lending, the Agency's 10-year average based upon normalized activity. The SBA requests \$158.8 million for administrative expenses resulting from major disasters declared pursuant to a determination under Section 102(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. This funding will be designated as being for disaster relief under the cap adjustment in Section 251(b) (2) (D) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. The Agency requests an additional \$28 million to cover administrative costs of non-Stafford Act or other declared disasters.

## ***Strategic Goal Two – Serving as the Voice for Small Business***

### **Strategic Objective 2.1 – Inclusive Entrepreneurship**

*Ensure inclusive entrepreneurship by expanding access and opportunity to small businesses and entrepreneurs in communities where market gaps remain*

Underserved communities – including women, minorities, veterans, and others – often have extreme difficulty accessing capital, consultation services, and federal contracting opportunities as market gaps remain. SBA’s unique products, services, and programs provide a path to business ownership for underserved communities that have been hard-hit by the recession and suffer from disproportionately high levels of unemployment. The FY 2016 budget supports SBA’s ongoing efforts to ensure that its programs remain accessible to underserved communities. The SBA will continue to work collaboratively with community development partners, credit unions, minority associations, and others to tailor and target programs to meet their needs. For management and technical assistance programs that serve these communities, the FY 2016 budget requests \$2 million for Native American Outreach, \$1 million for the National Women’s Business Council, \$11.45 million for veterans business outreach, \$2.8 million for the 7(j) program, and \$3 million for the HUBZone contracting assistance program.

To spur lending in underserved markets, in FY 2016 the SBA proposes to continue to waive up-front and annual fees on all 7(a) small business loans of \$150,000 or less. The SBA also proposes to continue to waive up-front fees on SBAExpress loans to veterans between \$150,000 and \$350,000, and waive 50 percent of up-front fees on all non-SBA Express loans to veterans above \$150,000.

In order to bring greater unity, focus, and effectiveness to SBA’s efforts, the SBA Office of Economic Opportunity (OEO) was formed in FY 2013 with the express mission of expanding access to capital for small businesses and entrepreneurs in underserved communities, thus helping to drive economic growth and job creation. Key SBA programs under the purview of OEO include the Microloan program, the Community Advantage (CA) pilot program and the general marketing of the Lender Advantage loan programs. The SBA plans to ultimately provide a resource that allows an underserved market small business or entrepreneur to be introduced to a “starter” SBA program first, such as a microloan with technical assistance, then grow into the need for more working capital from a CA loan and ultimately find new business opportunities by harnessing SBA’s contracting, bonding, and specialized technical assistance programs – all connected and tracked by a growing network of CA participants. Due to increased demand in the Microloan program and a proposed rule to increase the pool of eligible microborrowers, the SBA requests \$3.3 million in credit subsidy in FY 2016 to support expanded Microloan direct program level of \$35 million, and \$25 million for microloan technical assistance.

### **Strategic Objective 2.2 – Outreach**

*Provide timely, instructive, and useful information to the small business community through SBA’s extensive digital and in-person outreach efforts*

In an increasingly tech-driven economy, the SBA has taken significant steps to upgrade and enhance its website to better meet the needs of small businesses and give entrepreneurs more ways to access the Agency’s tools and resources. Average monthly site visits to [SBA.gov](http://SBA.gov) topped 2.8 million in FY 2014. In the spirit of Web 2.0 and the Open Government initiative, [SBA.gov](http://SBA.gov) has been streamlined and simplified to be a user-centric experience with transparency, participation, and collaboration guiding the platform’s development. The Agency intends to explore more ways to solicit feedback from small business owners

through focus testing, SBA's online survey tool, its social media presence, and the [SBA.gov](http://SBA.gov) online community.

The SBA works to ensure that entrepreneurs and small business owners can effectively access and navigate small business programs across the federal government. The BusinessUSA initiative, launched in FY 2012, provides small businesses with an easy-to-use consolidated website and toll-free telephone number for the many government small business resources found in ten federal agencies. This "No Wrong Door" approach for small business exporters creates a common platform to match businesses with the services relevant to them, regardless of which agency houses the pertinent information and resources. The FY 2016 budget includes \$3 million for BusinessUSA to further enhance the customer experience by incorporating a web-responsive design that will make the layout more user-friendly and allow business owners to access the site on a variety of tech devices. BusinessUSA will also work to create a leaner, more performance-focused website, enabling the SBA to monitor small business trends on the site as well as to adapt and improve the site's content on an ongoing basis to provide information that is most relevant to America's business community.

To capitalize on the efforts of [SBA.gov](http://SBA.gov) and BusinessUSA, the SBA uses its network of field staff and counselors to reach lenders and the small business community. Outreach activities also allow the SBA to connect with other key external stakeholders that support small business. The SBA expects to continue its efforts with Boots to Business, Emerging Leaders, Encore Entrepreneurs, the Affordable Care Act, and export training. The Agency also plans continued significant outreach assisting local congressional offices and through joint efforts with SBA resource partners and other local, state, and national partners.

### **Strategic Objective 2.3 – Reduce Regulatory Burdens**

*Foster a small business-friendly environment by encouraging federal agency awareness about the impact of unfair regulatory enforcement and compliance efforts and reducing burdens on small business*

The SBA plays a critical role in the Administration's ongoing efforts to reduce regulatory barriers to entrepreneurship, innovation, and U.S. competitiveness. As part of the Start-Up America initiative, government leaders met with more than 1,000 entrepreneurs across the country to talk about ways to reduce barriers for small business growth. These conversations continue to guide SBA policy and programmatic decisions.

Through the Office of the National Ombudsman (ONO), the SBA plays a key role in helping small businesses deal with specific regulatory burdens and challenges that result from federal agency processes. The SBA collaborated with numerous federal agencies on outreach events and to resolve small business regulatory issues.

To ensure it is addressing the needs of small businesses most effectively, the SBA also focuses on the collection and analysis of small business-related data including SBA-based metrics, statistics and historical trends, and data from its federal partners to inform policy and programmatic decisions. The SBA monitors the progress of these policy and programmatic decisions to ensure they are delivering the desired outcomes.

The SBA funds SBDCNet, a national information clearinghouse currently hosted by the University of Texas at San Antonio, which provides small business research services to the entire network of small business development center counselors. SBDCNet can produce a broad range of financial, market, and

demographic research reports customized to a client's industry and geographic location. In addition to supporting small business entrepreneurs, SBDCNet offers an array of products and services to support small to mid-size community development. The SBA also supports the National Women's Business Council, an independent office within the Agency that produces research on women-owned business.

In FY 2016, SBA's Office of Advocacy will publish over 20 research and data products related to small businesses, hold at least 360 outreach events disseminating their research, and contribute at least 12 presentations on small business research to academic, media, or policy audiences. The Office of Advocacy provides a separate budget submission that includes descriptions of its strategic goals, accomplishments, performance plan, and budget justification.

### ***Strategic Goal Three – Building an SBA that Meets the Needs of Today's and Tomorrow's Small Businesses***

#### **Strategic Objective 3.1 – Program Operations**

*Streamline, simplify, and strengthen SBA's core programs and operations to ensure that they are high performing, effective, and relevant to the needs of the small business community*

Entrepreneurs, small businesses, and lenders have limited time and resources. The SBA works to continuously strengthen, streamline, and simplify its programs to meet their needs. For example, the SBA has improved processes for managing fraud, waste, and abuse and made strategic investments in its physical and IT infrastructure. These ongoing efforts have contributed to improved delivery of services and more efficient processes. The Agency has improved the security of information operations by implementing priority cybersecurity capabilities that include continuous monitoring of information security and mitigation of risks.

The SBA also continues to move from paper-based processes to electronic platforms and to reduce overhead through its efforts to promote effective and efficient operations which include reducing travel expenses, consolidating real estate, improving fleet management, and reducing redundancies in IT functions. To further the President's goals of improving customer service and enhancing the efficiency of government, the SBA requests \$1 million to support an SBA Digital Services team to further develop SBA One among other projects. This team will be responsible for driving the efficiency and effectiveness of the Agency's highest impact digital services by providing a common platform of tools for the small business community.

The SBA requests \$2.475 million to support compliance with the Digital Accountability and Transparency Act (DATA Act) to establish government-wide financial data standards for any federal funds made available to or expended by agencies and entities receiving federal funds. This effort will improve the public's understanding of federal resources and SBA's performance.

#### **Strategic Objective 3.2 – Employees**

*Invest in the Agency's employee recruitment, hiring, training, work-life programs, and performance management so employees are engaged to more effectively serve small businesses*

The SBA continues to make training and leadership development an Agency priority and is working to ensure that across the Agency there is a strong career path for the next generation of SBA leaders. To continue building ideas and improving employee engagement, the SBA requests \$3 million to support the

development of an Agency Idea Lab to incubate and invest in innovative approaches to more efficiently and effectively meet the strategic goals and objectives. The SBA will continue to invest in its workforce through training and professional development programs, cultivating internal staff members with demonstrated leadership potential, and designing a strategic onboarding process to attract new employees with a high level of motivation and adapt them to the organization's culture. These investments are the result of feedback from the annual Employee Viewpoint Survey and are effective strategies aimed at improving the Agency's annual employee survey "overall employee satisfaction" rating.

### **Strategic Objective 3.3 – Risk Mitigation**

*Mitigate risk to taxpayers and improve oversight across SBA programs*

Taxpayers, including entrepreneurs and small business owners, expect that their tax dollars are being used wisely. SBA programs give taxpayers a strong "bang for the buck," and the Agency will continue to find ways to mitigate risk while ensuring that small businesses have access to and fully benefit from the Agency's programs. With an outstanding loan portfolio of over \$100 billion, oversight of small businesses' eligibility in tens of billions of government contract set-asides, a network of hundreds of grantee partners delivering consultation services and training to over a million clients a year, and direct fiscal responsibility for an almost \$900 million annual budget, including Stafford Act Disaster funding, the SBA has an extraordinary responsibility to taxpayers to mitigate risk and conduct oversight of its programs.

The SBA mitigates risk and improves oversight through robust certification processes to reduce fraud in contracting programs, targeted on-site and off-site reviews of financial and counseling partners, innovative technological solutions, and a staff dedicated to sound financial management within the Agency. The SBA takes a zero tolerance stance on fraud, waste, and abuse in all of its programs. Over the last four years, the Agency has engaged in an extensive review and redesign of both its government contracting and lender oversight activities. Based on this review, a three-pronged approach to managing risk has been implemented: (1) effective certification processes, (2) continued surveillance and monitoring, and (3) robust and timely enforcement. This approach to risk management has led to improvements in SBA's oversight activities designed to root out fraud, waste, and abuse.

## Understanding the Budget Tables

This budget request is being submitted in accordance with the FY 2016 budget guidance memoranda from the Office of Management and Budget.

### Table 1 – Summary of New Budget Authority

This table shows the actual obligations for funding appropriated by Congress for FY 2014, the FY 2015 enacted budget, and the requested funding for FY 2016. New budget authority is different from total funding in that it does not include funds carried over from year to year and other sources of funding, such as fees and reimbursable expenses.

- *Gross New Budget Authority* is the amount appropriated by Congress.
- *Salaries and Expenses, Entrepreneurial Development Programs, Business Loan Program, Disaster Loan Program, Inspector General, Office of Advocacy and Surety Bond Guarantee* are the seven appropriation accounts for the SBA.

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

### Tables 2 - 5 – 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. The bottom portion of Table 2 identifies the major expenditures of the Salaries and Expenses Budget. The following are the major categories:

- *Office Operating Budgets (Table 3)*. These are the funds that program and administrative offices directly manage for daily operations, e.g., travel, supplies, and contracted services.
- *Agency-wide Costs (Table 4)*. These are costs such as rent and telecommunications, which are managed centrally by the Agency.
- *Compensation and Benefits*. All Compensation and Benefits for the SBA are managed centrally. The Full Time Equivalents (FTEs) supported by Compensation and Benefits appear in **Table 9**, in addition to the FTEs that support Disaster, the Inspector General, the Office of Advocacy, and Line Item Initiatives.
- *Reimbursable Expenses*. These are programs for which the SBA receives reimbursable budget authority from other federal government agencies.

*Summary of Changes in the Agency Operating Budget (Table 5)* is a reconciliation of 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

This table identifies the line items included in the Entrepreneurial Development Programs account.

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

This table shows the detail for all of the appropriation accounts. The Disaster Assistance and Business Loans programs accounts include additional detail regarding the administrative and loan program

components. The Business Loan administrative account and a portion of the Disaster administrative account are transferred to and combined with the Salaries and Expenses account to cover the administrative cost of operating those programs.

#### **Table 8 – Summary of Credit Programs and Revolving Fund**

This table summarizes all credit programs (plus the Surety Bond Guarantee program, a revolving fund). Credit program activity is displayed by total program level, subsidy amount, and subsidy rate for each fiscal year.

#### **Table 9 – Full Time Equivalent Employees**

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

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

This table displays the full cost for administering each of SBA's major programs and services. This includes direct costs from the operating budget plus compensation and benefits, agency-wide costs (such as rent and telecommunications), and indirect costs such as agency overhead (e.g., financial management). This information varies from Table 3 which shows the direct operating budget costs for major program offices. It also differs from Table 6 which shows the total amount for the entrepreneurial development programs but excludes administrative direct, indirect, and overhead costs. The costs presented in Table 10 are used in the performance tables that are included in the Performance Budget. Table 10 does not include subsidy budget authority for business and disaster loan programs or the appropriation for surety bond guaranties.

The President is again asking Congress to revive an authority enabling him to submit fast-track proposals to reorganize or consolidate Federal programs and agencies in order to reduce the size of Government or cut costs. The Budget includes a variety of proposed reforms across government designed to drive efficiency and accountability, prevent duplication, and make government work better and smarter for the American people. One of these reorganizations the President would propose with this authority reiterates his previous proposal to consolidate Federal business and trade programs into one more efficient and effective department dedicated to promoting U.S. competitiveness, exports, and American businesses and jobs. The proposal would integrate the six Federal agencies that focus primarily on business and trade, along with other related programs. These include the Department of Commerce's core business and trade functions, the Small Business Administration, the Office of the U.S. Trade Representative, the Export-Import Bank, the Overseas Private Investment Corporation, and the U.S. Trade and Development Agency, as well as rural business programs at the Department of Agriculture, Treasury's Community Development Financial Institution Program, and statistical agencies at the Department of Labor and National Science Foundation. To strengthen the new department's focus on business and economic growth, the National Oceanic and Atmospheric Administration would be consolidated into the Department of Interior, strengthening stewardship and conservation efforts and enhancing scientific resources. The Budget schedules for these agencies and programs continue to reflect them in their current alignment.

## Budget Tables

### Table 1

#### FY 2016 Congressional Budget Justification SUMMARY OF NEW BUDGET AUTHORITY

(Dollars in Thousands)

	FY 2014 Enacted	FY 2015 Enacted	FY 2016 Request	FY 2016 Incr/Decr
Gross New Budget Authority				
Salaries and Expenses	\$ 250,000	\$ 257,000	\$ 281,938	\$ 24,938
Entrepreneurial Development Programs	\$ 196,165	\$ 220,000	\$ 206,250	\$ (13,750)
Business Loan Program				
<i>Administration</i>	\$ 151,560	\$ 147,726	\$ 152,726	\$ 5,000
<i>Loan Subsidy</i>	\$ 111,600	\$ 47,500	\$ 3,338	\$ (44,162)
<i>Business Loan Program – Total</i>	\$ 263,160	\$ 195,226	\$ 156,064	\$ (39,162)
Disaster Loan Program <sup>1\</sup>				
<i>Administration – Stafford Act Disaster</i>	\$ 158,650	\$ 154,636	\$ 158,829	\$ 4,193
<i>Administration - Non-Stafford Act Disaster</i>	\$ 33,250	\$ 32,222	\$ 28,029	\$ (4,193)
<i>Administration - Total</i>	\$ 191,900	\$ 186,858	\$ 186,858	\$ -
Inspector General	\$ 19,000	\$ 19,400	\$ 19,900	\$ 500
Office of Advocacy	\$ 8,750	\$ 9,120	\$ 9,120	\$ -
Surety Bond Guarantee	\$ -	\$ -	\$ -	\$ -
Total, Gross New Budget Authority, Excluding Stafford Act Disaster Funding	<u>\$ 770,325</u>	<u>\$ 732,968</u>	<u>\$ 701,301</u>	<u>\$ (31,667)</u>
Total, Gross New Budget Authority, Including Stafford Act Disaster Funding	<u>\$ 928,975</u>	<u>\$ 887,604</u>	<u>\$ 860,130</u>	

1\ The request for Stafford Act Disaster administrative expenses is provided under the disaster relief cap adjustment authorized in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011. These funds will be used for administrative expenses resulting from major disasters pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act. While FY 2014 and FY 2015 appropriation bills did not show the split between Stafford and Non-Stafford, SBA displayed the breakdown for comparative purposes.

**Table 2**  
**FY 2016 Congressional Budget Justification**  
**SALARIES & EXPENSES BUDGET**  
**SOURCES and EXPENDITURES**

*(Dollars in Thousands)*

	FY 2014	FY 2015	FY 2016	FY 2016
	Actual	Enacted	Request	Incr/Decr
<b>SOURCES: Salaries &amp; Expenses Budget</b>				
Salaries and Expenses Appropriation	\$ 250,000	\$ 257,000	\$ 281,938	\$ 24,938
Transfer to Entrepreneurial Development Programs Appropriation	\$ (500)	\$ -	\$ -	\$ -
Business Loan Administration Appropriation	\$ 151,560	\$ 147,726	\$ 152,726	\$ 5,000
Subtotal, Appropriated Funds	\$ 401,060	\$ 404,726	\$ 434,664	\$ 29,938
Transfer from Disaster Loans	\$ 9,000	\$ 9,000	\$ 9,000	\$ -
Carryover	\$ 5,323	\$ -	\$ -	\$ -
Reimbursable Expenses	\$ 103	\$ 300	\$ 300	\$ -
Estimated Fee Income	\$ 16,059	\$ 12,100	\$ 12,100	\$ -
Recoveries and Unobligated Balances	\$ (986)	\$ -	\$ -	\$ -
Business Transfer	\$ 322	\$ 175	\$ 234	\$ 59
Total Sources of Funds	\$ 430,881	\$ 426,301	\$ 456,298	\$ 29,997
<b>EXPENDITURES: Salaries &amp; Expenses Budget</b>				
Office Operating Budgets	\$ 109,325	\$ 90,907	\$ 107,717	\$ 16,810
Agency-Wide Costs	\$ 50,761	\$ 60,326	\$ 63,864	\$ 3,538
Compensation and Benefits	\$ 269,033	\$ 274,768	\$ 284,417	\$ 9,649
Subtotal, Agency Operating Budget	\$ 429,119	\$ 426,001	\$ 455,998	\$ 29,997
<b>Additional Operating Expenses</b>				
Small Business Development Center (SBDC) Programs <sup>1\</sup>	\$ 1,659	\$ -	\$ -	\$ -
Congressional Initiatives	\$ -	\$ -	\$ -	\$ -
Reimbursable Expenses	\$ 103	\$ 300	\$ 300	\$ -
Total Expenditures of Funds	\$ 430,881	\$ 426,301	\$ 456,298	\$ 29,997

1\ The FY 2013 Salaries and Expenses Appropriation included two-year funds for the SBDC Program. SBDCs were included in the new Entrepreneurial Development Programs Appropriation account created in FY 2014 and those funds do not appear on this table.

**Table 3**  
**FY 2016 Congressional Budget Justification**  
**OFFICE OPERATING BUDGETS**  
*(Dollars in Thousands)*

	FY 2014	FY 2015	FY 2016	FY 2016
	Actual	Enacted	Request	Incr/Decr
Executive Direction <sup>1\</sup>	\$ 30,562	\$ 23,343	\$ 28,961	\$ 5,618
Capital Access	\$ 8,732	\$ 7,022	\$ 15,714	\$ 8,692
Credit Risk Management	\$ 21,905	\$ 13,992	\$ 13,992	\$ -
Investments & Innovation <sup>2\</sup>	\$ 6,119	\$ 4,550	\$ 2,550	\$ (2,000)
Gov't Contracting/Business Development	\$ 1,563	\$ 1,600	\$ 1,600	\$ -
Entrepreneurial Development	\$ 1,338	\$ 1,250	\$ 5,750	\$ 4,500
Chief Operating Office	\$ 7,500	\$ 8,200	\$ 8,200	\$ -
Chief Information Officer	\$ 27,062	\$ 26,000	\$ 26,000	\$ -
International Trade	\$ 758	\$ 750	\$ 750	\$ -
Regional and District Offices	\$ 3,786	\$ 4,200	\$ 4,200	\$ -
<b>Total</b>	<b>\$ 109,325</b>	<b>\$ 90,907</b>	<b>\$ 107,717</b>	<b>\$ 16,810</b>

1\ Executive Direction includes the Office of the Administrator, Center for Faith Based & Neighborhood Partnerships, Office of General Counsel, Office of Congressional & Legislative Affairs, Office of Hearings & Appeals, Office of Communications and Public Liaison, Office of the Chief Financial Officer, Office of National Ombudsman & Regulatory Enforcement Fairness, Office of Veterans Business Development, and Business USA

2\ The reduction from FY 2015 Enacted to FY 2016 Request is from the FAST program

**Table 4**  
**FY 2016 Congressional Budget Justification**  
**AGENCY-WIDE COSTS**  
*(Dollars in Thousands)*

	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2016</b>
	<b>Actual</b>	<b>Enacted</b>	<b>Request</b>	<b>Incr/Decr</b>
Express Mail	\$ 240	\$ 496	\$ 496	\$ -
Judgment Fund	\$ 410	\$ 763	\$ 763	\$ -
Office Security	\$ 3,722	\$ 3,597	\$ 3,845	\$ 248
Performance Awards	\$ 2,188	\$ 3,000	\$ 3,000	\$ -
Postage	\$ 242	\$ 680	\$ 680	\$ -
Reasonable Accommodations	\$ 21	\$ 75	\$ 75	\$ -
Relocation	\$ 168	\$ -	\$ -	\$ -
Rent	\$ 34,687	\$ 42,038	\$ 44,514	\$ 2,476
Telecommunications	\$ 4,532	\$ 5,326	\$ 5,751	\$ 425
Transit Subsidy	\$ 1,397	\$ 2,000	\$ 2,283	\$ 283
Unemployment Compensation	\$ 1,536	\$ 708	\$ 814	\$ 106
Workers Compensation	\$ 1,618	\$ 1,643	\$ 1,643	\$ -
<b>Total</b>	<b>\$ 50,761</b>	<b>\$ 60,326</b>	<b>\$ 63,864</b>	<b>\$ 3,538</b>

**Table 5**  
**FY 2016 Congressional Budget Justification**  
**SUMMARY OF CHANGES - Agency Operating Budget**  
*(Dollars in Thousands)*

<b>Agency Operating Budget</b>	
FY 2015 Enacted	\$ 426,001
FY 2016 Request	<u>\$ 455,998</u>
<b>Change - Increase/(Decrease)</b>	<u><u>\$ 29,997</u></u>
 <b>Summary of Changes:</b>	
Mandatory salary and other pay adjustments and staffing increases	\$ 9,649
Increase in Agency-wide costs	\$ 3,538
Customer Facing System Enhancements	\$ 5,600
Data Act Compliance	\$ 2,475
Streamlining through Smarter IT Delivery	\$ 10,643
Business USA	\$ (3,000)
Contract for credit scoring and oversight	\$ 1,092
<b>Total Change - Increase/(Decrease)</b>	<u><u>\$ 29,997</u></u>

**Table 6**  
**FY 2016 Congressional Budget Justification**  
**Entrepreneurial Development Programs**  
*(Dollars in Thousands)*

	FY 2014	FY 2015	FY 2016	FY 2016
	Actual	Enacted	Request	Incr/Decr
7(j) Technical Assistance Program	\$ 2,723	\$ 2,800	\$ 2,800	\$ -
Entrepreneurship Education	\$ 4,953	\$ 7,000	\$ 11,000	\$ 4,000
Growth Accelerators	\$ 2,500	\$ 4,000	\$ 5,000	\$ 1,000
HUBZone Program	\$ 2,248	\$ 3,000	\$ 3,000	\$ -
Intermediate Lending Program	\$ -	\$ 1,000	\$ -	\$ (1,000)
Microloan Technical Assistance	\$ 19,267	\$ 22,300	\$ 25,000	\$ 2,700
National Women's Business Council	\$ 980	\$ 1,000	\$ 1,000	\$ -
Native American Outreach	\$ 1,859	\$ 2,000	\$ 2,000	\$ -
PRIME Technical Assistance	\$ 3,500	\$ 5,000	\$ -	\$ (5,000)
Regional Innovation Clusters	\$ 4,995	\$ 6,000	\$ 6,000	\$ -
SCORE	\$ 7,000	\$ 8,000	\$ 8,000	\$ -
Small Business Development Centers (SBDC)	\$ 110,514	\$ 115,000	\$ 115,000	\$ -
State Trade & Export Promotion (STEP)	\$ 8,000	\$ 17,400	\$ -	\$ (17,400)
Veterans Outreach <sup>1\</sup>	\$ 9,753	\$ 10,500	\$ 11,450	\$ 950
Women's Business Centers (WBC)	\$ 13,982	\$ 15,000	\$ 16,000	\$ 1,000
<b>Total, Entrepreneurial Development Programs</b>	<b>\$ 192,274</b>	<b>\$ 220,000</b>	<b>\$ 206,250</b>	<b>\$ (13,750)</b>

1\ Includes funding for Veterans Business Outreach Centers (VBOC), Boots to Business, Veteran-Women Igniting the Spirit of Entrepreneurship (V-WISE), Entrepreneurship Bootcamp for Veterans with Disabilities (EBV), and Boots to Business Reboot.

**Table 7**  
**FY 2016 Congressional Budget Justification**  
**SOURCES OF FUNDS: APPROPRIATION DETAIL**  
*(Dollars in Thousands)*

	FY 2014	FY 2015	FY 2016	FY 2016
	Actual	Enacted	Request	Incr/Decr
<b>Salaries and Expenses Appropriation</b>				
Net New Budget Authority	\$ 250,000	\$ 257,000	\$ 281,938	\$ 24,938
Carryover from prior year	\$ 39,873	\$ 34,550	\$ 34,550	\$ -
Carryover into next fiscal year	\$ (34,550)	\$ (34,550)	\$ (34,550)	\$ -
Transfer from Business Loans	\$ 151,560	\$ 147,726	\$ 152,726	\$ 5,000
Transfer from Business Microloans	\$ 322	\$ 175	\$ 234	\$ 59
Transfer from Disaster Loans	\$ 9,000	\$ 9,000	\$ 9,000	\$ -
Transfer to EDPA	\$ (500)	\$ -	\$ -	\$ -
Reimbursable Expenses	\$ 103	\$ 300	\$ 300	\$ -
Estimated Fee Income	\$ 16,059	\$ 12,100	\$ 12,100	\$ -
Recoveries & Unobligated balances	\$ (986)	\$ -	\$ -	\$ -
<b>Total Budget Authority</b>	<b>\$ 430,881</b>	<b>\$ 426,301</b>	<b>\$ 456,298</b>	<b>\$ 29,997</b>
<b>Entrepreneurial Development Programs Appropriation</b>				
Net New Budget Authority	\$ 196,165	\$ 220,000	\$ 206,250	\$ (13,750)
Transfer from Salaries & Expenses	\$ 500	\$ -	\$ -	\$ -
Carryover from prior year	\$ -	\$ 3,844	\$ 3,844	\$ -
Carryover into next fiscal year	\$ (3,844)	\$ (3,844)	\$ (3,844)	\$ -
Recoveries & Unobligated balances	\$ (547)	\$ -	\$ -	\$ -
<b>Total Budget Authority</b>	<b>\$ 192,274</b>	<b>\$ 220,000</b>	<b>\$ 206,250</b>	<b>\$ (13,750)</b>
<b>Business Loans Appropriation</b>				
<i>Administrative Expenses</i>				
New Budget Authority	\$ 151,560	\$ 147,726	\$ 152,726	\$ 5,000
Carryover from prior fiscal year	\$ -	\$ -	\$ -	\$ -
Carryover into next fiscal year	\$ -	\$ -	\$ -	\$ -
Transfer to Salaries & Expenses	\$ (151,560)	\$ (147,726)	\$ (152,726)	\$ (5,000)
<b>Total Budget Authority</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<i>Loan Subsidy</i>				
New Budget Authority	\$ 111,600	\$ 47,500	\$ 3,338	\$ (44,162)
Carryover from prior fiscal year	\$ 12,741	\$ 66,199	\$ -	\$ (66,199)
Carryover into next fiscal year	\$ (66,199)	\$ -	\$ -	\$ -
Transfer to Salaries & Expenses	\$ (322)	\$ (175)	\$ (234)	\$ (59)
Recoveries & Unobligated balances	\$ 20,887	\$ -	\$ -	\$ -
<b>Total Budget Authority</b>	<b>\$ 78,707</b>	<b>\$ 113,524</b>	<b>\$ 3,104</b>	<b>\$ (110,420)</b>

**Table 7**  
**FY 2016 Congressional Budget Justification**  
**SOURCES OF FUNDS: APPROPRIATION DETAIL**

(Dollars in Thousands)

	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request	FY 2016 Incr/Decr
<b>Disaster Assistance Appropriation</b>				
<i>Administrative Expenses</i>				
New Budget Authority-Stafford Act	\$ 158,650	\$ 154,636	\$ 158,829	\$ 4,193
New Budget Authority-Non-Stafford Act	\$ 33,250	\$ 32,222	\$ 28,029	\$ (4,193)
New Budget Authority, Total	\$ 191,900	\$ 186,858	\$ 186,858	\$ -
Carryover from prior fiscal year	\$ 197,226	\$ 201,136	\$ 201,136	\$ -
Carryover into next fiscal year	\$ (201,136)	\$ (201,136)	\$ (201,136)	\$ -
Recoveries	\$ 18,310	\$ -	\$ -	\$ -
Transfer to Inspector General	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ -
Transfer to Salaries & Expenses	\$ (9,000)	\$ (9,000)	\$ (9,000)	\$ -
<b>Total Budget Authority</b>	<b>\$ 196,300</b>	<b>\$ 176,858</b>	<b>\$ 176,858</b>	<b>\$ -</b>
<i>Loan Subsidy</i>				
New Budget Authority – Stafford Act	\$ -	\$ -	\$ -	\$ -
New Budget Authority – Non-Stafford Act	\$ -	\$ -	\$ -	\$ -
New Budget Authority, Total	\$ -	\$ -	\$ -	\$ -
Carryover from prior fiscal year	\$ 730,287	\$ 738,382	\$ 621,382	\$ (117,000)
Carryover into next fiscal year	\$ (738,382)	\$ (621,382)	\$ (508,382)	\$ 113,000
Transfer to Disaster Administration	\$ -	\$ -	\$ -	\$ -
Recoveries from prior years	\$ 34,815	\$ 20,000	\$ 20,000	\$ -
<b>Total Budget Authority</b>	<b>\$ 26,720</b>	<b>\$ 137,000</b>	<b>\$ 133,000</b>	<b>\$ (4,000)</b>
<b>Inspector General Appropriation</b>				
New Budget Authority	\$ 19,000	\$ 19,400	\$ 19,900	\$ 500
New Supp. Budget Authority - Sandy	\$ -	\$ -	\$ -	\$ -
Carryover from prior fiscal year	\$ 7,163	\$ 6,603	\$ 5,603	\$ (1,000)
Carryover into next fiscal year	\$ (6,603)	\$ (5,603)	\$ (4,603)	\$ 1,000
Recoveries & Unobligated balances	\$ (2,847)	\$ -	\$ -	\$ -
Transfer from Disaster	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
<b>Total Budget Authority</b>	<b>\$ 17,713</b>	<b>\$ 21,400</b>	<b>\$ 21,900</b>	<b>\$ 500</b>
<b>Office of Advocacy Appropriation</b>				
New Budget Authority	\$ 8,750	\$ 9,120	\$ 9,120	\$ -
Carryover from prior fiscal year	\$ 679	\$ 817	\$ 817	\$ -
Carryover into next fiscal year	\$ (817)	\$ (817)	\$ (817)	\$ -
Recoveries	\$ 16	\$ -	\$ -	\$ -
<b>Total Budget Authority</b>	<b>\$ 8,628</b>	<b>\$ 9,120</b>	<b>\$ 9,120</b>	<b>\$ -</b>
<b>Total Financing Available</b>	<b>\$ 951,223</b>	<b>\$ 1,104,203</b>	<b>\$ 1,006,530</b>	<b>\$ (97,673)</b>

## Table 8 FY 2016 Congressional Budget Justification

### SUMMARY OF CREDIT PROGRAMS & REVOLVING FUND

(Dollars in Millions)

	PROGRAM LEVEL			SUBSIDY AMOUNT			SUBSIDY RATE		
	FY 2014	FY 2015	FY 2016	FY 2014	FY 2015	FY 2016	FY 2014	FY 2015	FY 2016
	Actual	Enacted	Request	Actual	Enacted	Request	Actual	Enacted	Request
Guaranteed Business Loans									
Section 7(a) Guaranty	\$ 17,875	\$ 18,750	\$ 21,000	\$ 1.5	\$ 0.0	\$ 0.0	0.01% <sup>1\</sup>	0.00%	0.00%
Section 504 CDC Guaranty	\$ 4,184	\$ 7,500	\$ 7,500	\$ 72.2	\$ 45.0	\$ 0.0	1.71%	0.60%	0.00%
Section 504 Loan Refinancing	\$ N/A	\$ N/A	\$ 7,500	N/A	\$ 0.0	\$ 0.0	n/a	0.00%	0.00%
SBIC - Debentures	\$ 2,549	\$ 4,000	\$ 4,000	\$ 0.0	\$ 0.0	\$ 0.0	0.00%	0.00%	0.00%
<b>Total</b>	\$ 24,608	\$ 30,250	\$ 40,000	\$ 73.7	\$ 45.0	\$ 0.0			
Direct Business Loans									
Microloan Direct Program	\$ 26	\$ 25	\$ 35	\$ 5.0	\$ 2.5	\$ 3.3	18.64%	10.12%	8.87%
<b>Total Business Loans</b>	\$ 24,634	\$ 30,275	\$ 40,035	\$ 78.7	\$ 47.5	\$ 3.3			
Secondary Market Guaranties	\$ 5,394	\$ 12,000	\$ 12,000	\$ 0.0	\$ 0.0	\$ 0.0	0.00%	0.00%	0.00%
Disaster Assistance	\$ 302	\$ 1,100	\$ 1,100	\$ 26.0	\$ 0.0	\$ 0.0	8.50% <sup>1\</sup>	12.43%	12.10%
Surety Bond Guarantee Program	\$ 1,386	\$ 1,800	\$ 1,800	\$ 0.0	\$ 0.0	\$ 0.0	N/A	N/A	N/A
Immediate Disaster Assistance	\$ 0	\$ 0	\$ 18	\$ 0.0	\$ 0.0	\$ 0.0	1.95%	1.93%	1.92%
Expedited Disaster Assistance	\$ 0	\$ 0	\$ 59	\$ 0.0	\$ 0.0	\$ 0.0	2.39%	0.00%	2.27%

1\ FY 2014 actual subsidy rates are blended rates based on changes during the fiscal year.

**Table 9**  
**FY 2016 Congressional Budget Justification**  
**FULL TIME EQUIVALENT (FTE) EMPLOYEES**

	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request	FY 2016 Incr/Decr
Regular Salaries and Expenses Funds	2,113	2,136	2,155	19
Entrepreneurial Development Programs	24	29	31	2
Sub-Total	2,137	2,165	2,186	21
Disaster Loan Making	828	800	800	0
Disaster Loan Servicing	163	170	170	0
Sub-Total, Disaster	991	970	970	0
Office of Advocacy	46	46	46	0
Inspector General	93	109	110	1
Total	3,267	3,290	3,312	22

**Table 10**  
**FY 2016 Congressional Budget Submission**  
**TOTAL COST BY PROGRAM AND ACTIVITY**  
(Dollars in Thousands)

<u>Capital Programs</u>	<u>FY 2014</u> <u>Actual</u>	<u>FY 2015</u> <u>Enacted</u>	<u>FY 2016</u> <u>Request</u>	<u>FY 2016</u> <u>Incr/Decr</u>
7(a) Loans				
Loan Making	\$ 40,620	\$ 40,231	\$ 41,709	\$ 1,478
Loan Servicing	\$ 5,844	\$ 5,788	\$ 6,001	\$ 213
Loan Liquidation	\$ 20,114	\$ 19,922	\$ 20,653	\$ 731
Subtotal	\$ 66,578	\$ 65,941	\$ 68,363	\$ 2,422
504 Loans				
Loan Making	\$ 22,500	\$ 22,285	\$ 23,103	\$ 818
Loan Servicing	\$ 3,145	\$ 3,115	\$ 3,230	\$ 115
Loan Liquidation	\$ 13,765	\$ 13,633	\$ 14,134	\$ 501
Subtotal	\$ 39,410	\$ 39,033	\$ 40,467	\$ 1,434
Microloans				
Loan Making	\$ 3,769	\$ 3,733	\$ 3,870	\$ 137
Loan Servicing	\$ 145	\$ 143	\$ 149	\$ 6
Loan Liquidation	\$ 15	\$ 15	\$ 15	-
Microloan Technical Assistance	\$ 31,169	\$ 33,871	\$ 37,705	\$ 3,834
Subtotal	\$ 35,098	\$ 37,762	\$ 41,739	\$ 3,977
Prime Technical Assistance	\$ 5,651	\$ 7,097	\$ 5,803	\$ (1,294)
Surety Bond Program	\$ 4,927	\$ 4,880	\$ 5,059	\$ 179
Intermediary Lending Pilot Program	\$ 239	\$ 237	\$ 248	\$ 11
Lender Oversight	\$ 27,018	\$ 27,134	\$ 27,966	\$ 832

**Table 10**  
**FY 2016 Congressional Budget Submission**  
**TOTAL COST BY PROGRAM AND ACTIVITY**  
(Dollars in Thousands)

	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request	FY 2016 Incr/Decr
<b><u>Contracting Programs</u></b>				
7(j) Program	\$ 5,614	\$ 5,561	\$ 5,765	\$ 204
8(a) Program	\$ 53,824	\$ 53,310	\$ 55,268	\$ 1,958
HUBZone Program	\$ 10,262	\$ 10,164	\$ 10,538	\$ 374
Prime Contracting Assistance	\$ 18,529	\$ 18,352	\$ 19,026	\$ 674
Womens Business Program	\$ 2,227	\$ 2,206	\$ 2,287	\$ 81
Subcontracting Program	\$ 5,720	\$ 5,665	\$ 5,873	\$ 208
Subtotal	\$ 96,176	\$ 95,258	\$ 98,757	\$ 3,499
<b><u>Entrepreneurship Programs</u></b>				
SCORE	\$ 12,110	\$ 11,995	\$ 12,435	\$ 440
Small Business Development Centers	\$ 120,507	\$ 120,906	\$ 125,672	\$ 4,766
Native American Outreach	\$ 3,387	\$ 3,355	\$ 4,478	\$ 1,123
Women's Business Ownership	\$ 25,633	\$ 25,388	\$ 27,321	\$ 1,933
Entrepreneurship Education	\$ 9,532	\$ 9,440	\$ 10,787	\$ 1,347
Subtotal	\$ 171,169	\$ 171,084	\$ 180,693	\$ 9,609
<b><u>Export Programs</u></b>				
International Trade Promotion	\$ 10,586	\$ 10,485	\$ 10,870	\$ 385
STEP Program	\$ 9,462	\$ 18,903	\$ 1,795	\$ (17,108)
Subtotal	\$ 20,048	\$ 29,388	\$ 12,665	\$ (16,723)
<b><u>Investment Programs</u></b>				
SBIC Loans				
Loan Making	\$ 4,797	\$ 4,751	\$ 4,926	\$ 175
Loan Servicing	\$ 6,174	\$ 6,115	\$ 6,340	\$ 225
Loan Liquidation	\$ 3,249	\$ 3,218	\$ 3,337	\$ 119
Subtotal	\$ 14,220	\$ 14,084	\$ 14,603	\$ 519
SBIR/STTR Programs	\$ 9,258	\$ 9,169	\$ 7,506	\$ (1,663)

**Table 10**  
**FY 2016 Congressional Budget Submission**  
**TOTAL COST BY PROGRAM AND ACTIVITY**  
(Dollars in Thousands)

	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request	FY 2016 Incr/Decr
Rural Business Investment Program	\$ 640	\$ 643	\$ 663	\$ 20
New Market Venture Capital	\$ 668	\$ 662	\$ 686	\$ 24
<b><u>Disaster Assistance Program</u></b>				
Loan Making - Disaster	\$ 200,371	\$ 198,456	\$ 205,745	\$ 7,289
Loan Servicing - Disaster	\$ 45,987	\$ 45,548	\$ 47,221	\$ 1,673
Subtotal	\$ 246,358	\$ 244,004	\$ 252,966	\$ 8,962
<b><u>Veterans Programs</u></b>				
Veterans Business Development	\$ 19,439	\$ 19,253	\$ 19,960	\$ 707
<b><u>Executive Direction</u><sup>1\</sup></b>				
National Womens Business Council	\$ 1,362	\$ 1,349	\$ 1,398	\$ 49
Ombudsman	\$ 1,804	\$ 1,786	\$ 1,852	\$ 66
Faith Based Initiatives	\$ 143	\$ 142	\$ 147	\$ 5
Subtotal	\$ 3,309	\$ 3,277	\$ 3,397	\$ 120
<b><u>Regional and District Office Programs</u></b>				
Field Offices - Counseling	\$ 19,054	\$ 18,872	\$ 19,565	\$ 693
Field Offices - Training	\$ 29,113	\$ 28,835	\$ 29,894	\$ 1,059
Subtotal	\$ 48,167	\$ 47,707	\$ 49,459	\$ 1,752
<b><u>Other</u></b>				
Inspector General	\$ 25,182	\$ 24,942	\$ 26,858	\$ 1,916
Advocacy	\$ 12,241	\$ 12,124	\$ 12,569	\$ 445
Subtotal	\$ 37,423	\$ 37,066	\$ 39,427	\$ 2,361
<b>Total Obligations</b>	<b>\$ 845,796</b>	<b>\$ 853,679</b>	<b>\$ 870,427</b>	<b>\$ 16,748</b>

1\ Costs associated with Office of the Administrator, Office of General Counsel, Office of Congressional and Legislative Affairs, Office of Hearing & Appeals, Office of Communications and Public Liaison, Office of Chief Operating Office, Office of the Chief Financial Officer, and Office of the Chief Information Officer are allocated to the programs.

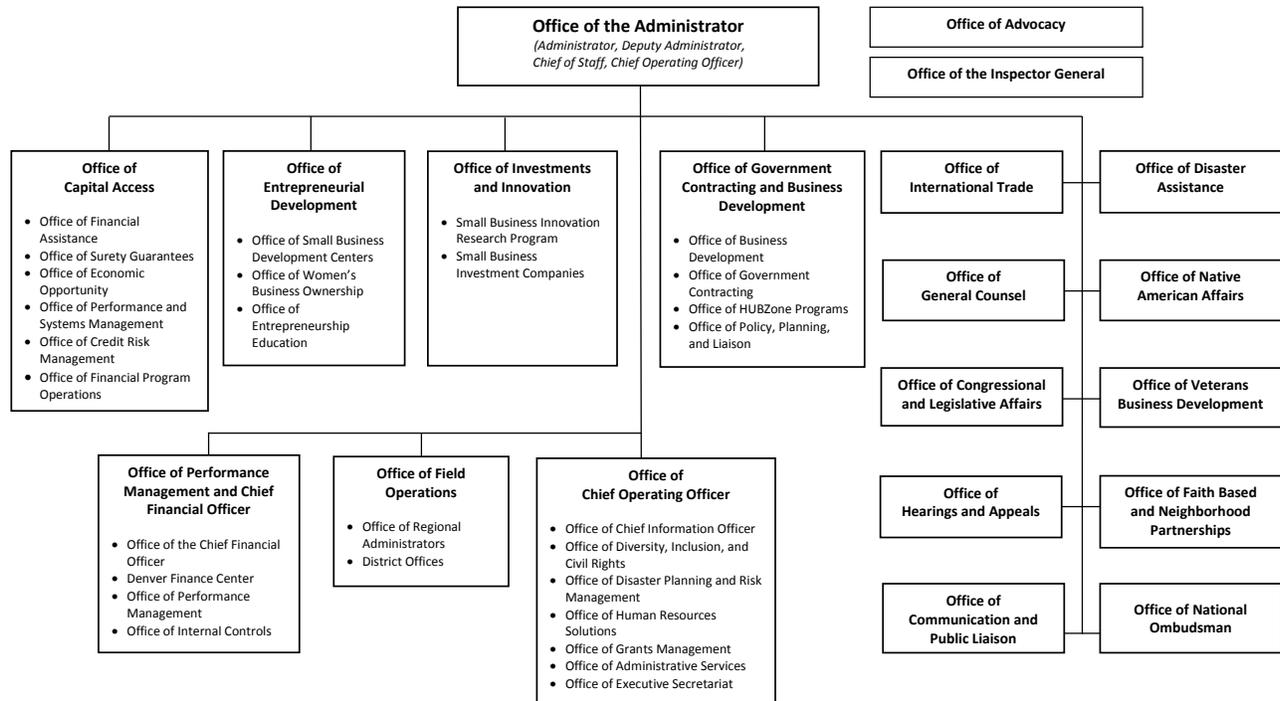
# FY 2016 Performance Plan and FY 2014 Performance Report

## Overview

The mission of the U.S. Small Business Administration is to maintain and strengthen the nation’s economy by enabling the establishment and vitality of small business and to assist in the economic recovery of communities after disasters. The Agency has organized its annual performance plan and report around its *FY 2014-2018 Strategic Plan*. To ensure accountability and track progress, the Agency has developed Priority and Performance Goals to support its strategic goals and strategic objectives. The **strategies, initiatives, programs, and activities** that further them are bolded.

The SBA manages its performance through the development and analysis of executive dashboards that contain key metrics, rigorous data-driven quarterly performance reviews to discuss progress toward Priority and Performance Goals, and frequent reviews of strategies and initiatives by senior leadership. With an annual budget of more than \$860 million including Stafford Act Disaster funding, over 2,000 employees, and 68 district offices across the country, in FY 2016 the Small Business Administration will support more than \$36 billion in small business loans, help facilitate 23 percent of all federal contracting dollars for small businesses, counsel and train over one million small business owners or potential owners, disburse over \$1 billion in disaster assistance to victims, and nurture thousands of high-growth companies with up to \$4 billion in long-term capital.

### SBA ORGANIZATION STRUCTURE



## FY 2014 Progress Update

The GPRA Modernization Act of 2010 requires an annual review of performance goals and strategic objectives. The SBA conducted its baseline review in FY 2014 using performance data and other evidence to assess progress of each strategic objective in an effort to improve program outcomes. The senior leadership team reviewed 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 strategic objectives making noteworthy progress and those needing improvement. First, Strategic Objective 1.1 (Capital) has made noteworthy progress because of its current performance towards the Agency Priority Goal of adding 325 new lenders to SBA's network each fiscal year. Also, continuous efforts to modernize and streamline loan processing technology in order to improve customer service and outreach have helped with progress toward the strategic objective. The Agency also identified Strategic Objective 1.2 (Contracting) as an area of noteworthy progress due to the federal government's support of small business prime contracting and disadvantaged business contracting goals. In FY 2013, the Agency surpassed its prime contracting, service-disabled, and small disadvantaged contracting goals. Due to data lags, the FY 2014 contracting information will be available in summer FY 2015).

The Agency identified Strategic Objective 3.2 (Employees), which focuses on employee recruitment, hiring, training, and work-life, as an area for improvement. Due to hiring constraints and reduced training funds, SBA programs have reduced flexibility to perform key work and reach Agency customers. The execution of hiring reforms implemented through a voluntary early retirement authority and voluntary separation incentive programs, in consultation with OMB and OPM, will help ensure that resources can be adequately shifted to areas with the greatest need. This realignment of resources will improve the stability of the SBA to ensure that it meets the needs of its customers and partners in the small business community.

Also, to ensure better accountability of its strategic objectives, the SBA modified its *FY 2014-2018 Strategic Plan* in the FY 2016 Annual Performance Plan. The Agency identified two strategic objectives that better serve as strategies that support program outcomes in other areas. Strategic Objective 1.7 (Supply Chain), with its focus on the American Suppliers initiative, supports and better aligns with the program outcomes in Strategic Objective 1.3 (Entrepreneurship) because of the strong connection with mentoring and consultation services. Former Strategic Objective 2.2 (Collaboration) is now integrated in other strategic objectives because it serves as a strategy to accomplish program outcomes – including ChallengeHER (Strategic Objective 1.2), National Export Initiative (Strategic Objective 1.4), and Boots to Business (Strategic Objective 2.1).

These modifications ensure greater program accountability by connecting program outcomes with the leaders of the respective strategic objectives. The SBA consulted with OMB in the summer of 2014 on its strategic objective review to ensure that the assessments and improvement actions align with Administration policy and the President's Budget. A Progress Update for each strategic objective is incorporated into the FY 2016 Annual Performance Plan.

## Lower Priority Programs

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

## Evidence and Evaluation

The SBA supports the use of evidence to inform policy decisions. During the past several years, the Administration has issued several memoranda regarding the use of data to support program evaluations, including an OMB-issued memorandum in early 2014 on "*Guidance for Providing and Using Administrative Data for Statistical Purposes*".<sup>1</sup> The SBA has launched several initiatives to respond to the call for greater evidence to support the President's Budget and to leverage new, innovative uses of data to learn more about the Agency's programs.

In FY 2014, the SBA launched an Agency-wide Impact Evaluation Working Group (IEWG). This group developed a comprehensive evaluation methodology to assess the impact of SBA programs using an experimental sampling approach that includes treated and control or comparison groups, and relies primarily on administrative data<sup>2</sup>. Since program evaluations and performance metrics often use the same data, the IEWG adopted an approach for leveraging its programs' administrative data along with the administrative data from other federal statistical agencies. This innovative approach will provide previously unavailable evaluation data at a lower cost than similar studies in order for Agency staff to analyze and understand the performance and short- and long-term impact of its programs.

In FY 2015, the Agency plans to evaluate the impact of the Scale Up America program and the Office of Native American Affairs. Beyond these internal efforts, the SBA is an active participant in the interagency Working Group on *Evaluating Business Technical Assistance Program (E-BTAP)*, which has been convened by the Executive Office of The President, through the White House Council of Economic Advisers. The SBA is leading the committee charged with outlining best practices for evaluating federal business assistance programs. Participating agencies include the Department of Agriculture, Department of Commerce, National Institute of Science and Technology, Bureau of the Census, and the Department of Labor.

In FY 2016, the SBA plans to further develop its analytical capacities and institutionalize the evidenced-based process across programs.

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<sup>1</sup> Administrative Data is defined as data that has already been collected either by the program or by a statistical agency (e.g., Bureau of the Census).

<sup>2</sup> A randomized control trial is the best standard of experimental sampling design. However, this approach may not be feasible for many social science studies, which means that the quasi-experimental sampling approach is the next best approach.

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**Performance Goal:** Ensure the customer satisfaction rate for disaster loan approvals is 71 percent in FY 2016

**Strategies:**

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

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**Performance Goal:** Assist 32,250 underserved small businesses through capital assistance programs and 14,475 underserved small businesses through contracting programs in FY 2016

**Strategies:**

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- 2. Help veterans become small business owners
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**Strategies:**

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**Strategies:**

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- 2. Identify and reduce regulatory burdens on entrepreneurs and small businesses through stakeholder engagement, outreach to all segments of the small business community, and collaboration with federal agency partners

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**Strategies:**

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2. Ensure efficient and effective management of Agency financial and acquisition resources
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**Strategies:**

1. Recruit and maintain a diverse, high-performing, outcome-driven workforce
2. Offer high-value learning and leadership opportunities
3. Foster an inclusive organizational culture that inspires employee engagement, cooperation, and fairness, empowering employees to realize their full potential
4. Modernize and integrate human resource systems

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1. Use technology and targeted reviews to conduct effective risk management
2. Ensure integrity of contracting programs and combat fraud, waste and abuse
3. Maintain strong internal controls and decrease improper payments

## *Strategic Goal One – Growing Businesses and Creating Jobs*

### **Strategic Objective 1.1: Capital**

*Expand access to capital through SBA's extensive lending network*

**Priority Goal:** Expand access to capital by adding 325 new and returning lenders to SBA's flagship 7(a) program each year for FY 2014-2015

**Performance Goal:** Support 624,300 jobs through capital assistance programs in FY 2016

**Objective Lead:** Associate Administrator, Office of Capital Access

**Programs/Activities:** 7(a) Loans, 504 Certified Development Loans, Secondary Market Guaranty, Microloans, Surety Bond Guaranty, Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), SCORE, U.S. Export Assistance Centers

**Strategies:**

1. Offer loan guaranty products to assist small businesses in obtaining financing when they do not qualify for conventional credit
2. Strengthen and expand the network of lenders offering SBA products
3. Leverage network of resource partners to assist small businesses' access to capital
4. Offer a guaranty surety bond product for small and emerging contractors

Access to capital is critical to the long-term success of America's small businesses. The top priority at the SBA is to get lending flowing to small businesses. As the markets have improved from the recession, the SBA is working to ensure that remaining gaps in the commercial markets are filled and that small businesses are well positioned to take advantage of opportunities as the economy strengthens. The Agency also continues to streamline and simplify its loan program to make its products more attractive to lenders and borrowers.

Small businesses that receive an SBA-backed loan report on the number of jobs supported by the loan. Jobs supported is an important outcome measure of the effectiveness of SBA financing and provides an indication of the Agency's impact on the economy. Providing a variety of loan products, including 7(a) loans, 504 loans, and microloans in an easy and streamlined manner through a large network of active lenders and increased referrals from SBA's network of counseling and training partners is how the SBA plans to support 624,300 jobs through financial assistance programs in FY 2016.

**Progress Update:** The SBA, in consultation with the Office of Management and Budget, has determined that the performance toward this objective is making noteworthy progress. The SBA made substantial progress toward its Priority Goal by adding 308 new 7(a) lenders to its network making 684 loans totaling over \$316 million dollars in guaranteed 7(a) loans. This goal has helped expand SBA's footprint to increase small business access to capital. In addition, significant progress has been made to streamline and simplify the loan application process to lower costs to lenders. The number of jobs supported from 7(a) loans, 504 loans, microloans, and surety bond guaranties has increased since 2009 with the FY 2014 results showing 615,364 jobs supported.

Table 1.1a shows progress toward the Priority Goal of bringing new lenders into the 7(a) SBA lending network. Table 1.1b provides results and targets on lending supported from combined 7(a) and 504 loans and the number of jobs supported from 7(a), 504, microloans, and surety bond guaranties.

**Table 1.1a: 7 (a) Priority Goal**

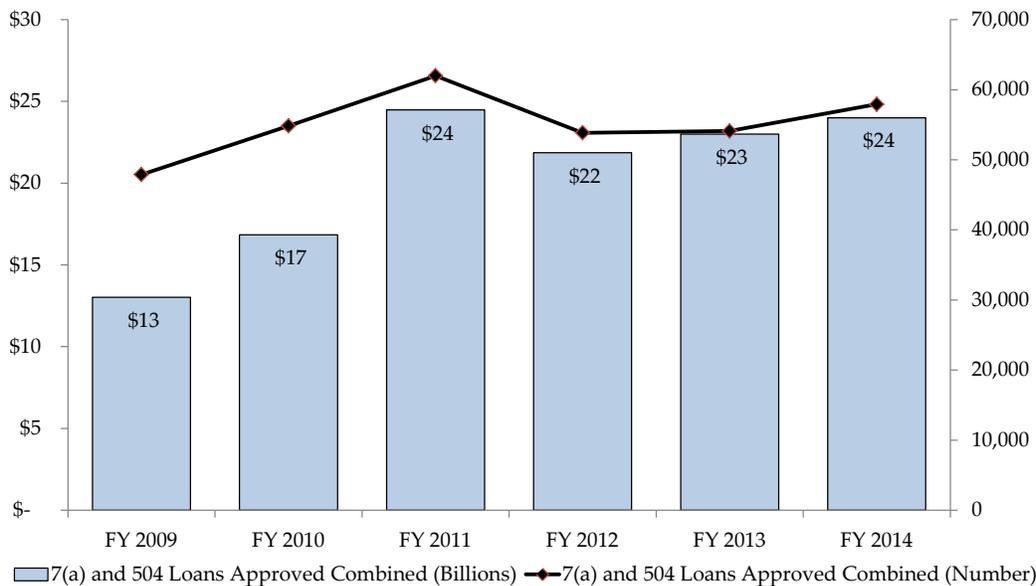
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of New 7(a) Lenders	Target	N/A	N/A	N/A	N/A	Baseline	325	325	325
	Actual	N/A	N/A	N/A	312	306	308		
	Variance	N/A	N/A	N/A	N/A	N/A	-5%		
<b>Additional Information:</b> A new 7(a) lender is any lender that has not approved a loan over the previous two fiscal years. The SBA did not meet its FY 2014 target due to impacts from the delays at the beginning of the year from the shutdown; however, the Agency expects to meet its FY 2015 target.									

**Table 1.1b: 7(a), 504, Microloans and Surety Bond Guarantee Performance Goals**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Billions of Dollars of Lending Supported by 7(a) and 504 Loans	Target	Baseline	\$ 15.1	\$ 17.6	\$ 17.3	\$ 18.6	\$ 19.0	\$ 19.4	\$ 25.4
	Actual	\$ 17.4	\$ 16.8	\$ 24.3	\$ 21.9	\$ 23.1	\$ 23.4		
	Variance	N/A	11%	39%	27%	24%	23%		
<b>Additional Information (18% above target):</b> Improvements in 7(a) program delivery and reduced fees continue to make the 7(a) Loan Guaranty program attractive to small businesses and small business lenders.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Jobs Supported by 7(a), 504, Microloans and Surety Bond Guarantee	Target	N/A	N/A	583,800	574,800	654,000	674,850	688,650	624,300
	Actual	514,035	583,737	700,736	609,437	621,869	615,364		
	Variance	N/A	N/A	20%	6%	-5%	-9%		
<b>Additional Information:</b> The SBA established this performance goal in FY 2011 and has provided historical data for context. Lending for the 504 program was down in FY 2014 compared to the prior fiscal year.									

Chart 1.1 shows the combined 7(a) and 504 loans approved. About 90 percent of the total numbers of loans processed are 7(a) loans, and 7(a) loans account for approximately 80 percent of the approved lending dollars.

**Chart 1.1: 7(a) and 504 Loans Approved Combined (\$ Billions and Number of Loans)**



**Strategy 1: Offer loan guaranty products to assist small businesses in obtaining financing when they do not qualify for conventional credit**

SBA loan guaranty programs play a critical role ensuring access to capital for U.S. small businesses. When a small business cannot qualify for a loan under conventional credit standards, SBA’s loan guaranty programs provide the necessary financial backing. Small businesses play a crucial role in growing the U.S. economy, and SBA’s loan guaranty program is focused on providing necessary capital to entrepreneurs.

The 7(a) Loan program is the federal government’s primary small business loan program, assisting small businesses to obtain financing when they do not qualify for or otherwise have access to traditional credit. SBA guarantees a portion of each loan (typically 75 to 90 percent) that participating lenders make by using the credit enhancement of the 7(a) loan program. Its flexibility enables small businesses to obtain financing of up to \$5 million for various business uses, with loan maturities up to 25 years. The 7(a) loan program allows small businesses with limited access to traditional capital markets to secure start up and growth funding that helps to increase employment, provide services to communities, and expand the local tax base. In support of its Priority Goal, the SBA will increase small business access to capital by increasing the number of new or returning lenders each fiscal year for the flagship 7(a) program. New and returning lenders are a major component of the lending portfolio and are essential to growth in the quantity of loans approved and small businesses assisted. Each new or returning lender will expand SBA’s footprint and increase small business access to capital. Attaining a high volume of new and returning lenders from one fiscal year to the next will create a consistent pipeline of SBA loans for small businesses.

Table 1.1c table displays the cost to administer the program. It 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). The table does not include funds from the American Recovery and Reinvestment Act of 2009 and Small Business Jobs Act of 2010. The SBA revised its methodology for administrative resources. Lender Oversight is not included in the total program cost and activities for the FY 2014 actuals, FY 2015 enacted and FY 2016 request. Table 1.1d provides the targets and results for the 7(a) loan performance indicators.

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

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
\$ 90,764	\$ 95,090	\$ 88,000	\$ 93,640	\$ 75,390	\$ 66,578	\$ 65,941	\$ 68,363

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

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Billions of Dollars of 7(a) Loans Approved	Target	Baseline	\$ 11.1	\$ 12.8	\$ 13.2	\$ 14.5	\$ 14.8	\$ 15.1	\$ 19.0
	Actual		\$ 9.2	\$ 12.4	\$ 19.6	\$ 15.2	\$ 17.9		
	Variance	N/A	12%	53%	15%	23%	30%		
Additional Information (30% above target): Improvements in 7(a) program delivery and reduced fees continue to make the 7(a) loan program attractive to small businesses and small business lenders.									

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Small Businesses Assisted by 7(a)</b>	<b>Target</b>	60,486	37,500	40,700	40,000	38,700	39,500	39,500	45,000
	<b>Actual</b>	37,153	41,705	46,749	39,022	40,574	45,730		
	<b>Variance</b>	-38%	11%	15%	-2%	5%	16%		
<b>Additional Information (16% above target):</b> 7(a) loan activity increased across all loan sizes but the streamlined processing for loans under \$350,000 was particularly effective in increasing the number of small businesses assisted by 7(a) loans. In FY 2014, 39,188 7(a) loans under \$350,000 were approved – an increase of 15% from FY 2013.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Jobs Supported by 7(a)</b>	<b>Target</b>	925,493	625,500	474,100	470,000	547,200	558,100	569,300	500,000
	<b>Actual</b>	423,982	473,502	582,707	454,814	483,976	503,853		
	<b>Variance</b>	-54%	-24%	23%	-3%	-12%	-10%		
<b>Additional Information (10% below target):</b> 7(a) loan activity increased across all loan sizes but the streamlined processing for loans under \$350,000 was particularly effective in increasing the number of small businesses assisted by 7(a) loans. The number of jobs decreased due to the larger number of small dollar loans.									

### FY 2014 Accomplishments and Challenges

The SBA did not receive a credit subsidy appropriation for the 7(a) loan program, relying instead on fees and carryover subsidy to cover the cost to support \$18.5 billion in lending authority. This financing supported over 500,000 jobs and assisted over 45,000 small businesses.

Improvements in program delivery helped reduce servicing fees for lenders in FY 2014. The program continued to move toward 100 percent electronic submission of applications in FY 2014 with 95 percent of applications submitted electronically. The SBA worked with its Fiscal Transfer Agent to construct the framework for SBAOne electronic application submission (refer to Strategy 2 for more information). A new Fiscal Transfer Agent contract incorporates significantly more data on 7(a) loans and provides useful information on best practices to improve program risk management, streamline payment and reporting, and improve efficiency of secondary market functions.

Also, the SBA streamlined processing for small businesses taking out small (\$350,000 or less in size) 7(a) loans by using credit scoring. This policy went into effect on July 1, 2014 and encourages lenders to use the credit score accessed through SBA's E-Tran system. It matches personal and business information with predictive behavior as demonstrated by a business credit score and can better assist lenders in the underwriting process. Lenders can now streamline certain credit memo composition and reduce cost for credit delivery on smaller loans. This effort strengthens SBA's commitment to improving customer service.

Underserved communities and businesses are statistically a higher percentage of small loan users and face greater challenges attracting financing from traditional sources. To support the Agency's mission to reach more small and underserved businesses, the SBA streamlined the delivery of 7(a) small loans and better aligned them with the methods by which conventional small loans are underwritten by banks and other lenders. The SBA waived up-front and annual fees on 7(a) loans of \$150,000 or less, resulting in 30,675 loans issued that supported \$1.9 billion in lending. See Strategic Objective 2.1 (Inclusive Entrepreneurship) for more information on fee relief and veterans outreach. As part of the mission to support and increase loans to veterans, the SBA supported Veterans Advantage, which eliminated up-front fees on SBAExpress loans. In FY 2014, veterans received 2,113 in 7(a) loans totaling \$598 million.

### FY 2015 and FY 2016 Planned Performance

In FY 2015 and FY 2016, the SBA requested no credit subsidy appropriation for the 7(a) loan program and plans to rely on fees to cover the cost to support \$18.75 and \$21.0 billion respectively in lending authority. The financing for FY 2016 is expected to assist 45,000 small businesses and support 500,000 jobs. The SBA will continue to waive up-front and annual fees on 7(a) loans of \$150,000 or less, the up-front fee on SBAExpress loans to veterans up to \$350,000, and the fifty percent fee waiver on non-SBA Express loans above \$150,000.

The SBA will continue to leverage credit scoring for small borrowers. The Agency will review the validation of the portfolio score used for the past 10 years to measure risk in the lenders' portfolios and will continue to work with its vendors to improve delivery of the 7(a) small loan product through these lenders by providing access to the origination credit score.

In accordance with federal guidelines, the implementation of electronic signatures for SBA loan applications is projected to decrease time and expenses for participating lenders and small business borrowers. The impact of streamlined processing implemented in FY 2014 for 7(a) small loans, in addition to the electronic signatures and loan applications implementation in FY 2015, is projected to result in increased small loan activity in FY 2016.

For FY 2016, the SBA requests an investment of \$3.5 million for the Initiative for Center Efficiency. The Administration has made a commitment to streamline government processes through smarter information technology and efficient policies. This request will allow the SBA to image paper loan files into an electronic format which will significantly increase efficiency in center operations, save on shipping and handling costs, and reduce the risk of physical file shipments. Also, Agency will reevaluate program regulations and standard operating procedures in order to simplify participation for lending partners in the 7(a) program. The SBA expects to implement a paperless billing process along with an online account management portal, which will allow for online accessibility of loan accounts. These efforts will continue to spur job creation and retention and improve customer service for both small business borrowers and lenders. In FY 2014, the SBA continued to simplify and modernize loan processes and technologies that support the Agency's flagship 7(a) program. In FY 2015, the SBA expects to continue improving its systems through a partnership with the Agency's Fiscal Transfer Agent and will further this initiative in FY 2016 through simplification of policies and regulations and smarter delivery of information technology.

The **504 Certified Development Loan** program is one of SBA's key economic development programs, providing "brick and mortar" and/or major equipment financing. This program – with its statutorily-mandated job creation component, a community development goal, or a public policy goal (e.g., business district revitalization, expansion of exports, rural development) – helps the SBA facilitate job creation. A typical 504 project includes a loan secured from a private sector lender with a senior lien and an SBA-backed loan secured from a certified development company (CDC) in a second position. The maximum size of a 504 loan is \$5 million; however 504 loans for manufacturing and energy-related projects can be as much as \$5.5 million.

Table 1.1e displays the cost to administer the program. It 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). The SBA revised its methodology for administrative resources. Lender Oversight is not included in the total program cost and activities for the

FY 2014 actuals, FY 2015 enacted and FY 2016 request. Table 1.1f provides the targets and results for the 504 loan performance indicators.

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

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
\$ 31,889	\$ 36,232	\$ 38,888	\$ 39,612	\$ 40,474	\$ 39,410	\$ 39,033	\$ 40,467

**Table 1.1f: 504 Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Billions of Dollars of 504 Loans Approved	Target	N/A	\$ 4.0	\$ 4.8	\$ 4.1	\$ 4.1	\$ 4.2	\$ 4.3	\$ 4.4
	Actual	\$ 3.8	\$ 4.4	\$ 4.8	\$ 6.7	\$ 5.2	\$ 4.2		
	Variance	N/A	10%	0%	63%	27%	0%		
<b>Additional Information:</b> The SBA established this performance indicator in FY 2010 and has provided historical data for context. The number of CDCs is decreasing and the results of FY 2012 and FY 2013 demonstrate higher funding levels from the Small Business Jobs Act.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Small Businesses Assisted by 504 Loans	Target	8,185	5,600	8,100	6,800	6,400	6,500	6,500	6,700
	Actual	6,461	7,664	7,752	9,038	7,502	5,725		
	Variance	-21%	37%	-4%	33%	17%	-12%		
<b>Additional Information (12% below target):</b> The SBA anticipates an increase for FY 2015 loan volume due to the final rule that became effective April 21, 2014 that eliminated unnecessary regulatory burdens on CDCs and loan eligibility restrictions (personal resources test).									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Jobs Supported by 504 Loans	Target	158,122	133,000	88,800	75,900	79,400	81,000	82,600	84,300
	Actual	74,849	82,543	87,337	116,569	90,257	66,744		
	Variance	-53%	-38%	-2%	54%	14%	-18%		
<b>Additional Information (18% below target):</b> The SBA anticipates an increase for FY 2015 loan volume due to the final rule that became effective April 21, 2014 that eliminated unnecessary regulatory burdens on CDCs and loan eligibility restrictions (personal resources test).									

#### FY 2014 Accomplishments and Challenges

The SBA revised its 504 regulations to expand eligibility and strengthen governance and oversight of the program with the objectives of simplifying processes and eliminating non value-added regulatory burden on CDCs. As a complement to this simplification effort and consistent with the re-engineering of the servicing center, the Agency reviewed loan administration processes so that some practices can be eliminated while strengthening program integrity. The SBA created new procedures for oversight and monitoring and the development of a new benchmarking system (SMART) for CDC capacity building.

Debenture funding in the 504 Certified Development Company program was \$4.2 billion. The pricing on debentures was at historically low rates (2.99 percent for 20-year rates in June 2014 and 1.88 percent for 10-year debenture in December 2013). While major progress was achieved to streamline the loan process, 504 loan volume decreased by 19 percent from FY 2013. The SBA anticipates an increase for FY 2015 loan volume due to the final rule that became effective April 21, 2014 that eliminated unnecessary regulatory burdens on CDCs and loan eligibility restrictions (personal resources test).

The SBA reviewed the activity levels of all CDCs, and worked diligently this year to address underperforming CDCs in order to continue improving program delivery. This project may lower the number of CDCs licensed in the program to approximately 240; however, the SBA continues to actively recruit new CDC candidates.

#### FY 2015 and FY 2016 Planned Performance

In FY 2015, the SBA will support \$7.5 billion in lending authority each year for the 504 loan program; however, the Agency received \$45 million in credit subsidy and in FY 2016 does not request credit subsidy. In FY 2016, this financing is expected to support nearly 85,000 jobs and assist 6,700 small businesses. The SBA requests authority in FY 2016 for 504 Refinance lending (504 Refi), which would have no subsidy cost but would support \$7.5 billion in lending each year. This program, authorized under the Small Business Jobs Act of 2010, expired at the end of FY 2012. It supported total lending of \$5.5 billion during its authorization and allowed borrowers to refinance existing debt and lock in the cost of a portion of their existing debt without a business expansion component, often for substantially less than their current monthly payments.

The SBA plans to continue implementation of the revised 504 regulations. The Agency will conduct training and provide technical assistance to CDCs for capacity building and will coordinate with federal partners, lenders, and trade associations to create opportunities for program improvements and expansion. The SBA will develop an eGov solution to the CDC management system tool which tracks and provides feedback to SBA offices and CDCs on corporate governance and compliance issues, and the Agency will develop an eGov solution for the CDC annual report. These eGov solutions will improve program efficiency and monitoring for the 504 program.

The SBA offers a variety of specialized loan products to expand access to capital for small businesses in a variety of business ventures. For example, **Microloans** and **Community Advantage** loans are specifically targeted for underserved markets. These loan products are described in more detail under Strategic Objective 2.1 (Inclusive Entrepreneurship).

#### ***Strategy 2: Strengthen and expand the network of lenders offering SBA products***

SBA loan programs remain critical to boost the supply of small business loans for owners who cannot access conventional credit. The SBA has strengthened relationships with existing SBA lenders. To retain existing lenders, the Agency focuses on improving customer service and reducing average payment time of less than 30 days for guaranty purchases when lenders submit complete packages. The SBA also works with existing and new lenders to ensure they have the tools and resources they need to increase the volume of SBA loans.

The SBA recognizes that small businesses that are able to tap into the global marketplace have the potential for vast expansion and growth. Through collaboration with other agencies, the SBA Office of International Trade is working to develop a more extensive trade financing infrastructure throughout the country by training a network of export lenders to better serve small business exporters. For more information, please refer to Strategic Objective 1.4 (Exports).

Increased efficiency and an improved loan application submission experience are essential to growth in the quantity of small businesses assisted and attracting active lending partners. SBA's increased use of

technology and electronic loan applications for the 7(a) and 504 loan programs will improve quality and reduce the complexity of the lending process in order to make the process more efficient.

Table 1.1g provides the targets and results for the number of active 7(a) and 504 lending partners.

**Table 1.1g: 7(a) and 504 Lender Partner Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Active Lending Partners providing 7(a) Loans</b>	<b>Target</b>	Baseline	2,800	3,000	2,700	2,800	2,850	2,850	2,850
	<b>Actual</b>	2,771	3,061	3,537	2,476	2,345	2,244		
	<b>Variance</b>	N/A	9%	18%	-8%	-16%	-21%		
<b>Additional Information (21% below target):</b> The FY 2010 and FY 2011 results are a cumulative two year goal, so the FY 2011 actual is a two-year cumulative number. Beginning in FY 2012, the indicator is reported annually. SBA One will effectively spread the cost of SBA lending across a growing network of lenders that do not need SBA experts to be players in the 7(a) loan market. Bank mergers have impacted the number of active lending partners providing 7(a) Loans. The Priority Goal to increase lenders has reduced the decline from FY 2012 to FY 2014. While the number is under target, the dollars of loans approved exceeded the goal.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Active Lending Partners Providing 504 Loans</b>	<b>Target</b>	Baseline	267	267	267	267	267	240	240
	<b>Actual</b>	274	267	249	256	247	228		
	<b>Variance</b>	N/A	0%	-7%	-4%	-7%	-15%		
<b>Additional Information (15% below target):</b> The SBA reviewed the activity levels of its CDCs, and worked diligently this year to address underperforming CDCs in order to continue improving program delivery. This project may lower the number of CDCs licensed in the program to approximately 240; however, the SBA continues to actively recruit new CDC candidates.									

FY 2014 Accomplishments and Challenges

The SBA successfully completed the award of the 7(a) Fiscal Transfer Agent (FTA) contract which included lender platform technology improvements known as SBA One. SBA One is a revamped lending platform that will use one set of forms for all 7(a) loans, including SBAExpress. SBA One will create a one-stop shop for eligibility, credit scoring, authorization, closing, and purchase and will provide one dashboard to measure and evaluate portfolio trends and performance with the goal of 1,000 lenders making more than 10 SBA loans per year. This goal is up from the historical annual average of 500 to 700 lenders, which should greatly expand access to capital. SBA One will effectively spread the cost of SBA lending across a growing network of lenders who do not need SBA experts to be players in the 7(a) loan market. The platform will use existing web-based lending software, which will reduce the need to develop costly infrastructure and streamlines internal processes.

In April, the SBA completed the award of the L/LMS contract, which is the backbone of the loan and lender credit risk management oversight process. The successful transition of the contract ensures that the SBA has data in place to manage risk over the next fiscal year. The SBA continued to support the transition of the Central Servicing Agent (CSA) contract to address IT security and operational issues and identify innovation technology projects to improve the 504 program.

To support senior leadership decision making, the SBA supported the development of weekly, monthly, and quarterly dashboard reports. Additionally, data analytics supported many initiatives including SBA One and credit scoring, new loan program policies and procedures, and risk management processes.

In support of policy changes, the SBA enhanced its systems. SBA programs rely on systems being available to support the loan and lender credit risk management and oversight processes. The SBA completed several IT security upgrades including integration of the loan authorization wizard into E-Tran, data center planning, and microloan system enhancements.

#### FY 2015 and FY 2016 Planned Performance

The SBA will work to increase the number of active lending partners to further expand access to capital for small businesses with the goal of achieving the participation of 2,850 active lenders in the 7(a) loan program and 240 in the 504 loan program in both FY 2015 and FY 2016.

The SBA requests an investment of \$4.1 million for the development of LINC (Leverage Information Network Access to Credit) to develop a new technology platform, which would enable the Agency to provide better customer service to small businesses and ensure faster access to lending information. LINC is an online tool that matches small businesses in need of a microloan, a 7(a) loan, or a 504 loan with SBA microlenders, Community Advantage lenders, or CDCs. By answering a few simple questions, LINC connects small businesses with information on how to access local SBA lenders. This online tool will help small businesses receive prompt attention from lenders that can provide loans and technical assistance, which will greatly expand outreach to small businesses. Furthermore, small businesses not located near an SBA field office or resource partner will now be able to gain greater access to capital through smarter IT delivery. Lenders will have the opportunity to contact prospective borrowers they might otherwise miss. LINC is a smart investment, a bold idea, and increases accessibility for small businesses.

To better manage implementation, the Agency changed its SBA One goal to only target 7(a) loans in the coming year. The new strategy and Priority Goal of new and returning lenders allows the SBA to implement the requirements within the FTA contract.

The SBA relies on systems to support the loan and credit risk management processes. The following activities will continue to be maintained: (1) delivering data and analysis for loan programs; (2) managing L/LMS, the lender portal, SAS datasets, SAS business intelligence tool, and the Disaster Loan Monitoring System (DLMS); (3) supporting web-based loan systems for 504, 7(a), disaster assistance loan funding and servicing, Surety Bond Guarantee, guaranty purchases, and micro lenders; (4) operating a Federal Information Security Management Act-compliant (FISMA) 24-hour data center with an alternate processing site; (5) modernizing Common Business Oriented Language (COBOL); and (6) streamlining origination, eligibility, and lender risk management processes.

Today, over 95 percent of 7(a) loans are processed electronically. Without development and maintenance of the electronic processing system, potential disruption to the loan programs could occur. The disruption would directly impact SBA's ability to meet the needs of small businesses and have a negative impact in communities across the country.

In FY 2016, in support of maintaining its loan systems and meeting the stated goals, the SBA will support the Capital Access Financial Systems (CAFS), L/LMS, Lender Portal, SAS Datasets, and SAS Business Intelligence Tool (Dashboard). The SBA will support the operational and maintenance environment of the SAVVIS data center that will host CAFS. The operations and maintenance costs include integration and modernization in order to update the systems as the Agency's functional and technical requirements change.

### ***Strategy 3: Leverage network of resource partners to assist small businesses' access to capital***

Each year, hundreds of thousands of entrepreneurs come through SBA's resource partner network of small business development centers (SBDC), women's business centers (WBC), SCORE chapters and veterans business outreach centers (VBOC). SBDC, WBC, SCORE and VBOC business advisors help these entrepreneurs gain access to capital infusion such as traditional bank financing, SBA-guaranteed loans, equity contributions from angel investors, and venture capitalists who can help them expand their businesses. For more information on entrepreneurial development, see Strategic Objectives 1.3 (Entrepreneurship) and 2.1 (Inclusive Entrepreneurship).

#### FY 2014 Accomplishments

Professional SBDC business advisors helped clients obtain \$4.7 billion in capital for their businesses. The clients of the Women's Business Center program are primarily nascent entrepreneurs. While many of these clients are not ready for traditional financing, the WBC network collaborates closely with microlending institutions – helping new small business owners access over \$20 million in loans. About 25 percent of WBCs are co-located with a microlending program. Like the previous year, the WBC training conference focused on gaining access to capital. The WBCs are encouraged to collaborate with local lenders and microlenders as a way to help more women entrepreneurs access capital. SCORE volunteers provided thousands of hours to help entrepreneurs gain access to capital. Several new online courses were made available in Spanish, and free online business workshops explain the various sources of financing and provide information on how to assess a company's financial needs.

#### FY 2015 and FY 2016 Planned Performance

The SBA will continue to make capital infusion a primary goal of the SBDC grants with a FY 2016 target of \$3.9 billion. The SBDC network will leverage relationships with the lending and investment community to support the capital acquisition needs of entrepreneurs. The WBCs will continue working closely with new entrepreneurs and microlending institutions. It is anticipated that the WBCs will assist their clients access over \$25 million in loans in FY 2015 and \$35 million in loans in FY 2016. SCORE will continue to help small businesses in accessing capital by providing face-to-face mentoring and online educational training workshops on finance. Several chapters will continue to offer online courses and business workshops that explain the various sources of financing and provide information on how to assess a company's financial needs.

### ***Strategy 4: Offer a guaranty surety bond product for small and emerging contractors***

SBA's Surety Bond Guarantee program provides access for small and emerging contractors to compete for and perform construction, service, and supply projects. Many federal, state, local, and private projects require a contractor to obtain bonding, which can be difficult in conventional commercial channels for small firms without extensive credit histories or experience. The SBA Surety Bond program provides small contractors with an avenue to obtain bonding and continue to grow.

Under the **Surety Bond Guarantee** program, the SBA guarantees bid, payment, and performance bonds on contracts up to \$6.5 million and up to \$10 million with a federal contracting officer's certification for small and emerging contractors who cannot obtain bonding through regular commercial channels. The SBA guarantees between 70 and 90 percent of the loss if a contractor defaults, which provides sureties

with the incentive to issue bonds to eligible small businesses, thus increasing small business access to public and private contracting opportunities.

Table 1.1h displays the cost to administer the program. It 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). Table 1.1i provides the targets and results for the surety bond guarantee performance indicators.

**Table 1.1h: Surety Bond Budget – Total Administrative Resources (Thousands)**

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
\$ 4,904	\$ 6,175	\$ 4,865	\$ 5,477	\$ 4,615	\$ 4,927	\$ 4,880	\$ 5,059

**Table 1.1i: Surety Bond Guarantee (SBG) Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Contract Value (Billions) of Bid and Final Bonds</b>	<b>Target</b>	Baseline	\$ 3.50	\$ 3.32	\$ 3.70	\$ 3.70	\$ 5.70	\$ 6.50	\$ 6.75
	<b>Actual</b>	\$ 2.76	\$ 4.00	\$ 3.66	\$ 3.92	\$ 6.15	\$ 6.41		
	<b>Variance</b>	N/A	14%	10%	6%	66%	12%		
<b>Additional Information (12% above target):</b> A new underwriting unit was formally established, which has helped to strengthen relationships with surety agents. The SBA approved three new prior approval surety companies for program participation.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Bid and Final Bonds Guaranteed</b>	<b>Target</b>	Baseline	7,200	7,600	8,850	8,850	13,500	13,750	14,000
	<b>Actual</b>	6,135	8,348	8,638	9,503	12,866	12,384		
	<b>Variance</b>	N/A	16%	14%	7%	45%	-8%		
<b>Additional Information:</b> The SBA established this performance indicator in FY 2010 and has provided historical data for context.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Jobs Supported by SBG</b>	<b>Target</b>	Baseline	6,100	64,000	14,900	14,900	23,000	24,000	25,000
	<b>Actual</b>	4,256	14,080	17,421	24,774	32,000	28,887		
	<b>Variance</b>	N/A	131%	-73%	66%	115%	26%		
<b>Additional Information (26% above target):</b> The SBA developed a more precise methodology in FY 2010 to calculate the number of jobs supported. It now collects the data directly from the surety bond contracts. A new underwriting unit was formally established, which has helped strengthen relationships with surety agents. The SBA approved three new Prior Approval surety companies for program participation.									

#### FY 2014 Accomplishments and Challenges

The SBA guaranteed over 12,000 bid and final (payment and performance) bonds for a combined contract value of \$6.41 billion, resulting in a nearly 29,000 jobs supported.

A new underwriting unit was formally established in headquarters, which helped to build and strengthen relationships with surety agents located on the East Coast. The SBA approved three new Prior Approval surety companies for program participation. The application cycle time averaged about two days and is well below the goal of 4.5 days. The SBA introduced an electronic document uploading and storage system for processing claims, which will dramatically reduce paper processing for both the surety industry and the SBA. Additionally, the SBA developed a bond/loan guaranty package on a pilot basis. A surety company and a bank, both SBA participants, will work together and share underwriting information. This initiative will provide small businesses with the bonding and financing necessary to compete for and to obtain new contracts.

FY 2015 and FY 2016 Planned Performance

The SBA will focus marketing and outreach efforts on underserved communities and geographical areas of the country. Efforts will continue to strengthen relationships with existing surety partners and to add additional participants to offer bonding to more small businesses. The SBA Surety Bond Guarantee program will support approximately 24,000 jobs in FY 2015 and 25,000 in FY 2016.

The Agency will investigate establishing a single guaranty percentage in the Prior Approval and Preferred Surety Bond programs and restructuring the Prior Approval program. As part of this process, the SBA will expand program oversight. Increasing surety participation will enhance bonding opportunities for more small businesses and increase the capacity to support additional jobs.

## Strategic Objective 1.2: Contracting

*Ensure federal contracting goals are met and/or exceeded by collaborating across the federal government to expand opportunities for small businesses and strengthen the integrity of the federal contracting certification process and data*

**Priority Goal:** Maximize small business participation in federal government contracting to meet the statutory goals and reduce participation by ineligible firms.

**Objective Lead:** Associate Administrator, Office of Government Contracting and Business Development

**Programs/Activities:** Small Business Procurement Set-Aside, 8(a) Business Development, 7(j) Technical Assistance, HUBZone, Women-Owned Small Business Federal Contracting, Service-Disabled Veteran-Owned Small Business Procurement, Procurement Assistance, Mentor-Protégé, Size Standards

**Strategies:**

1. Ensure federal agencies are meeting their small business contracting goals
2. Simplify access to federal contracting; attract and educate small businesses on contracting opportunities
3. Improve certification processes and data for federal contracting
4. Increase small business contracting through training of the federal contracting force

Small business contracting is a win-win; the federal government gets to work with the most innovative small businesses in America today – often with direct access to senior management – and small businesses get critical revenue to build and scale their operations. The SBA is working across the federal government to improve coordination and hold senior officials accountable for meeting their small business contracting goals. The Agency continues to simplify access to contracting and is improving the certification process and data quality for federal contracting. All of these efforts are focused on ensuring that at least 23 percent of all prime contracting dollars go to small businesses.

Information on specialized assistance for small businesses in underserved markets to maximize participation in prime contracting and subcontracting (businesses owned and controlled by socially and economically disadvantaged individuals, women, service-disabled veterans, and small businesses located in HUBZones) can be found under Strategic Objective 2.1 (Inclusive Entrepreneurship). For information regarding reducing fraud, waste, and abuse in contracting programs, refer to Strategic Objective 3.3 (Risk Mitigation).

**Progress Update**<sup>3</sup>: The SBA, in consultation with OMB, has determined that the performance toward this objective is making noteworthy progress. For the first time in eight years, in FY 2013, the federal government surpassed its statutory prime contracting goal and the SBA achieved its Priority Goal of 23 percent of federal contracting dollars going to small businesses. As a result of government-wide focus on increasing small business contracting opportunities, small businesses have been awarded \$83.1 billion in federal contracting dollars. The goal for service-disabled veterans surpassed its 3 percent target (FY 2013 result of 3.38 percent) for the second time, and small disadvantaged businesses exceeded its 5 percent target (FY 2013 result of 8.61 percent), which benefited from the successful Mentor-Protégé program.

<sup>3</sup> Due to data lags in federal contracting, SBA's FY 2014 Strategic Objective 1.2 Progress Update uses FY 2013 results.

Women-owned small business contracts increased from 4 percent in FY 2012 to 4.32 percent in FY 2013. Although the HUBZone program continues to recruit new firms, the portfolio has not recovered from the loss of firms due to re-designation of areas from the 2010 census.

Table 1.2a displays the cost to administer the program. It 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). Table 1.2b shows progress toward the Priority Goal of meeting the 23 percent federal prime contracting target.

**Table 1.2a: Prime Contracting Budget – Total Administrative Resources (Thousands)**

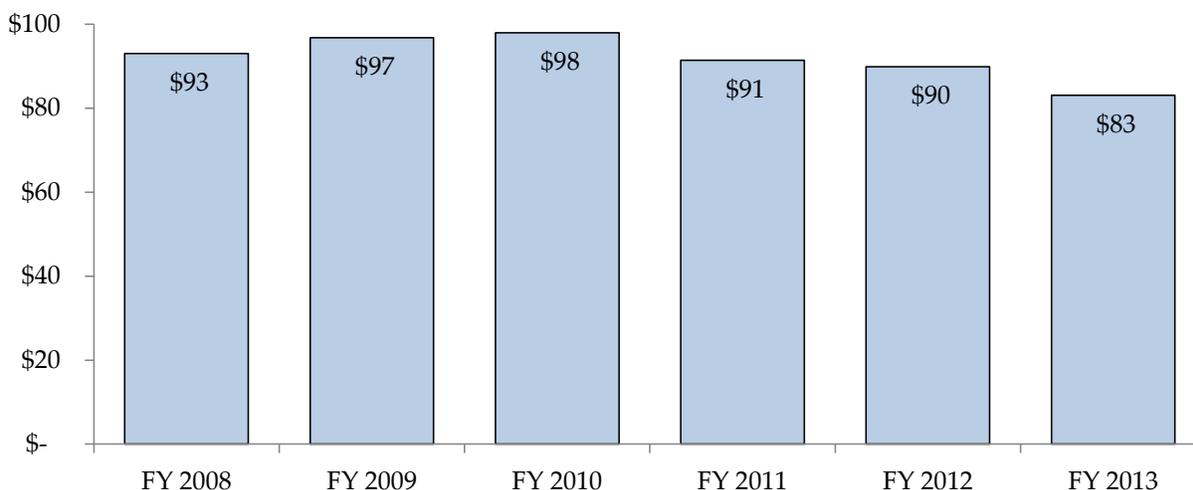
FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
\$ 24,230	\$ 29,300	\$ 27,136	\$ 28,126	\$ 26,226	\$ 18,529	\$ 18,352	\$ 19,026

**Table 1.2b: Prime Contracting Priority Goal**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Percent of Federal Contract Dollars Awarded to Small Businesses	Target	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
	Actual	21.9%	22.7%	21.7%	22.3%	23.4%	Data Lag		
	Variance	-5%	-1%	-6%	-3%	2%	N/A		
<b>Additional Information:</b> The data supporting the FY 2014-2015 Priority Goals are not finalized until the 4th quarter of FY 2015.									

Chart 1.2 shows the total federal contract dollars awarded to small businesses. The U.S. Department of Defense had the highest dollar value in support of contracting to small businesses (\$48 billion in FY 2013). The SBA supported the highest percentage of contracting to small businesses (72 percent in FY 2013). For more information on SBA's small business contracting goal, see Strategic Objective 3.1 (Program Operations). Note that while the percentage of small business contracts is increasing, the total number of contract dollars is decreasing.

**Chart 1.2: Federal Contracting Dollars (\$ Billions) Awarded to Small Businesses**



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

As chair of the Small Business Procurement Advisory Council (SBPAC), the SBA assists agencies in their acquisition planning efforts to help the federal government reach its 23 percent target for small business contracting. The approach includes launching new contracting initiatives, providing training, sharing best practices, publishing data on contracting, and hosting matchmaking events. Each month at the SBPAC, a different agency presents a best practice that has helped their small business contracting, briefs on upcoming outreach and training initiatives, and discusses upcoming rules impacting small business contracting. Table 1.2c displays the targets and results for the federal contracting sub-goals, the number of jobs supported from small businesses receiving federal contracts, and number of surveillance reviews.

**Table 1.2c: Prime Contracting Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Percent of Federal Government Prime Contracts Awarded to Disadvantaged 8(a) Small Businesses</b>	<b>Target</b>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
	<b>Actual</b>	7.6%	8.0%	7.7%	8.0%	8.6%	Data Lag		
	<b>Variance</b>	51%	59%	53%	60%	72%	N/A		
<b>Additional Information (72% above target):</b> The data supporting the FY 2014 performance indicators are not finalized until the 4th quarter of FY 2015. The impact of sequestration and furloughs enabled greater use of the 8(a) program as an attractive avenue to execute work.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Percent of Federal Government Prime Contracts Awarded to Women-Owned Small Businesses</b>	<b>Target</b>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
	<b>Actual</b>	3.7%	4.0%	4.0%	4.0%	4.3%	Data Lag		
	<b>Variance</b>	-26%	-19%	-20%	-20%	-14%	N/A		
<b>Additional Information (14% below target):</b> The data supporting the FY 2014 performance indicators are not finalized until the 4th quarter of FY 2015. The shrinking of the gap demonstrates the efforts being made toward achieving the WOSB goal. Expect this trend to continue in FY 2014.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Percent of Federal Government Prime Contracts Awarded to Service-Disabled Veteran-Owned Small Businesses</b>	<b>Target</b>	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	<b>Actual</b>	2%	2.5%	2.7%	3.0%	3.4%	Data Lag		
	<b>Variance</b>	-34%	-17%	-12%	1%	13%	N/A		
<b>Additional Information (13% above target):</b> The data supporting the FY 2014 performance indicators are not finalized until the 4th quarter of FY 2015. A concerted effort to meet the SDVOSB in FY 2012 continued in FY 2013 and resulted in this performance measure exceeding the 10% variance. Meeting or exceeding the 3% goal in FY 2014 is expected.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Percent of Federal Government Prime Contracts Awarded to HUBZone Small Businesses</b>	<b>Target</b>	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	<b>Actual</b>	2.8%	2.8%	2.4%	2.0%	1.8%	Data Lag		
	<b>Variance</b>	-6%	-8%	-22%	-33%	-41%	N/A		
<b>Additional Information (41% below target):</b> The data supporting the FY 2014 performance indicators are not finalized until the 4th quarter of FY 2015. The decline in HUBZone performance continues to be a reflection of the redesignation. An analysis of industries most impacted will enable the SBA to market the program more effectively.									

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Jobs Supported</b>	<b>Target</b>	643,293	637,000	572,000	572,000	572,000	501,113	501,113	501,113
	<b>Actual</b>	662,107	637,156	609,333	527,000	479,515	Data Lag		
	<b>Variance</b>	3%	0%	7%	-8%	-16%	N/A		
<b>Additional Information (16% below target):</b> The data supporting the FY 2014 performance indicators are not finalized until the 4th quarter of FY 2015. While more resources went to small business contracts, federal contract dollars are at the lowest point of the prior five years.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Surveillance Reviews Completed</b>	<b>Target</b>	N/A	N/A	N/A	Baseline	30	30	30	30
	<b>Actual</b>	N/A	N/A	N/A	30	31	41		
	<b>Variance</b>	N/A	N/A	N/A	N/A	3%	37%		
<b>Additional Information (37% above target):</b> The SBA introduced this performance indicator in FY 2013 and historical data have been provided for context. The increase in the number of surveillance reviews conducted was to assess if more annual reviews would yield improvements to program performance.									

#### FY 2014 Accomplishments and Challenges

Due to data lags in contracting, the SBA reports on contracting goals from the prior fiscal year. In FY 2013, the federal government achieved its prime contracting target of 23 percent for the first time in eight years, with 23.4 percent, and awarded \$83.1 billion in federal contracting dollars to small businesses. The federal government exceeded its service-disabled veterans goal of 3 percent (FY 2013 result of 3.38 percent) and small disadvantaged business goal of 5 percent (FY 2013 result of 8.61 percent). More agencies than ever reached or surpassed all of their prime contracting goals, and the SBA exceeded its federal contracting goals. Refer to Strategic Objective 3.1 (Program Operations) for further discussion on SBA contracting goals.

To help meet these goals, the SBA met monthly with agencies' Offices of Small and Disadvantaged Business Utilization (OSDBU) to provide training and updates, share best practices, and discuss progress toward prime and subcontracting goals. The SBA completed negotiations with each agency to set their prime and subcontracting goals for FY 2014 and FY 2015. The Annual Scorecard for both government-wide and individual agencies for FY 2013 was published online.<sup>4</sup> The scorecards measure each agency's progress in meeting their small business and socio-economic prime contracting and subcontracting goals and provide accurate and transparent contracting data. The increase in the number of surveillance reviews conducted was to assess if more annual reviews would yield improvements to program performance. Results are being analysed and will be summarized in FY 2015.

#### FY 2015 and FY 2016 Planned Performance

The SBA will continue to meet monthly with agencies' Offices of Small and Disadvantaged Business Utilization to provide training and updates, share best practices, and discuss progress toward prime and subcontracting goals. The SBA will work with agencies to negotiate their FY 2016 and FY 2017 goals and will issue the Annual Scorecard for both government-wide and individual agencies for FY 2014 (in summer FY 2015).

<sup>4</sup> The FY 2013 Scorecard is available at [www.sba.gov/content/small-business-procurement-scorecards-0](http://www.sba.gov/content/small-business-procurement-scorecards-0).

The SBA plans to issue revised HUBZone regulations to improve program operations and enhance procurement opportunities for small businesses located in underserved communities. The Agency will issue final regulations which will make it easier for small businesses to team together to perform government contracts. The SBA will also issue final regulations establishing a government-wide small business mentor-protégé program. The program, once fully implemented, will allow small businesses to team with more experienced firms to provide assistance in order to enhance their capabilities, assist in meeting their small business goals, and improve the ability of the protégés to compete for contracts. By FY 2016, the mentor-protégé program should be available for all small business sub-goals including service-disabled veterans, HUBZone small businesses, and women-owned-and-controlled small businesses. In accordance with the revisions to the Small Business Jobs Act of 2010, the SBA will continue to evaluate size standards to ensure that small businesses are competing in a fair arena.

Also, the Administration continued to implement QuickPay as a tool to attract contractors that allows small businesses that are federal prime contractors to receive payment in 15 days, rather than the previous 30 days. This accelerated payment policy, established in FY 2012, has been extended until July 2015 to allow agencies to continue evaluating its impact on small business subcontractors. It will also allow the Federal Acquisition Regulation (FAR) Council to solicit public input on strategies that might be used over the longer term to help maintain effective cash flow and prompt payments. This system also ensures compliance with proper size classification of contractors to the FAR and helped address the SBA Inspector General's management challenge (Management Challenge 1) that identifies procurement flaws whereby large firms obtain small business awards.

The Agency will continue to conduct 30 surveillance reviews, assess the quality of a contracting activity's small business program, evaluate its impact on small business, and recommend changes to improve small business participation in the acquisition process.

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

Small businesses are more likely to engage in federal contracting when the process is simplified; for example, the QuickPay initiative, that the SBA worked with the President and OMB to help small businesses get the cash flow they need to fund and grow their operations faster by increasing the speed of processing. Also, section 7(j) of the Small Business Act authorizes the SBA to enter into grants, cooperative agreements, or contracts with public or private organizations that can deliver management or technical assistance to eligible individuals and enterprises. This assistance is delivered to 8(a)-certified firms, small disadvantaged businesses, businesses operating in areas of high unemployment or low-income, or firms owned by low-income individuals. Refer to Strategic Objective 2.1 (Inclusive Entrepreneurship) for more information regarding federal contracting in underserved markets.

#### FY 2014 Accomplishments and Challenges

The SBA continued to promote the Women-Owned Small Business Federal Contract program through the ChallengeHER campaign. This initiative, undertaken via a co-sponsorship with American Express OPEN and Women Impacting Public Policy, educated women-owned small businesses in the federal supply chain. ChallengeHER events, hosted at various federal agencies and SBA district offices, informed women of contracting opportunities available within the federal government.

The Agency used its 7(j) authority to provide business development and contracting training to thousands of 8(a) program participants. This training enabled the participating firms to better prepare themselves for federal contracting opportunities. The SBA hosted monthly webinars to help small businesses learn how to apply for the 8(a) Business Development program. Additionally, the SBA continued to implement several provisions in accordance with the National Defense Authorization Act of 2013 through the rulemaking process that will lower barriers to entry for contracting.

#### FY 2015 and FY 2016 Planned Performance

The SBA will continue to work on increasing awareness of contracting opportunities and engaging with other agencies and external stakeholders. It will continue to improve online offerings through the Government Contracting Classroom for a “No Wrong Door” approach that helps small businesses find the right opportunities for federal assistance from wherever they engage with the SBA and its partners. The SBA will support the 7(j) program in order to provide business development and contracting training to 8(a) program participants and host webinars to help small businesses learn how to apply for the 8(a) Business Development program.

The SBA administers the HUBZone program and has a recurring requirement to update and maintain its current Geographical Information System (GIS) maps. This maintenance includes the preparation of geographic files that correspond to the HUBZone map layers and the maintenance of the public web map applications. The SBA will enhance functionality to better monitor program operations and compliance.

### ***Strategy 3: Improve certification processes and data for federal contracting***

The SBA manages two small business certification programs, the **8(a) Business Development** program and the **HUBZone** program. The 8(a) Business Development program helps small, disadvantaged businesses compete in the marketplace through the provision of business development assistance. The HUBZone program helps small businesses in urban and rural communities gain preferential access to federal procurement opportunities. Ensuring firms are eligible is paramount to the programs’ ability to help agencies achieve federal prime and subcontracting goals and helps firms in underserved communities access much needed capital through the federal supply chain. Refer to Strategic Objective 2.1 (Inclusive Entrepreneurship) for more information regarding federal contracting in underserved markets.

Each agency is responsible for ensuring the quality of its own contracting data, but the SBA conducts additional analysis to help agencies identify any potential data anomalies. As part of its ongoing data quality efforts, the SBA works with federal agency procurement staff to provide tools to facilitate review of data, implement improvements to procurement systems, and conduct training to improve accuracy.

#### FY 2014 Accomplishments and Challenges

The SBA worked with agencies and the Office of Federal Procurement Policy (OFPP) to ensure small business contracting data is accurate. The Agency conducted continuous monitoring to minimize the risk of ineligible firms qualifying for its programs. These efforts not only reduced fraud and enhanced contracting data integrity but increased the confidence in the SBA and the federal government among the small business community.

In accordance with the Small Business Jobs Act of 2010, the SBA continued reviewing size standards for sectors that had not been reviewed. Specifically, the Agency published proposed rules for NAICS Sectors 22 (Utilities) and 23 (Construction) and published proposed rules on employee-based size standards in NAICS Sectors 31-33 (Manufacturing), 42 (Wholesale Trade), 44-45 (Retail Trade) and industries in other sectors that have employee-based size standards.

#### FY 2015 and FY 2016 Planned Performance

The SBA will continue to work with agencies and OFPP to ensure small business government contracting data is accurate. In FY 2015, checks on pre-certification applications and continuous monitoring will help reduce the number of ineligible firms and increase confidence in small business data government-wide.

To increase efficiency and improve program oversight and customer service, the Agency centralized the continued eligibility determination review portion of the 8(a) annual review. In FY 2015, the program certification and eligibility teams will be fully implemented. The centralization of this process ensures consistency in the implementation and administration of the annual review process, improves 8(a) program oversight, and enables SBA district offices to improve customer service and deliver more effective business development assistance to 8(a) program participants. Additionally, the Women-Owned Small Business (WOSB) program requires women-owned small businesses and economically disadvantaged women-owned small businesses to document their current eligibility. In FY 2016, the SBA will work to improve the WOSB repository functionality.

The SBA will work with the General Services Administration (GSA), Integrated Award Environment (IAE) to make necessary changes to the Electronic Subcontracting Reporting System (eSRS) to improve sub-contracting reporting data. In accordance with the Small Business Jobs Act of 2010, the SBA will review size standards for additional sectors and, where necessary, propose amendments to the applicable standards. The SBA will also finalize the rules on monetary-based standards and employee-based size standards that were proposed in FY 2014. The Agency will review and update its "Size Standards Methodology" white paper to address 2013 National Defense Authorization Act requirements and other outstanding policy issues. It will also update its databases for size standards analysis, especially economic census tabulations, Federal Procurement Data System-Next Generation (FPDS-NG), and the Federal System of Award Management (SAM).

#### ***Strategy 4: Increase small business contracting through training of the federal contracting force***

Contracting officers play a critical role in achieving mission outcomes and increasing small business participation in the federal supply chain. As new contracting tools and regulations become available, the federal acquisition workforce needs to be well trained.

#### FY 2014 Accomplishments and Challenges

The SBA Government Contracting Classroom (GC Classroom), available online, continued to grow. The GC Classroom offered free, self-paced, online learning courses to help small businesses and other stakeholders better understand the federal contracting marketplace. Several new modules were launched that focused on preparing small businesses to do business with the federal government. Some of the online courses included: How to Prepare Government Proposals, Understanding HUBZone Designations, and Small Business Contracting Emergency Acquisition Procedures.

FY 2015 and FY 2016 Planned Performance

In FY 2015 and FY 2016, the SBA will continue to increase awareness of contracting opportunities. The Agency will improve online offerings for a “No Wrong Door” approach that will let small businesses find the right opportunities for federal assistance from wherever they engage with the SBA and its partners. The Agency will continue to meet monthly with agencies’ Offices of Small and Disadvantaged Business Utilization to provide training and share best practices. In FY 2016, the SBA will participate in a joint effort with the U.S. Department of Defense (DOD) Procurement Center Representatives (PCR) and Contracting Officers training. The training will focus on the small business contracting programs and review SBA and DOD responsibilities.

## Strategic Objective 1.3: Entrepreneurship

*Strengthen entrepreneurial ecosystems through a variety of strategic partnerships to provide tailored training, mentoring, and advising services that support entrepreneurs during every phase of their business growth*

**Performance Goal:** Reach 1.4 million clients with online and in-person training, mentoring, and advising in FY 2016

**Objective Lead:** Associate Administrator, Office of Entrepreneurial Development

**Programs:** Small Business Development Centers (SBDCs), Women’s Business Centers (WBCs), SCORE, Learning Center, Boots to Business, Regional Innovation Clusters, Entrepreneurship Education, Emerging Leaders

**Strategies:**

1. Harness SBA’s nationwide network of resource partners
2. Improve entrepreneurial ecosystems through cross-agency and public-private partnerships
3. Offer tailored training through structured programs and online access

Entrepreneurs and small business owners who receive training, mentoring, and/or advising services, increase sales, create more jobs, and have greater economic impact on their communities. SBA’s resource partner network — including 63 small business development centers (SBDCs) with over 900 outreach locations, over 100 women’s business centers (WBCs), and more than 11,000 SCORE volunteers in 320 chapters and 800 locations and online counselors at [www.score.org](http://www.score.org) — along with online training helps foster a robust national entrepreneurial ecosystem by assisting 1.4 million business owners and entrepreneurs each year, providing valuable in-person and online advising, mentoring, and training for every stage of business growth and development.

Impact studies show a direct, positive correlation between hours of business advising and related assistance a client receives and the improvement in longevity, profitability, and growth of his or her business.<sup>5</sup> At the core of SBA’s entrepreneurial development effort is the foundation of targeted, effective advising, training, and mentoring services to drive business success. For this reason, SBA’s entrepreneurial development performance goal focuses on driving greater participation in the resource partner advising and mentoring programs and training courses.

**Progress Update:** The SBA continued to make progress strengthening entrepreneurial development by providing advising, mentoring, and training services to small businesses. SBA’s resource partners trained, advised, and mentored over one million clients. As a result of the strategic review, the performance targets have been amended due to challenges in reporting from a diverse network of resource partners and changes in program strategy. The ability to capture data that does not allow unique data on small businesses and account information due to privacy concerns and statutory restrictions poses a challenge to assessing program outcomes. To better assess program progress and enhance the use of evidence, the Agency is requesting legislative authority to collect better data from its grantees to be used for internal evaluation purposes. The information gathered will be protected to the fullest extent of the law. This authority would give the SBA the ability to collect identifiable information on small businesses receiving assistance. Currently, SBDCs and WBCs record data on each business they serve but may not report certain business information (name, address, EIN) to the SBA except for the

<sup>5</sup> For the “SBA ED Resources Impact Study 10-11 Final Report” see [www.sba.gov/about-offices-content/1/2463/resources](http://www.sba.gov/about-offices-content/1/2463/resources).

limited purposes identified in the Small Business Act. Adding program evaluations and similar program assessments to the list of allowable purposes would help the SBA to better understand program effectiveness for small business counseling and training assistance and help use best practices to serve other SBDCs. The Agency is also leading an interagency working group that supports the President's Guidance (M-14-06) for using administrative data for statistical purposes to understand program outcomes and economic impacts. Once the SBA completes revisions to the Agency's Entrepreneurial Development Management Information System (EDMIS), it will re-evaluate its performance metrics with more robust training data.

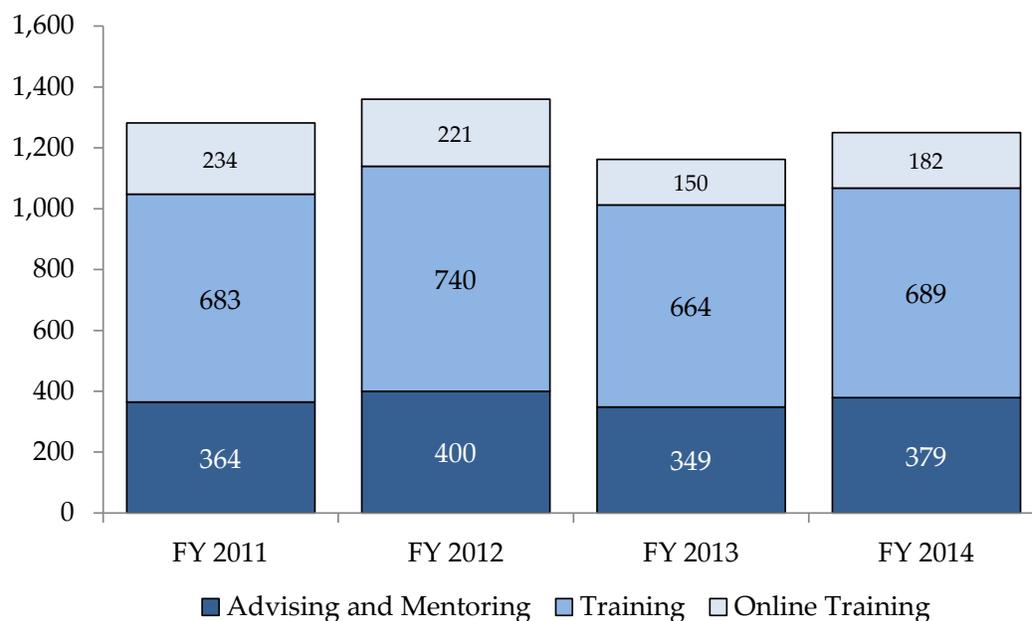
Table 1.3a shows progress toward the performance goals that track the number of clients advised, mentored, and trained by SBA's resource partners (SBDCs, WBCs, and SCORE).

**Table 1.3a: Entrepreneurial Development Performance Goals**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of SBDC, WBC, and SCORE Clients Trained</b>	<b>Target</b>	N/A	N/A	N/A	Baseline	695,000	705,000	701,000	730,000
	<b>Actual</b>	683,355	752,588	683,114	739,616	663,525	688,688		
	<b>Variance</b>	N/A	N/A	N/A	N/A	-5%	-2%		
<b>Additional Information:</b> The SBA introduced this performance goal in FY 2013 and has provided historical data for review.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of SBDC, WBC, and SCORE Clients Advised and Mentored</b>	<b>Target</b>	N/A	N/A	N/A	N/A	Baseline	373,000	402,000	424,735
	<b>Actual</b>	436,425	404,739	364,344	399,620	348,519	379,210		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	2%		
<b>Additional Information:</b> The SBA introduced this performance goal in FY 2013 and has provided historical data for review.									

Chart 1.3 shows entrepreneurial development advising, mentoring, and training trends. Online training numbers after FY 2011 reflect more accurate estimates of online users. The number of clients advised, mentored, and trained in person has remained constant since FY 2009.

**Chart 1.3: Entrepreneurial Development Advising, Mentoring, and Training Trends (Thousands)**



***Strategy 1: Harness SBA's nationwide network of resource partners***

The SBA resource partner network educates, trains, advises, and mentors locally-based as well as high-growth innovative small businesses with potential to expand. Partners help entrepreneurs turn ideas and concepts into new business ventures. The SBA works to develop or expand advising, mentoring, and training programs focused on key areas including underserved markets, procurement, exports, and emerging and expanding technological sectors. The SBA, through its resource partner network, assists new businesses through training courses, webinar series, and train-the-trainer programs at industry events.

The **Small Business Development Center (SBDC)** program provides SBA grants to small business development centers and leverages a unique mix of federal, state, and private sector financial resources. This funding model enables SBDCs across the country to foster the economic growth of small businesses that generates business revenue, creates and retains jobs, and enhances local and regional economies. SBDCs deliver management and technical assistance to small businesses through an extensive business education network comprised of 63 lead centers managing over 900 outreach locations throughout the country. SBDCs deliver professional business advising and training focused on strategic planning, business development, financial planning, and cash flow management to hundreds of thousands of business clients annually. SBDCs provide assistance that has a positive and lasting impact on aspiring entrepreneurs and small businesses.

Table 1.3b displays the cost to administer the program. It 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). Table 1.3c provides the targets and results for the SBDC performance indicators.

**Table 1.3b: SBDC Budget – Total Administrative Resources (Thousands)**

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
\$ 130,020	\$ 128,232	\$ 130,323	\$ 126,473	\$ 113,484	\$ 120,507	\$ 120,906	\$ 125,672

**Table 1.3c: Small Business Development Center (SBDC) Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of SBDC Clients Trained	Target	N/A	N/A	N/A	Baseline	350,000	350,000	350,000	340,000
	Actual	375,669	379,794	352,290	332,421	330,781	291,366		
	Variance	N/A	N/A	N/A	N/A	-5%	-17%		
<b>Additional Information (17% below target):</b> The SBA introduced this performance indicator in FY 2013 and has provided historical data for context. Previous reports on numbers of clients trained included efforts funded by the Small Business Jobs Act. As those funds ended in the second quarter of FY 2014, the number of clients trained was negatively impacted.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of SBDC Clients Advised	Target	N/A	N/A	N/A	Baseline	200,000	220,000	220,000	220,000
	Actual	208,374	209,558	205,408	211,091	201,596	194,121		
	Variance	N/A	N/A	N/A	N/A	1%	-12%		
<b>Additional Information (12% below target):</b> The SBA introduced this performance indicator in FY 2013 and has provided historical data for context. Both rehiring staff let go after the sequestration and utilizing advising staff to train transitioning veterans in support of Boots to Business decreased hours spent on one-on-one counseling and lowered the number of clients advised.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Small Businesses Created by SBDCs	Target	6,500	7,500	12,500	15,600	12,500	12,500	13,000	13,000
	Actual	12,543	14,065	13,664	14,357	14,201	13,415		
	Variance	93%	88%	9%	-8%	14%	7%		
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Billions of Dollars of Capital Infusion from SBDC	Target	Baseline	\$ 2.5	\$ 3.7	\$ 3.7	\$ 3.4	\$ 4.0	\$ 4.0	\$ 3.9
	Actual	N/A	\$ 3.8	\$ 3.6	\$ 4.0	\$ 4.5	\$ 4.7		
	Variance	N/A	52%	-3%	8%	32%	18%		
<b>Additional Information (18% above target):</b> The SBDCs continue to show stronger than anticipated capital infusion numbers as the economy continues to improve and the SBDCs exceed the goal for the number of small businesses created. The FY 2012 and FY 2013 numbers were higher due to the Recovery Act and Small Business Jobs Act.									

FY 2014 Accomplishments and Challenges

The SBA administered \$110.5 million in grants to the SBDC network. With program match totaling approximately \$140 million, SBDC professional business advisors helped clients to start 13,000 new businesses, provided long-term advising services (five plus hours or more) to 61,000 clients, helped clients obtain \$4.7 billion in capital for their businesses, and helped 1,800 clients obtain \$960 million in federal government contracts.

Maintaining a core group of trained business professionals is key to a strong SBDC network. This year, many SBDCs across the country started the year rehiring staff let go due to sequestration. However, even with this challenge, the SBDC network continued to expand in other areas. SBA’s Office of Veterans Business Development awarded a grant to the SBDC network to begin to reimburse them for some of the staff hours utilized to provide support for the Boots to Business initiative. The SBDCs have delivered technical assistance to transitioning veterans interested in starting a new or growing an existing business. Also, the SBDCs now have and continue to grow the largest cadre of certified trade specialists to deliver export assistance through a coordinated approach with the U.S. Department of Commerce’s Commercial Service Export Assistance Centers.

### FY 2015 and FY 2016 Planned Performance

In FY 2015, the SBA received \$115 million in grant authority for SBDCs. In turn, SBDCs will offer intensive entrepreneurial education through long-term advising services to 52,000 clients, help 13,000 entrepreneurs start new businesses, and help clients obtain \$4.0 billion in capital for their businesses. SBDCs will continue to provide their established core services with an added emphasis on intensive entrepreneurship, disaster business assistance recovery and preparedness, veterans assistance, and export readiness for international trade. The SBDC program will also deliver more virtual training and advising.

In FY 2016, the SBA requests \$115 million in grant authority for SBDCs. This funding level will allow the SBDCs to focus on the proven benefits of long-term advising through intensive entrepreneurial education and international trade in an increasingly global economy. The SBDC program will also deliver more resiliency-focused training and advising. The SBDCs anticipate providing long-term advising to 55,000 clients, helping over 13,000 entrepreneurs start new businesses, and assisting clients to obtain \$3.9 billion in capital for their businesses. The SBDC program will concentrate on providing a consistently high level of its core services through leveraged partnerships with other SBA resource partners and strong local partnerships with other federal programs such as the U.S. Patent and Trademark Resource Centers and the U.S. Department of Commerce's National Institute of Standards and Technology's Manufacturing Extension Partnership program.

The **Women's Business Center** program provides SBA grants to over 100 non-profit organizations that provide quality advising and training services primarily to women entrepreneurs, many of whom are socially and economically disadvantaged. Participating organizations must match the federal funding on a 2:1 basis during the first two years and 1:1 thereafter. Many WBCs provide multilingual services and offer flexible hours, including evenings and weekends, allowing mothers with children to attend training classes. WBCs predominantly use long-term training courses to maximize the delivery of services to primarily nascent entrepreneurs. Many of the training courses focus on business and financial planning that help women entrepreneurs gain financial literacy. WBCs also provide direct advising to clients and help clients access loans, federal contracts, and exporting opportunities.

Table 1.3d displays the cost to administer the program. It 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). Table 1.3e provides the targets and results for the WBC performance indicators.

**Table 1.3d: WBC Budget – Total Administrative Resources (Thousands)**

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
\$ 22,166	\$ 22,373	\$ 19,446	\$ 19,647	\$ 18,350	\$ 25,633	\$ 25,388	\$ 27,321

**Table 1.3e: Women’s Business Center (WBC) Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of WBC Clients Trained	Target	N/A	N/A	N/A	Baseline	95,000	105,000	111,000	120,000
	Actual	131,065	135,941	115,805	114,931	114,310	119,351		
	Variance	N/A	N/A	N/A	N/A	20%	14%		
<b>Additional Information (14% above target):</b> The SBA introduced this performance indicator in FY 2013 and has provided historical data for context. In FY 2013, new women’s business centers were added and positioned for enhanced service delivery. Although some WBCs left the program in FY 2014, the FY 2013 centers aided overachievement of the FY 2014 target.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of WBC Clients Advised	Target	N/A	N/A	N/A	N/A	Baseline	20,000	22,000	22,235
	Actual	24,315	24,794	23,118	22,020	19,455	20,686		
	Variance	N/A	N/A	N/A	N/A	N/A	3%		
<b>Additional Information:</b> The SBA introduced this performance indicator in FY 2013 and has provided historical data for review.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Small Businesses Created by WBC	Target	618	618	618	590	475	600	650	728
	Actual	727	689	701	694	637	708		
	Variance	18%	11%	13%	18%	34%	18%		
<b>Additional Information (18% above target):</b> The small businesses created indicator is tied specifically to advising provided. The additional WBCs in FY 2013 increased overall advising activity aiding overachievement of the FY 2014 target.									

FY 2014 Accomplishments and Challenges

The WBC program reached more than 130,000 clients and helped more than 700 entrepreneurs start businesses. The SBA streamlined its grant process, which helped individual WBCs spend more time delivering services. This should continue to improve program performance in FY 2015 and FY 2016 as WBCs are better able to reach clients.

One of the program’s main challenges is the ability to collect training-related outcome data. While the SBA collects summary level data on the number of trainings, information on outcomes such as business starts, access to capital or contracts, or job creation is not readily available for all clients trained. The SBA plans to continue exploring this issue and transforming data collection in FY 2015 and FY 2016.

FY 2015 and FY 2016 Planned Performance

In FY 2015, the SBA received \$15 million in grant authority for WBCs. In turn, WBCs will advise and train over 133,000 clients and help 650 of them open new businesses. Further, the WBCs will be better equipped to help their clients prepare for disasters and recover after a disaster hits.

In FY 2016, the SBA requests \$16 million in grant authority for WBCs. In turn, WBCs will advise and train over 140,000 clients and help over 700 of them open new businesses. The SBA will implement new performance metrics based on more robust training data. The Agency will host a national workshop for WBCs to further their professional development and address needs identified in previous workshops and from SBA’s financial and programmatic oversight findings. The SBA will expand programs for women entrepreneurs seeking to grow or expand their businesses and leverage public-private partnerships.

The SCORE program is the largest volunteer business mentoring program in the federal government. SCORE has a volunteer cadre of more than 11,000 business professionals who donate more than one

million hours a year to America’s entrepreneurs online through more than 320 chapters and 800 locations nationwide. The SBA grants to SCORE help fund volunteer recruitment, training and support, equipment and leases, technology, management systems, marketing materials, and course development necessary for a successful volunteer provider network. SCORE volunteers provide mentoring and training expertise free of charge. They demonstrate a unique commitment to small businesses and their communities.

Table 1.3f displays the cost to administer the program. It 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). Table 1.3g provides the targets and results for the SCORE performance indicators.

**Table 1.3f: SCORE Budget – Total Administrative Resources (Thousands)**

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
\$ 8,922	\$ 12,205	\$ 12,980	\$ 10,499	\$ 11,546	\$ 12,110	\$ 11,995	\$ 12,435

**Table 1.3g: SCORE Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of SCORE Clients Trained</b>	<b>Target</b>	N/A	N/A	N/A	Baseline	250,000	250,000	240,000	274,000
	<b>Actual</b>	176,621	236,853	221,019	292,264	218,434	277,971		
	<b>Variance</b>	N/A	N/A	N/A	N/A	-13%	11%		
<b>Additional Information (11% above target):</b> The SBA introduced this performance indicator in FY 2013 and has provided historical data for context. Increased promotions during SCORE’s 50th Anniversary, customer demand, and local market strategies resulted in increased client service during FY 2014.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of SCORE Clients Mentored</b>	<b>Target</b>	N/A	N/A	N/A	N/A	Baseline	133,000	160,000	182,500
	<b>Actual</b>	203,736	170,387	135,818	166,509	127,468	164,403		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	24%		
<b>Additional Information (24% above target):</b> The SBA introduced this performance indicator in FY 2014 and has provided historical data for context. Increased promotions during SCORE’s 50th Anniversary, customer demand, and local market strategies resulted in increased client service during FY 2014. Clients seeking one-on-one mentoring relationship with experienced SCORE coaches also increased this past fiscal year.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Small Businesses Created by SCORE</b>	<b>Target</b>	1,082	1,082	1,082	1,080	700	700	5,400	5,400
	<b>Actual</b>	931	1,077	816	828	628	5,339		
	<b>Variance</b>	-14%	0%	-25%	-23%	-10%	662%		
<b>Additional Information:</b> SCORE revised its data collection methodology FY 2014 . The FY 2014 actuals, FY 2015 targets, and FY 2016 targets are based on survey data directly reported from SCORE clients.									

FY 2014 Accomplishments and Challenges

SCORE’s outreach and services enabled 440,000 clients to access business knowledge and mentorship. This national network of business volunteers leveraged over 1.1 million hours of professional service offered online, in SCORE offices, and community-based settings such as libraries, coffee shops, and chambers of commerce. SCORE fully participated in SBA’s roll-out of the Boots to Business initiative serving veterans. It also scaled up services to aid communities impacted by Hurricane Sandy and other disasters. The organization also celebrated its 50th anniversary, which brought additional client awareness and mentor recruitment.

### FY 2015 Planned Performance

In FY 2015, the SBA received \$8 million in grant authority for SCORE. In turn, SCORE will mentor and train over 400,000 clients and conduct an outreach campaign to attract more mentoring clients using local community outreach, national partnerships, public service announcements, and social media channels. SCORE will continue its training for veterans and service-disabled veterans as well as broadband training for small businesses. SCORE continues its commitment to serve America's entrepreneurs in a client-focused and cost-effective manner. Their digital services will continue to expand with online mentoring, dedicated audience portals, online learning, and business templates.

In FY 2016, the SBA requests \$8 million in grant authority for SCORE to mentor and train an additional 450,000 clients, recruit high-quality business mentors, and support their services with robust tools and curricula. These mentors work to support on-going client needs and engage new prospects. The organization serves diverse communities through national partnerships, customized content, digital resources, responsiveness to client input, and their well-recognized brand. Individual chapters will deploy workshops based on region-specific and industry trends.

The SBA maintains **EDMIS, the Entrepreneurial Development Management Information System**, which serves as a central database for collecting and maintaining program performance data. The SBA requests an investment of \$1 million for the Entrepreneurial Development Management Information System Enhancement. To better understand the impacts of SBA's entrepreneurial development programs, the SBA is proposing to upgrade its information management system. The original information management system captures data from SBDCs, WBCs and SCORE but lacks the ability to track programmatic outcome data from VBOCs, Regional Innovation Clusters, Emerging Leaders, and Entrepreneurship Education programs like Scale Up America. This investment supports the President's Cross-Agency Priority Goal for Smarter IT Delivery and will enhance the current system by broadening data collection. The upgrades will provide a more complete picture of the scope of entrepreneurial development programs being delivered to the vast range of small businesses.

### ***Strategy 2: Improve entrepreneurial ecosystems through cross-agency and public-private partnerships***

The SBA collaborates with other agencies to proactively build an informed framework and the necessary federal infrastructure to stimulate inter-agency cooperation to improve and create new entrepreneurship initiatives. This includes increased information sharing about Agency activities that support or are related to entrepreneurship.

Through public-private partnerships with for-profit companies, academic institutions, and professional associations, the SBA extends entrepreneurship services to a diverse community of small businesses. Partners offer immediate access to small business concerns, expert knowledge, and an opportunity to maximize shared resources in the creation of business assistance, services, and training. Co-sponsored and donated resources often drive innovative solutions that keep SBA's services relevant to rapid market trends and audience needs.

**SBA Regional Innovation Clusters (RIC)** connect and enhance innovation assets so that small businesses can effectively leverage them to commercialize new technologies and expand into new markets, thereby

positioning themselves and their regional economies for growth. Regional innovation clusters 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 capacity of a single small business. Through industry-specific technical assistance, SBA clusters help small business innovators commercialize promising technologies needed by government and industry buyers. Through showcasing, networking, and demonstration events, they help get small businesses and their products in front of funding sources, research institutions, and customers and buyers in order to bring products to market.

#### FY 2014 Accomplishments and Challenges

The SBA funded a third-party evaluator to examine the seven cluster initiatives, including their various stakeholder participants and the services and activities provided by the clusters, with a focus on small business participants. To investigate the ongoing implementation of the initiative and its impacts, the evaluation examined cluster developments during the third year of the program against the backdrop of accomplishments in the previous two years. The evaluation analyzed data collected from quarterly and annual reports, surveys, and interviews with participating cluster administrators, organizations, and businesses. It described and assessed the services provided and measured changes in key business and organizational outcomes. The findings showed the following.

- More than a third of small businesses and half of large organizations reported that cluster participation increased their integration into industry supply chains.
- A majority of both small businesses and larger organizations reported establishing one or more alliances with other cluster members, and more than 70 percent reported that cluster activities led to increased collaboration within their regions.
- Nearly 40 percent of small businesses reported that cluster services had some influence on their access to capital, and nearly \$4 billion in new economic activity (e.g., grants, contracts, loans, and venture capital) accrued to affiliated small businesses.

Among small businesses, 60 percent reported that cluster activity facilitated development of new products or services, and 32 percent agreed that their clusters facilitated commercialization and new technology development. Correspondingly, small businesses filed 181 patent applications, received 112 patents, licensed 31 technologies, and obtained license rights to 47 technologies. These numbers represent sharp increases in activity levels compared with FY 2013 activity.

Cluster-related economic activity has been robust. Measured growth in employment, revenue, and payroll across small business participants has exceeded growth rates in corresponding datasets used to benchmark small business growth.

Employment growth in six out of seven SBA clusters also exceeded corresponding benchmark rates in those regions individually. Similarly, annualized revenue growth of 6.9 percent across clusters exceeded the 3.5 percent growth rate measured overall in the comparable Dun & Bradstreet sample. Average monthly payroll in cluster small businesses grew at an annualized rate of 14 percent per year between September 2011 and September 2013, outstripping the overall regional benchmark of 3.2 percent (State Personal Income Account) by nearly 11 percentage points.

As evidenced by three years of robust evaluation funded by the SBA and conducted by a third party, SBA's Clusters program has proven effective in enhancing regional innovation hubs to maximize the success of growth-oriented small businesses.

#### FY 2015 and FY 2016 Planned Performance

In FY 2015, the SBA received \$6 million to expand the highly successful Regional Innovation Cluster program. In FY 2016, the SBA requests \$6 million to continue the program. Specifically, \$5.5 million will be used to directly continue SBA clusters and \$500,000 will be used in partnership with other federal agencies to fund interagency clusters. Interagency clusters will be similarly structured to the Jobs and Innovation Accelerator and the Advanced Manufacturing Jobs and Innovation Accelerator Challenges with multiple federal agencies making competitive awards to strengthen several elements of regional clusters. This effort could support workforce development, economic development infrastructure, and small business support services. Ongoing evaluation of the program will continue. Funds will be tailored to business development, intellectual property matters, export and import development, finance, marketing, commercialization of new technology, and federal and private sector supply chain opportunities. Clusters will also allow entrepreneurs in each region to access SBA's comprehensive tools and resources for small businesses.

SBA's **American Supplier initiative** is focused on increasing small business opportunities in America's private sector supply chains. The initiative does this by: ensuring small businesses have the capital, opportunities, skills and capabilities to become part of private sector supply chains; helping large corporations redesign processes to enable more small businesses to become part of their supply chains; and connecting small businesses and large corporations to identify supply chain opportunities. The SBA aims to achieve these objectives through matchmaking events as well as by developing new, innovative tools to connect small businesses and large corporations.

#### FY 2014 Accomplishments and Challenges

The SBA, with the support of the White House, hosted *Link Detroit*. This event educated and connected small businesses to commercial buyers from the private sector and federal, state, and local governments. Over 375 small businesses and stakeholders participated throughout the half-day event; and 31 resource partners, banks, and local organizations participated in the Resource Expo.

Also, the White House and the SBA developed a program that allows large companies to make a public commitment to either accelerate payment to their suppliers or offer a financing solution that lowers suppliers' cost of working capital with 47 companies committed to this initiative. The SBA led the initiative by recruiting new firms to participate, tracking progress, and sharing best practices.

#### FY 2015 and FY 2016 Planned Performance

The SBA will continue to facilitate the American Supplier initiative and collaborate with federal agencies and the private sector to provide the tools and resources to meet small business suppliers' needs. The SBA will continue to hold American Supplier initiative events throughout the country in order to educate small businesses and connect them with the right resources and contracting opportunities.

Through public-private partnerships, the SBA will continue to work to increase opportunities for small businesses to access markets by engaging with large companies. The Agency will continue to partner with key private sector stakeholders to create an environment where small businesses can be

successful in the commercial supply chain space. The SBA will engage existing collaborators and broaden its reach by seeking new leaders in this space. The Agency will also continue to hold outreach and matchmaking events in strategic locations throughout the country aimed at educating small businesses and connecting them with commercial and federal buyers.

SBA's **Encore Entrepreneurship** initiative, in partnership with AARP, focuses on skills building, management and leadership capabilities, business acumen, and experiential learning. Effective workforce development involves skills training for existing and older workers over the age of 50 who are transitioning to new positions or taking on new duties at their current jobs. For many of these mid-career and late-career members of America's workforce, entrepreneurship training empowers them to take their skills and become job creators.

#### FY 2014 Accomplishments and Challenges

The SBA supported multiple activities throughout its training network for Encore Entrepreneurs. The Agency held 149 training events with its resource partners and reached 4,000 clients during National Encore Entrepreneurship Mentor Month. During the month, ten webinars were nationally broadcasted that featured subject matter experts, industry professionals, successful entrepreneurs, and business coaches. A series of regional tele-town halls, conference speaking engagements, online training courses, social media campaigns, print publications, and media interviews reached 150,000 clients and made over 10 million media impressions.

#### FY 2015 and FY 2016 Planned Performance

In FY 2015, through the Encore Entrepreneurship initiative, the SBA plans to continue its partnership with AARP and related organizations. The partnerships will deliver local workshops, create access to online resources, establish event-based training sessions, and coordinate media campaigns to profile and encourage entrepreneurship education for late-career entrepreneurs.

In FY 2016, the SBA will develop ongoing outreach and service strategies based on client interests and new partnerships that expand opportunities for encore entrepreneurs. Advanced marketing and dedicated media campaigns are expected to drive additional client awareness of SBA resource partners such as SCORE, small business development centers, and women's business centers.

### ***Strategy 3: Offer tailored training through structured programs and online access***

The SBA designs and hosts a variety of educational program and tools to promote active learning for aspiring entrepreneurs and existing small businesses. The Agency uses courses on business topics such as starting your business, financing resources, government procurement opportunities, and marketing strategies. Video tutorials, templates, and interactive assessments inform and equip entrepreneurs with valuable knowledge and tangible tools to assist their business planning. The SBA promotes its field network of professional business mentors to use online learning for additional support.

SBA's online training service, the **SBA Learning Center**, offers free online assessment tools and business courses on business planning, marketing, government contracting, green technology and social media. These free online courses and tools are used by hundreds of thousands of aspiring or current business owners each year.

Table 1.3h provides the targets and results for the online training performance indicator.

**Table 1.3h: Entrepreneurial Development Performance Indicator**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Clients Trained Online	Target	N/A	N/A	N/A	N/A	500,000	225,000	250,000	220,000
	Actual	612,000	480,000	234,000	220,596	150,355	182,002		
	Variance	N/A	N/A	N/A	N/A	-70%	-19%		
<b>Additional Information (19% below target):</b> The FY 2013 and FY 2014 Actuals reflect more effective data collection efforts that removed duplicative records. Comparable baseline actuals show an estimated 20% increase from FY 2013 to FY 2014. Aggressive training distribution strategies are planned for FY 2015 and FY 2016 to increase performance									

FY 2014 Accomplishments and Challenges

The SBA expanded and formalized online training. An intensive review of online learner needs, performance metrics, usability, and digital assets resulted in a clear vision to maximize the Agency’s impact. The site registered over 182,002 users who accessed 45 free courses. User feedback demonstrated high satisfaction and interest in new content. Standardization of course deployment helped reduce costs, ensured consistent learner experiences, and supported new content partnerships. Specialized content for audiences including women entrepreneurs, veterans, encore entrepreneurs, and youth showed major gains.

The SBA hosted new learning content (including content with social media integration) and translated popular courses to Spanish to broaden the inclusiveness of SBA’s outreach. Improved data analytics and distribution network have enhanced the service design strategy and user experience.

FY 2015 and FY 2016 Planned Performance

In FY 2015, the **SBA Learning Center** will continue to grow training content as new resources and partnership course-sharing are deployed. Learners will have the opportunity to consume education on multiple platforms thereby decreasing their time to locate business training. This model will expand SBA training awareness on non-business topics and provide specialized content on dedicated portals. Over 250,000 users will register with the SBA Learning Center during FY 2015.

In FY 2016, the SBA requests an investment of \$0.5 million for the SBA Learning Center redesign. The learning center delivers small business courses that leverage core competencies. The site includes standardized training and tools for business advisors working with the Agency’s resource partners, including the SBDCs, WBCs, and SCORE. However, the current site lacks the needed content and can benefit from a more streamlined and simplified redesign. This investment will support the development of new content to strengthen entrepreneurs. By creating standard training modules and consulting tools for business advisors, SBA’s resource partners will be able to continue growing one-on-one business advising. This investment improves customer and business-facing interactions which will have an impact on new segments of the country and reach a broader audience in the creation and retention of jobs.

The SBA will continue to develop effective digital services to address entrepreneurship education on a wide range of topics, industries, and quick-paced innovation trends in the online learning marketplace. The investment of SBA resources will deepen integration of existing and future

clients that seek financing, procurement, business planning, marketing, disaster planning, and recovery assistance.

The SBA uses its nationwide resource partner network to provide training and consultation services to small businesses and lenders across the country. The **Entrepreneurship Education** initiative offers high-growth small businesses in underserved communities a seven-month executive leader education that elevates their growth trajectory, creates jobs, and contributes to the economic well-being of their communities. Participants receive more than 100 hours of specialized training, technical support, a professional networking system, and other resources to strengthen their business model and promote economic development. At the conclusion of the training, participants produce a three-year strategic growth action plan. Each year for three years after completing the training curriculum, participants complete an evaluation which collects key outcomes. Additionally, short assessments are conducted at the end of each module throughout the training delivery period to ensure quality assurance and continuous improvement for both the instructors and curriculum. Further, the longitudinal study of graduates has shown demonstrable economic impact and customer satisfaction. For example, over the past seven years, graduate businesses have created more than 2,000 new full-time jobs; secured more than \$1 billion in state, local, and tribal contracts; and accessed over \$73 million in new financing. Also, over 95 percent of the graduates were satisfied with the training. Since the program's inception, the SBA has graduated over 2,500 students. These graduates continue to be successful in business and help communities grow economically.

#### FY 2014 Accomplishments and Challenges

The SBA supported the **Emerging Leaders** executive training series in 27 communities. Participants of this rigorous program indicated significant annual growth outcomes including the creation of over 1,000 full-time jobs and \$1 million in revenue growth. The program also helped small businesses procure over \$200 million government contracts by engaging public and commercial sector procurement officials directly in class sessions, connecting firms with certification and financial specialists able to support their growth needs, and helping graduates execute their plans through long-term mentoring relationships and networks.

The training series has been a success with graduates of the course showing interest in repeat training services in existing communities. To meet the growing demand for growth-oriented intensive entrepreneurship, the SBA expanded support to reach a market of 40-45 cohorts.

#### FY 2015 and FY 2016 Planned Performance

In FY 2015, the SBA received \$7.0 million for Entrepreneurship Education. In FY 2016, the SBA requests \$11.0 million for Entrepreneurship Education that includes Emerging Leaders and Scale Up America. Each year, the SBA plans to expand the Emerging Leader training cohort to over 40 classes of executives. Ongoing demand for this highly acclaimed training is being addressed through limited market expansion and select class enrollment increases. Selection criteria and participant requirements will ensure that firm owners understand and execute on the training, networking, and peer coaching services offered.

In FY 2014, the SBA started a new educational initiative called **Scale Up America**. This initiative builds on the Agency's core mission by supporting communities' efforts to deliver targeted intensive assistance to established high-potential small businesses and entrepreneurs that are primed for growth beyond the start-up or early stages. The initiative provides the necessary support to help companies scale up and

grow, while strengthening and enhancing local entrepreneurial ecosystems around the specific needs of growth-oriented entrepreneurs and firms, resulting in their ability to produce measurable economic impact and job growth in local communities.

#### FY 2014 Accomplishments and Challenges

The SBA made awards to Scale Up communities across the country and led extensive outreach to key stakeholders in the field of entrepreneurial development to determine how to best fill the gaps in service delivery of technical assistance for growth-oriented firms. Through SBA's vast network, this opportunity was publicized, ensuring a clear understanding of SBA's goals. The Agency received numerous proposals from communities across the country.

#### FY 2015 and FY 2016 Planned Performance

In FY 2015, the SBA will support the Scale Up communities with awards from FY 2014 and the participating small business owners through the first programmatic year. While the SBA ensures a successful start of the program in each community, the program will undergo a rigorous, independent evaluation to help determine the appropriate next steps, such as market expansion.

In FY 2016, the SBA will use the results from the independent program evaluation to continue its support for the existing Scale Up communities and the new cohorts of small business owners. Meanwhile, the Agency intends to conduct limited market expansion by posting another call for proposals to add additional sites of Scale Up communities.

## Strategic Objective 1.4: Exports

*Enhance the ability of current and future small business exporters to succeed in global markets by expanding access to financing, consulting, training and other export tools*

**Priority Goal:** Expand access to export financing by increasing the number of lenders providing finance solutions from 430 to 555 and the number of small business exporters receiving financing through SBA loan programs from 1,346 to 1,480 by September 30, 2015

**Objective Lead:** Associate Administrator, Office of International Trade

**Programs:** International Trade (loan programs and counseling and training programs), Small Business Development Centers, State Trade and Export Promotion (STEP) Program

**Strategies:**

1. Expand market export opportunities
2. Increase access to trade financing
3. Provide tailored training and consulting services to lenders and small businesses
4. Engage Trade Promotion Coordinating Committee and state and resource partners for export promotion and support

Export sales contribute to a strong middle class by fueling economic opportunity and jobs in communities across the United States, while the countries buying American products gain access to some of the highest-quality products and services in the world. Today, nearly 96 percent of consumers and over two-thirds of the world's purchasing power reside outside the United States. Small businesses that can access the global market have the potential for vast expansion and growth since small businesses now constitute 34 percent of total export dollars and comprise approximately 98 percent of all exporters.

Expanding the base of small business exporters and making the export process as easy as possible is a key component of the National Export Initiative/NEXT (NEI/NEXT). To accomplish this goal, the SBA partners with the U.S. Department of Commerce, Export-Import Bank, and others on the Trade Promotion Coordination Committee to promote exporting opportunities and trade shows, expand access to trade financing through initiatives such as U.S. Global Business Solutions, and train business counselors and banks on exporting services. The SBA also plays a central role in the implementation of the National Export Initiative through its chairmanship of the Small Business Working Group, which coordinates interagency cooperation on small business export promotion.

**Progress Update:** The SBA launched an initiative, U.S. Global Business Solutions, with the Export-Import Bank to establish a network of lending partners prepared to meet the financial needs of small business exporters. This initiative supports SBA's progress toward its Priority Goal and helped the Agency in FY 2014 to enlist 513 lenders to provide \$1.3 billion in export financing to 1,392 small business exporters. The review of SBA's strategic objectives identified two challenges related to data concerns. First, E-Tran, SBA's electronic loan reporting database, does not require lender verification of 7(a) and 504 loans as export-related which means that some loans must be recoded for an exporter. The recoding challenges SBA's ability to review and manage program performance in a timely manner due to the data lags. Second, the SBA is impacted by staffing challenges, which affects the ability to perform the level of lender outreach and training necessary to meet the Priority Goal for increasing the number of lenders providing export loans.

Table 1.4a displays the cost to administer the program. It 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). Table 1.4b shows progress toward the Priority Goal of adding new export lenders to SBA’s lender network.

**Table 1.4a International Trade Budget – Total Administrative Resources (Thousands)**

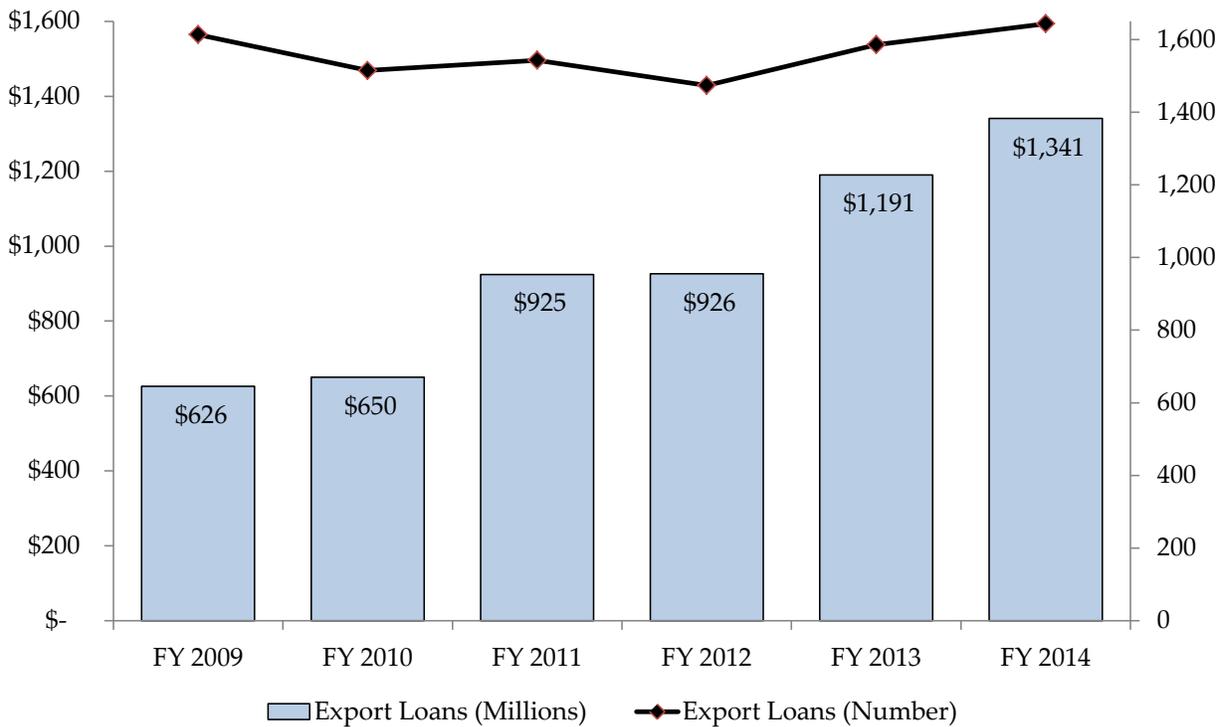
FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
\$ 4,660	\$ 8,016	\$ 7,681	\$ 8,943	\$ 11,224	\$ 20,048	\$ 29,388	\$ 12,665

**Table 1.4b: International Trade Priority Goals**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Lenders Providing Export Loans	Target	N/A	N/A	N/A	Baseline	492	523	555	572
	Actual	N/A	N/A	430	497	483	513		
	Variance	N/A	N/A	N/A	N/A	-2%	-2%		
Additional Information: The SBA added this priority goal in FY 2013, and historical data have been provided for context.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Small Businesses Assisted by SBA Loan Programs	Target	2,652	950	990	1,100	1,349	1,415	1,480	1,524
	Actual	1,393	1,326	1,346	1,283	1,388	1,392		
	Variance	-47%	40%	36%	17%	3%	-2%		

Chart 1.4 shows the total dollar value and number of export loans. The dollar value of export loans has doubled since FY 2009.

**Chart 1.4: Export Loans (\$ Millions and Number of Loans)**



### ***Strategy 1: Expand market export opportunities***

Small businesses that can access the global market have the potential for vast expansion and growth. Expanding the base of small business exporters and making the process as easy as possible for them is key to increasing exports. To support this strategy, the **State Trade and Export Promotion (STEP)** program awards federal dollars to states and territories to fund export development efforts, including trade missions and foreign sales trips, international marketing efforts, business counseling, and export trade show exhibits. This program identifies and prepares small businesses for exporting and assists them in executing their export business plan.

#### FY 2014 Accomplishments and Challenges

The SBA awarded \$8 million in STEP cooperative agreements and recruited temporary staff to augment the STEP team to prepare the program announcement, evaluate the applications, and award the third round of STEP export assistance awards. The current round of cooperative agreements will increase the number of small business exporters and grow the volume of U.S. exports by an estimated \$135 million, based on the prior years' combined return on investment of 17 to 1. The SBA awarded 24 cooperative agreements to state grantees.

The SBA also developed and implemented user-friendly financial reporting forms with embedded edit checks, which streamlined the generation of quarterly financial reporting by STEP grantees. In order to significantly improve process efficiency, the SBA developed and implemented a new automation tool (STEP 360) to quickly and accurately process grantee payment requests and non-payment actions within the Agency. The SBA maintained STEP program oversight and completed various management activities for the remaining 43 active awardees from the second round of funding.

#### FY 2015 and 2016 Planned Performance

In FY 2015, the SBA received \$17.4 million for STEP cooperative agreements. During FY 2015 and FY 2016, the SBA will administer \$8 million in cooperative agreements awarded in FY 2014 and \$17.4 million cooperative agreements awarded in FY 2015 with upgraded processes and automated tool improvements, as well as prepare for and execute a competitive award process for FY 2015.

U.S. small businesses have access to counseling and training on exporting topics through SBA programs which assist small businesses who seek to execute a new-to-export strategy or expand into additional export markets; therefore, the SBA does not request funding for the STEP cooperative agreements in FY 2016.

### ***Strategy 2: Increase access to trade financing***

Access to trade finance for small businesses is one of the objectives of the Export Promotion Cabinet (EPC). The EPC helps small businesses prepare for and participate more actively and effectively in international markets. The SBA fills market gaps that arise because the private sector is unable to provide adequate credit to support certain export transactions with greater real or perceived risk. Without access to trade finance, many small business exporters would not be able to complete export orders. In order to build a more extensive trade financing infrastructure to serve current and future small business exporters, the SBA collaborates with other agencies to simplify and expedite trade financing products, making them easier for community banks to provide to their customers as they expand sales abroad.

### FY 2014 Accomplishments and Challenges

While all SBA 7(a) and 504 loan programs can be used to support small business exporters, the SBA has three export loan products targeted to support the development of small businesses exporters that directly support the National Export Initiative (NEI). The **Export Express** loan program is a delegated authority program with a \$500,000 maximum loan amount that is especially helpful for early stage exporters who can use the funds for a wide range of export development activities. For example, small businesses can use these loans to attend overseas trade shows and develop and enter new markets. With a 90 percent guaranty on amounts up to \$350,000 and a 75 percent guaranty on amounts up to \$500,000, the program offers lenders enhanced coverage in support of small business exporters. In FY 2014, 58 lenders made 124 Export Express loans to 108 small businesses.

The **Export Working Capital** loan program provides necessary financing to support an exporter's transactions, from purchase order to final payment, with a \$5 million maximum loan amount and 90 percent guaranty. The SBA trained a number of lenders on this export loan product and, as a result, the number of preferred lenders with delegated authority to approve new SBA Export Working Capital loans grew from 10 in FY 2010 to 16 in FY 2014. In FY 2014, 76 lenders made 185 Export Working Capital loans to 175 small businesses.

The **International Trade** loan program provides loans up to \$5 million in financing and offers a 90 percent guaranty. This loan provides financing to allow a successful export company to expand its production capacity, including those that want to bring production back from overseas or companies that have been adversely impacted by imports. In FY 2014, the SBA guaranteed 192 international trade loans made by 87 lenders to 165 small businesses.

The SBA has two main challenges that may affect its ability to achieve its targets. First, the quality of the coding of 7(a) and 504 loans for export purposes varies by lender, which leads to a lag in obtaining accurate real-time data. This lag prevents a fully accurate snapshot of the Agency's progress at a given point in the fiscal year. As a result, the SBA must periodically review its loans to determine whether they should be reclassified as export loans. Second, the Small Business Jobs Act of 2010 required 30 trade finance officers and 10 regional export development specialists to support SBA's nationwide outreach to exporters and lenders. Currently, only 19 of the required positions have been allocated for staffing. With limited expertise located across the country, SBA's ability to identify, train, counsel, and support small business exporters is limited.

### FY 2015 and 2016 Planned Performance

Under a multi-agency initiative, six federal agencies will collaborate on an initiative to market their trade finance programs and export assistance services in a one-stop platform – U.S. Global Business Solutions (USGBS). A new approach for assessing and meeting the business needs of small business exporters, USGBS will reduce complexity for both exporters and lenders, streamline access to business services, and establish a network of lending partners that are prepared to meet the financial needs of small business exporters. Continued training of lenders on the USGBS and SBA export loan programs, including webinars and on-the-ground training sessions, is expected to result in additional new lenders participating in SBA loan programs, which will help the Agency reach its Priority Goal of 555 lenders providing export financing to 1,480 small business exporters by the end of FY 2015.

Recognizing that U.S. small business exporters are key to the nation’s economic future and job growth, the SBA will remain committed to working closely with the Export-Import Bank, other trade financing agencies, and lenders in order to provide export trade financing solutions to U.S. small businesses in FY 2016. Additionally, the SBA will continue to collaborate with other federal agencies, state agencies, SBA resource partners, internal partners, federal bank regulators, and other export assistance resources to expand the nation’s export financial infrastructure and improve access to and the delivery of export finance and improve the program delivery to small business exporters. Since trade financing support provided by the governments of competing nations, particularly in emerging markets, is a growing competitiveness issue, it is important that U.S. federal agencies work together.

**Strategy 3: Provide tailored training and counseling to lenders and small businesses**

Through its network of trade finance specialists located in 19 U.S. Export Assistance Centers (USEAC) throughout the country, the SBA provides training and consultation services on trade financing and U.S. government export financing programs to both lenders and small businesses. In addition to speaking at workshops on trade finance topics, SBA’s trade finance specialists provide in-depth, in-bank training for lenders on U.S. government export financing programs. The Agency export field staff is a valuable resource for small business exporters, combining the international marketing expertise of Department of Commerce U.S. Commercial Service staff with the trade financing expertise of the SBA (and in some cities, the Export-Import Bank) staff in one location. The SBA specialist frequently is the only trade finance expert at these locations available to counsel businesses and lenders on how to get paid by foreign buyers and trade financing options.

Table 1.4c shows progress toward the three international trade performance indicators, including small businesses receiving export training and counseling and lenders receiving export training.

**Table 1.4c: International Trade Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Small Businesses Receiving Export Training	Target	6,143	5,662	5,726	7,200	8,000	7,600	8,000	8,400
	Actual	5,830	9,151	8,717	10,598	8,244	8,273		
	Variance	-5%	62%	52%	47%	3%	9%		
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Small Businesses Receiving Export Consulting	Target	3,936	4,726	4,543	5,100	4,200	4,000	4,200	4,400
	Actual	5,102	5,954	5,377	4,595	4,307	4,745		
	Variance	30%	26%	18%	-10%	3%	19%		
<b>Additional Information (19% above target):</b> The SBA exceeded FY 2014 training and counseling targets because it was able to fill some key vacancies. The Agency also hosted several national and regional webinars and conferences, which were effective in delivering training to greater-than-anticipated audiences.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Lenders Receiving Export Training	Target	3,135	3,072	2,600	3,950	4,400	4,000	4,200	4,600
	Actual	3,087	3,708	3,518	4,119	4,868	5,097		
	Variance	-2%	21%	35%	4%	11%	27%		
<b>Additional Information (27% above target):</b> The SBA exceeded FY 2014 training and counseling targets because it was able to fill some key vacancies. The Agency also hosted several national and regional webinars and conferences, which were effective in delivering training to greater-than-anticipated audiences.									

### FY 2014 Accomplishments and Challenges

In FY 2014, the SBA provided consultation services to 4,745 and trained 8,273 small businesses on export finance. During the same period, the SBA provided consultation services to 4,228 and trained 5,097 lenders on SBA export loan guaranty programs. Headquarters staff trained an additional 52 lenders at SBA's 7<sup>th</sup> Annual Export Lenders' Roundtable held to coincide with the Export-Import Bank's annual conference in April which draws more lenders each year. Also, the SBA held the first Western Regional SBA Export Lenders Roundtable in September with 66 lenders from several western states.

The SBA developed a small business counselor training certification program in partnership with the U.S. Department of Commerce and the Trade Promotion Coordinating Committee in FY 2011. This includes an extensive training track on international trade, which SBA offers at the annual Association of Small Business Development Centers conference, and a training and certification website ([export.gov/sbcounselors](http://export.gov/sbcounselors)). In September 2011, fewer than 100 small business development center counselors had been certified in international trade counseling. Now more than 600 international trade-certified counselors within the SBDC network, including more than 300 with advanced Certified Global Business Professional credentials, can provide training.

The SBA also partnered with the U.S. Department of Commerce to provide trade financing experts at domestic and overseas trade shows to counsel U.S. small business exhibitors about various financing options. International trade shows take the U.S. exhibitors to foreign locations where they need to conduct business. Having trade finance expertise "on-the-ground" supports businesses at events where U.S. exhibitors meet to negotiate sales terms with foreign buyers who attend these shows. SBA export finance specialists provided counseling and training at 15 of the Department of Commerce International Buyer program (IBP) industrial shows and three international trade shows. At IBP events, small business exporters meet pre-screened prospective buyers from around the world in one domestic venue.

### FY 2015 and 2016 Planned Performance

The SBA will provide in-depth lender training that includes SBA and Export-Import Bank financing solutions to address specific exporter needs. In FY 2015, the SBA expects to train 1,400 resource partners, 4,200 lenders, and 8,000 small businesses on exporting, international methods of payments, and export financing solutions. In FY 2016, the SBA expects to train an additional 4,600 lenders and 8,400 small businesses.

In FY 2015 and 2016, the SBA will partner with the Department of Commerce to continue providing financing experts at domestic and overseas trade shows to counsel small business exhibitors about various financing options. SBA export finance specialists plan to provide counseling and training at 12 of Commerce's IBP domestic industrial shows and three international trade shows in FY 2015. In FY 2016, SBA export finance specialists plan to attend 15 of the IBP domestic industrial shows and four international trade shows.

### ***Strategy 4: Engage Trade Promotion Coordinating Committee and resource partners for export promotion and support***

The Trade Promotion Coordinating Committee (TPCC), established by Congress in 1992, is responsible for providing a unifying framework to coordinate agencies' export promotion activities and for

developing a government-wide strategic plan to implement out those activities. The TPCC is comprised of 20 agencies with seven core trade promotion agencies that take the lead in devising and implementing trade promotion policy and initiatives. The seven core agencies are the SBA, the U.S. Department of Commerce, Export-Import Bank, Overseas Private Investment Corporation, U.S. Trade and Development Agency, U.S. Department of Agriculture's Foreign Agricultural Service, and the Office of the U.S. Trade Representative (USTR). Currently, the TPCC is wholly responsible for coordinating and reporting on NEI/ Next. NEI/Next is the successor program to the first NEI with goal of doubling exports from 2010 levels by 2015. The SBA Administrator chairs the TPCC's Small Business Working Group (SBWG), which is primarily responsible for increasing exports by small businesses.

Much of the work of the TPCC SBWG and SBA's support of the NEI/NEXT involves marketing communication to small businesses throughout the country about the benefits of exporting and about resources available to small businesses to help them begin exporting, expand into new foreign markets, and finance exports.

#### FY 2014 Accomplishments and Challenges

The SBA convened three meetings of the SBWG. The meetings in April and June 2014 focused on the launch of NEI/NEXT and its small business deliverables, which supported export outreach teams (EOTs) and provided marketing communication support for outreach efforts such as: (1) "Look South," an initiative to highlight and target the countries in Latin America with which the U.S. has Free Trade Agreements; (2) "Made in Rural America," a White House initiative to support more exports from businesses in rural America; and) 3) the "Open for Business" agenda to encourage companies to enter more overseas markets.

Reporting on small business outreach efforts is a critical component of the TPCC's commitment to the NEI/NEXT. The SBA monitored the quarterly meetings of the 68 export outreach teams around the country. Based on an analysis of EOT reporting, the SBA was able to refine the directive to EOTs to host more business-facing outreach events. SBA has continued to track activities of EOTs as they continue their outreach efforts to existing and potential small-business exporters.

The SBA also provided support to the USTR in its negotiations with the European Union toward a Free Trade Agreement – the Transatlantic Trade and Investment Partnership.

#### FY 2015 and 2016 Planned Performance

In FY 2015 and 2016, the SBA will continue to convene TPCC SBWG meetings to advance the Administration's trade policy agenda for small-business exporters. The SBWG will continue to implement specific programs that encourage existing small business exporters to expand into new markets and encourage more small businesses to begin exporting.

In coordination with the U.S. Department of Commerce, the SBA will direct export outreach teams in its 68 district offices to convene at least one business-facing event that includes all EOT members.

The SBA will continue to promote targeted marketing communication programs like "Look South." The Agency will use social media and its extensive networks of business counseling and trade specialists to educate small businesses about specific exporting opportunities and government services that support exporters.

## Strategic Objective 1.5: High-Growth and Start-ups

*Fuel high-growth entrepreneurship, innovation and job creation by providing the tools small businesses need to start and grow their businesses*

<p><b>Performance Goal:</b> Issue \$2.5 billion in debenture leverage to SBICs in FY 2016</p> <p><b>Objective Lead:</b> Associate Administrator, Office of Investment and Innovation</p> <p><b>Programs/Activities:</b> Small Business Investment Companies (SBIC), Scale Up Manufacturing Investment Funds (SUMIF), Small Business Innovation and Research (SBIR), Small Business Technology Transfer (STTR), Growth Accelerators</p> <p><b>Strategies:</b></p> <ol style="list-style-type: none"><li>1. Grow the deployment of long term capital via the SBIC program</li><li>2. Support innovative, manufacturing technologies by financing their scale up from prototypes to commercial-scale facilities</li><li>3. Improve Small Business Innovation Research (SBIR/STTR) operations, outreach and commercialization and Small Business Technology Transfer (STTR) programs</li><li>4. Strengthen the accelerator network targeted at high growth startups and capital providers</li><li>5. Provide thought, policy, and executional leadership on the crowdfunding capital raising model</li></ol>
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High-growth businesses create almost all of the net new jobs in the economy today. Through longer-term “patient” capital, growth accelerators and regional innovation clusters, federal research and development grants, and export assistance, the SBA plays a critical role in the ongoing success of high-growth small businesses. These high-growth investments provide opportunities for small businesses to create jobs and sustain the cycle of American entrepreneurship and innovation.

To support job creation, the SBA is committed to growing the existing programs that serve these firms with investment, innovation and commercialization of government research and development, and targeting new initiatives that serve this critical part of the economy. Targeting \$2.5 billion in debenture leverage to SBICs will expand access to capital for these high-growth potential small businesses by giving them the means to grow rapidly, develop their ideas, and expand their product offerings and services. With Family of Funds legislation, the SBA would be able to set a higher performance target as SBICs would have a greater ability to seek additional fund licenses. The efforts of the SBIR program support the President’s Cross-Agency Priority Goal to increase the economic impact of federally funded research and development by accelerating and improving the transfer of new technologies from the laboratory to the commercial marketplace.

**Progress Update:** The SBA met its goal to leverage debenture funds to SBICs by committing \$2.5 billion. The Agency licensed 30 new SBIC funds with an average licensing time of 7.4 months and finalized a size rule to expand eligibility requirements for the SBIR and STTR programs. The SBA partnered with USDA on the Interagency Rural initiative to increase financing in rural areas and made progress in the Accelerator program. To support the President’s Cross-Agency Priority Goal, the SBA launched comprehensive federal search tools across all open SBIR/STTR solicitations. This and other efforts continue to fuel small business innovation. The SBA also supports the family of funds provision which would increase the amount of leverage by SBIC licensees under common control from \$225 million to \$350 million. This increase impacts the amount of SBA-guaranteed debt a team of SBIC fund managers who operate multiple funds can borrow. It would encourage existing licensed SBICs in active operations to seek additional fund licenses, increasing the capital available to small businesses.

Table 1.5a displays the cost to administer the program. It 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). Table 1.5b shows progress toward the performance goal of SBA debenture leverage committed to SBICs.

**Table 1.5a: High-Growth and Start-ups Budget – Total Administrative Resources (Thousands)**

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
\$ 19,166	\$ 24,262	\$ 26,305	\$ 23,229	\$ 19,667	\$ 14,220	\$ 14,084	\$ 14,603

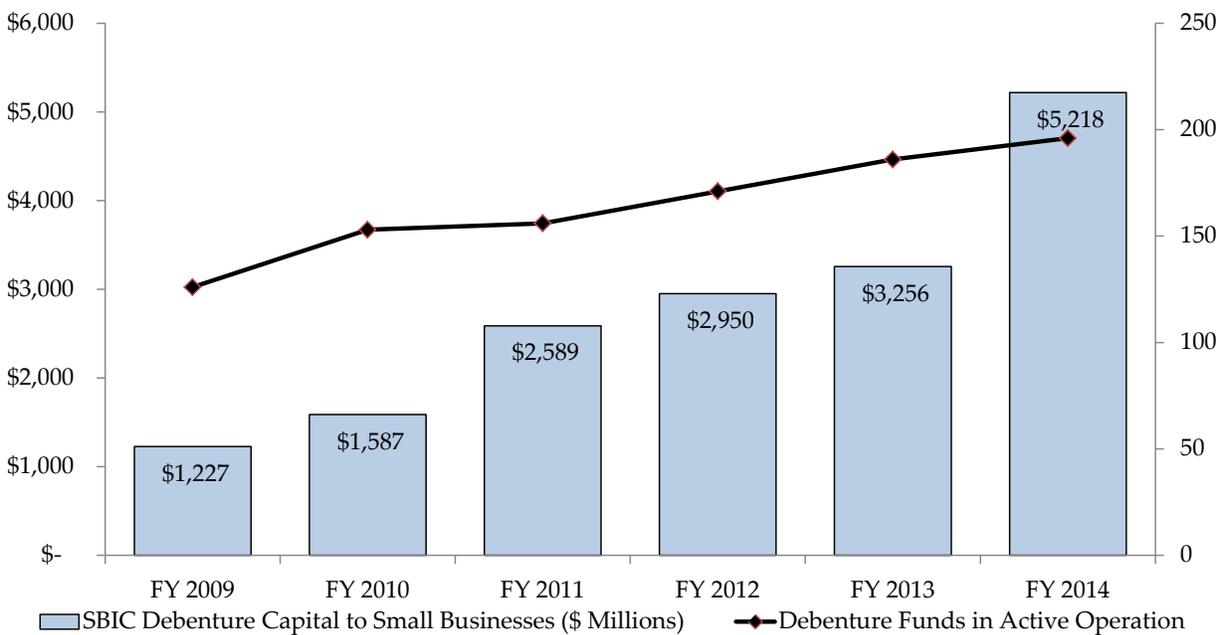
**Table 1.5b: Small Business Investment Company (SBIC) Performance Goal**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Millions of Dollars of SBA Debenture Leverage Committed to SBICs	Target	N/A	Baseline	\$ 1,352	\$ 1,900	\$ 2,400	\$ 2,500	\$ 2,500	\$ 2,500
	Actual	\$ 788	\$ 1,165	\$ 1,827	\$ 1,924	\$ 2,156	\$ 2,549		
	Variance	N/A	N/A	35%	1%	-10%	2%		

**Additional Information:** The SBA added this performance goal in FY 2011, and historical data have been provided for context.

Chart 1.5 shows the total dollar value of SBIC debenture capital and the number of debenture funds in active operation. Both the dollar amount of capital and the number of debenture funds in active operation have increased since FY 2009.

**Chart 1.5: SBIC Debenture Capital (\$ Millions) and Number of Debenture Funds in Active Operation**



**Strategy 1: Grow the deployment of long-term capital via the Small Business Investment Company (SBIC) program**

The **Small Business Investment Company (SBIC)** program provides long-term loans and equity capital to small businesses, especially those with potential for substantial job growth and economic impact. SBICs are privately owned and managed investment funds that are licensed and regulated by the SBA. They use private capital plus funds borrowed with an SBA guaranty to make investments in qualifying small businesses. Over 290 SBICs have more than \$21 billion of capital under management. By increasing availability of growth capital to small businesses, the SBA helps small business owners at every stage of a business’s development. This capital is generally longer term “patient” capital that is well suited to high-growth companies and is a critical tool to help these businesses expand and create jobs in their communities.

Table 1.5c shows progress toward the performance indicator that tracks the time to license SBICs. The time to license target is six months.

**Table 1.5c: Small Business Investment Company (SBIC) Performance Indicator**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Time (Number of Months) taken to License an SBIC</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	N/A	Baseline	6.0
	<b>Actual</b>	14.6	5.8	5.5	5.4	6.8	7.4		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> This indicator is being introduced as a performance indicator in FY 2016, and historical data have been provided for context.									

FY 2014 Accomplishments and Challenges

The SBA continued to grow SBIC debenture funds with the issuance of \$2.5 billion in new debenture leverage commitments. Due to various new initiatives and continued growth in the SBIC program, the SBA issued 30 licenses. The SBA issued new program directives which will further broaden the scope of the program.

Since 2006, SBICs invested \$4.5 billion dollars to support more than 1,700 rural small businesses comprising 18 percent of the total SBIC invested dollars and 14 percent of businesses receiving investments from SBICs.

The SBA continued expanding outreach to both general partners (GPs) and limited partners (LPs) with the focus of increasing new entrants into the SBIC program. In particular, the SBA is looking to work with more regional and community banks to increase the LP participation in the SBIC program so that these banks can take advantage of its benefits.

FY 2015 and 2016 Planned Performance

In FY 2015, the Agency expects to issue \$2.5 billion to SBICs in new debenture leverage commitments. The SBA will continue to increase financing in rural areas as it partners with USDA on the Interagency Rural initiative. The Agency expects to issue 15 new licenses. In addition, it proposes to expand the Impact Investment initiative to include, for example, investment in SBIR/STTR companies and to make advances in the manufacturing sector.

In FY 2016, the Agency expects to issue \$2.5 billion to SBICs in new debenture leverage commitments and issue 15 new licenses. The SBA proposes to change the early stage fund program to increase its participation. The SBA will continue to expand its outreach and focus on increasing the participation of minority and women-led GP funds in the program.

### ***Strategy 2: Support Innovative, Manufacturing Technologies by Financing Their Scale Up from Prototypes to Commercial-Scale Facilities***

The SBA is uniquely suited to play a key part in encouraging the growth of advanced manufacturing in the United States because it plays a central role in realizing the benefits of technological innovation and in the overall growth and health of the U.S. economy. To support this effort, the SBA is proposing the **Scale-Up Manufacturing Investment Funds (SUMIF)** program to support innovative manufacturing technologies scaling up to their first commercial production facilities in the U.S. The loan guaranty program would support private funds, operating similarly the SBA SBIC debt guaranty program, but of a much larger fund and project size necessary to support the needs of manufacturing scale-up efforts.

Investment in small, innovative manufacturers will promote the development of cutting edge manufacturing technologies by smoothing the pathway from prototype to production for new processes, tools, and methodologies. By inducing industry and non-federal co-investment in innovation opportunities that will lead to improved manufacturing capabilities, SUMIF will help to bridge the gap between fundamental technical discoveries in the U.S. and products manufactured here.

Furthermore, U.S. manufacturers individually are challenged to fund these technology development functions, and small- and medium-size manufacturers especially struggle with individually investing in prototyping and scale up of new technologies and potential products. This initiative would help provide the critical mass and knowledge base necessary to address these challenges. Partnerships that bring diverse organizations together to accelerate innovation for advanced manufacturing create a stronger innovation system and link those innovations more directly to domestic production capabilities. This proposal builds on the success of models deployed in other countries.

#### FY 2015 and FY 2016 Planned Performance

In FY 2016, the SBA requests new mandatory authority for \$1.257 billion in subsidy to be spread from FY 2017 to FY 2020 to create the Scale Up Manufacturing Investment Funds (SUMIF) program. SUMIF will generate \$10 billion in investment activity over five years, using \$5 billion in public funds and a matching amount of private funds, to bridge a significant portion of the financing gap for small advanced manufacturing startups. The mandatory proposal estimate of budget authority and outlays used a placeholder subsidy rate of approximately 25 percent. The estimated subsidy costs associated with each application for a federal loan guaranty to provide financing to a fund would be determined on a fund-by-fund basis using actual fund financial information.

Table 1.5d shows projected mandatory outlays of a \$5 billion program level in FY 2016 with subsidy costs of \$1.257 billion spread between FY 2017 to FY 2020.

**Table 1.5d Projected Mandatory Outlays**

FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
\$ 0.0 M	\$ 163.0 M	\$ 364.5 M	\$ 364.5 M	\$ 364.5 M

***Strategy 3: Improve Small Business Innovation Research (SBIR) operations, outreach and commercialization and Small Business Technology Transfer (STTR) programs***

The **SBIR/STTR program** helps innovative small businesses meet the research and development needs of the federal government and then commercialize those innovations in the marketplace. The SBA coordinates the programs for the federal government, setting performance standards for the eleven participating agencies, tracking metrics, and helping small businesses interested in pursuing SBIR opportunities. The money for these programs goes directly to some of America’s most promising small research and development companies to help them drive innovation, strengthen U.S. competitiveness, and create jobs.

In FY 2012, the SBA and other federal agencies began implementing the SBIR/STTR Reauthorization Act of 2011, which was included in the National Defense Authorization Act. As a result, the SBA issued amended SBIR/STTR program policy directives that govern SBIR/STTR program compliance, reporting, and small business eligibility requirements. The Reauthorization Act and amended policy directives ensure the continuation of the SBIR/STTR programs through FY 2017 with several significant improvements and higher minimum percentages of extramural research and development budgets that agencies must use to calculate set-aside amounts for SBIR and STTR awards to small businesses. This additional capital will spur small business innovative research and technology ventures.

The Reauthorization Act also instructed the White House Office of Science and Technology Policy (OSTP) to create an Interagency Policy Committee (IPC) comprised of representatives from all SBIR/STTR agencies, OSTP, and the SBA. The IPC reviews policies and makes recommendations to improve SBIR/STTR program effectiveness and efficiency. The SBA, OSTP, and other federal agencies have worked through the IPC to improve government data and reporting, overhaul the public-facing website at [SBIR.gov](http://SBIR.gov), and explore several different mechanisms by which cooperative efforts can better help small businesses access the SBIR/STTR program.

**FY 2014 Accomplishments and Challenges**

The SBA continued to partner with eleven federal agencies through the established working groups to ensure that the Reauthorization Act is fully implemented. The SBA issued the five Interagency Policy Committee reports as mandated by the Reauthorization Act.

The SBA established five working groups to implement the directives in the reauthorization and support the White House’s Lab-to-Market Commercialization agenda under “Fueling Small Business Innovation.” Each of the working groups is co-chaired by a mix of agency program managers and the SBA. The five groups support commercialization, databases and interagency exchange of information, award efficiency and efficacy, outreach communications, and asset mapping.

The Agency conducted an evaluation of the SBIR program, which helped launch a central commercialization database to track data and perform business intelligence analysis. In addition, the

SBA conducted outreach to develop and execute the plans to further enhance the SBIR program and evaluate its metrics.

The SBA awarded \$2 million in **Federal and State Technology** (FAST) grants to 22 state and local economic development agencies, business development centers, colleges, and universities. These grants support programs for innovative technology-driven small businesses under SBA's partnership program. The FAST grants stimulate economic development among small high technology businesses through federally funded innovation and research and development programs like the SBIR and STTR.

The SBA implemented two commercialization standards: (1) a minimum rate of transition from Phase I to Phase II ("Progress to Phase II" in the legislation), and (2) a minimum required rate of commercialization of Phase II awards ("Progress to Phase III"). The commercialization benchmarks have been put in place to monitor the success of companies and the program.

#### FY 2015 and 2016 Planned Performance

In FY 2015, the SBA will administer the \$2 million in FAST grants awarded in FY 2014 and award \$2 million dollars in new FAST grants. The SBA will continue to use the five working groups to implement the directives in the Reauthorization Act and to support the White House's Lab-to-Market Commercialization agenda. In addition, the SBA will monitor and improve the central commercialization database to track data and perform business intelligence analysis. The SBA will conduct outreach to develop and execute plans to further enhance the SBIR program, evaluate its metrics, and monitor results. The database provides commercialization data on the awards granted by the federal government in a central location.

In FY 2016, the SBA will implement and monitor multiple cross-agency initiatives designed to improve program effectiveness, share best practices, continue to enhance the TechNet database (the federal government SBIR/STTR database), and further improve [SBIR.gov](http://SBIR.gov). The additional improvements and enhancements will ensure that [SBIR.gov](http://SBIR.gov) is the central location for small businesses to work with the federal government on research and development.

#### ***Strategy 4: Strengthen the accelerator network targeted at high growth startups and capital providers***

**Growth accelerators** are organizations that help entrepreneurs start and scale their businesses. Typically run by experienced entrepreneurs, accelerators help small businesses access seed capital, mentors, and networking opportunities. These organizations help accelerate a startup company's path towards success with targeted advice on revenue growth, job growth, and sourcing outside funding. Accelerators also help foster an inclusive entrepreneurial ecosystem by stimulating entrepreneurship outside traditional startup hubs like Palo Alto or Boston; they can effectively leverage the specialties and strengths of a particular city and region such as healthcare in Nashville or engineering in Detroit.

#### FY 2014 Accomplishments and Challenges

The SBA awarded \$2.5 million for the growth accelerator competition. The program helped accelerators and incubators build their capacity with prize dollars so that they can continue to grow and service high-growth entrepreneurs. The Agency co-hosted three demo days across the country to highlight the benefits of accelerators. Afterward, the SBA launched and executed the growth

accelerator competition through the America Competes Act and made 50 awards of \$50,000. The SBA required quarterly reporting from each prize winner and will track the progress of the accelerators.

#### FY 2015 and 2016 Planned Performance

In FY 2015, the SBA received \$4 million and in FY 2016 requests \$5 million in funding to support an expansion of the Agency's growth accelerators initiative. Under this proposal, the Agency will scale these growth accelerators via a competition among universities and private sector organizations. With an initial investment of \$22.5 million over a five-year period, this program will scale what already works best.

### ***Strategy 5: Provide thought, policy, and executional leadership on the crowdfunding capital raising model***

The SBA has led policy development and supported thought leadership on the current proposed crowdfunding rules as published by the Securities and Exchange Commission (SEC). Crowdfunding serves as an alternative source of capital to support a wide range of ideas and ventures. Through its position on the SEC advisory board for small and emerging companies, the Agency provides support to the SEC on the development of rules and platforms to ensure that the needs of the small businesses are met.

#### FY 2014 Accomplishments and Challenges

The SBA hosted webinars to provide education on the proposed rules regarding crowdfunding. The webinars helped define crowdfunding, describe each crowdfunding component, and share resources.

The Agency continued to work with SEC to formalize a rule on crowdfunding under the Securities Act of 1933 and the Securities Exchange Act of 1934 to implement the requirements of Title III of the Jumpstart Our Business Startups Act of 2012. Regulation of crowdfunding would prescribe rules governing the offer and sale of securities. The proposal also would provide a framework for the regulation of registered funding portals and brokers that issuers are required to use as intermediaries in the offer and sale of securities. The proposal would exempt securities from the registration requirements of the Securities Exchange Act.

#### FY 2015 and 2016 Planned Performance

The SBA will continue to work with SEC on the rules and the implementation of the platforms which are still in draft format. Once the rules are finalized, the SBA will lead an education series for small businesses via the SBA field network and its resource partners.

## Strategic Objective 1.6: Disaster Assistance

*Ensure that SBA's disaster assistance resources for businesses, non-profit organizations, homeowners and renters can be deployed quickly, effectively and efficiently in order to preserve jobs and help return small businesses to operation*

**Priority Goal:** Increase the return rate for disaster survivor loan applications by 10 percentage points, from 24 percent to 34 percent, by September 30, 2015

**Performance Goal:** Ensure the customer satisfaction rate for disaster loan approvals is 71 percent in FY 2016

**Objective Lead:** Associate Administrator, Office of Disaster Assistance

**Programs/Activities:** Disaster Loans, Disaster Assistance, Small Business Development Centers (SBDSs), Women's Business Centers (WBCs), SCORE, Field Office Outreach

**Strategies:**

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

Returning small businesses to normal operations after a disaster is critical to ensuring that local economies regain traction as quickly as possible and once again are able to create jobs. The SBA, in coordination with the Federal Emergency Management Agency (FEMA), other federal agencies, the American Red Cross, and an array of state and local entities, helps small businesses prepare for disaster and provides timely and accessible low-cost, low-interest loans to small businesses owners, non-profits, homeowners, and renters who are survivors of disaster. SBA disaster assistance loans, integrated with other federal disaster assistance, increase the positive impacts on communities. The disaster loans are a critical source of economic stimulation in disaster-ravaged communities and help generate employment and stabilize tax bases by protecting jobs. Small businesses in particular are helped by a stronger customer base and revitalized communities.

In addition to providing loans for physical damage, the SBA provides working capital in the form of economic injury disaster loans (EIDL) to small businesses, small agricultural cooperatives, small aquaculture businesses, and most non-profit organizations. On average, the Agency makes disaster loans totaling nearly \$1 billion each year and has an active portfolio of about \$8 billion. The SBA will target a customer satisfaction rate for disaster loan approvals of 71 percent in FY 2016. This performance goal measures how delivery of the disaster assistance loan program is perceived by recipients. By streamlining the disaster loan application, moving toward an electronic submission model that is user-friendly and reduces errors, and promoting disaster preparedness, the SBA is supporting the President's management agenda to deliver better, faster, and smarter services to citizens and businesses. These efforts increase quality and value in the federal government's core administrative functions, continue to enhance productivity, and achieve cost savings.

**Progress Update:** The SBA exceeded its electronic loan application target of 45 percent (FY 2014 result of 79 percent) and made significant progress toward its Disaster Loan Application Return Rate Priority Goal of 34 percent (FY 2014 result is 69 percent). By using call centers and promoting the use of electronic loan applications, the SBA enhanced program efficiency by reducing errors and processing times and improved customer service. The customer satisfaction rate for disaster loan approvals was 80 percent (FY 2014 target of 71 percent). SBA disaster loan activity was lower than average with only 12,564

applications accepted (10,417 homes, 1,556 businesses, and nearly 600 EIDLs) due to a below-normal hurricane season this year. A normal year of disaster loan activity for the SBA is based on 40,000 home loan applications, 10,000 business loan applications, and 2,000 EIDL applications processed. The SBA approved 6,243 disaster loans for a total of \$332.6 million in assistance to disaster survivors.

Table 1.6a displays the cost to administer the program. It 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). Table 1.6b shows progress toward the Priority Goal of increasing the return rate for disaster assistance loan applications. Table 1.6c shows progress on the performance goal that tracks the customer satisfaction rate.

**Table 1.6a: Disaster Assistance Budget – Total Administrative Resources (Thousands)**

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
\$ 312,174	\$ 248,669	\$ 253,428	\$ 253,629	\$ 337,144	\$ 246,358	\$ 244,004	\$ 252,966

**Table 1.6b: Disaster Assistance Priority Goal**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Return Rate for Disaster Survivor Applications	Target	N/A	N/A	N/A	N/A	Baseline	29%	34%	50%
	Actual	N/A	N/A	N/A	N/A	24%	69% <sup>6</sup>		
	Variance	N/A	N/A	N/A	N/A	N/A	138%		
<b>Additional Information (138% above target):</b> Since implementing a new process for issuing applications to disaster survivors (i.e. using call centers to promote the use of electronic loan applications rather than automatically mailing paper copies), the return rate for applications has significantly increased, which led to quicker loan processing for disaster survivors.									

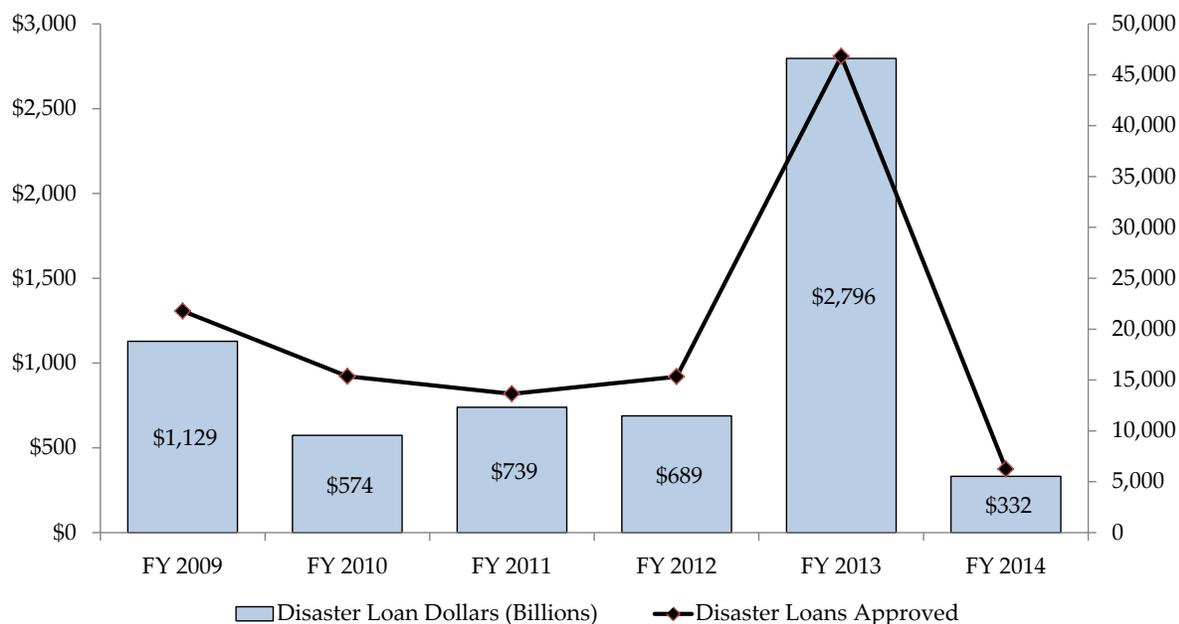
**Table 1.6c: Disaster Assistance Performance Goal**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Customer Satisfaction Rate for Approvals	Target	Baseline	71%	71%	71%	71%	71%	71%	71%
	Actual	72%	74%	80%	80%	81%	80%		
	Variance	N/A	4%	13%	13%	14%	13%		
<b>Additional Information (13% above target):</b> The SBA established this Performance Goal in FY 2010 and has provided historical data for context. The SBA conducts an annual customer satisfaction study on its Disaster Assistance program using the methodology of the American Customer Satisfaction Index (ACSI). SBA can use the survey data to identify and target areas for improvement that will have the greatest impact on customer satisfaction scores. The governmentwide customer service standard is 66 percent. The new process for issuing applications to disaster survivors (i.e. using call centers to promote the use of electronic loan applications) and the use of electronic loan applications has a direct, positive impact on disaster survivors by increasing the number of interactions between the SBA and disaster survivors. This increased attention and customer service is resulting in improved customer satisfaction ratings.									

Chart 1.6 shows the total dollar (millions) and number of disaster assistance loans approved. The spike in the dollar and number of loans in FY 2013 resulted from the devastation caused by Hurricane Sandy – the second costliest hurricane in United States history – that hit the coasts of Connecticut, New Jersey, and New York.

<sup>6</sup> Based on a 25-year low loan volume, the application return rate was higher than average. Consequently, the SBA projects loan volume to increase with a considerable decrease in returned applications.

**Chart 1.6: Disaster Loans Approved (\$ Millions and Number of Loans)**



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

Small business owners invest a tremendous amount of time and money to make their ventures successful, but many owners do not properly plan and prepare for disasters. Having a plan in case disaster strikes can help mitigate the negative effects on a small business or individual and, by extension, the possible negative impacts on employees, customers, vendors, and the local economy. Many small businesses never reopen their doors following a disaster, but planning and preparedness can be a lifeline to staying in business. The SBA partners with the American Red Cross as well as a nationwide network of counseling partners, such as small business development centers, to prepare businesses for disasters and assist them after one occurs.

Table 1.6d shows progress toward the disaster field presence performance indicator.

**Table 1.6d: Disaster Assistance Performance Indicator**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Percent of Disasters Having Field Presence Within 3 Days</b>	<b>Target</b>	95%	95%	95%	95%	95%	95%	95%	95%
	<b>Actual</b>	100%	100%	100%	100%	100%	100%		
	<b>Variance</b>	5%	5%	5%	5%	5%	5%		

**FY 2014 Accomplishments and Challenges**

The SBA recognizes that preparedness is a shared responsibility and continued to encourage emergency readiness both at home and at work. The SBA participated in numerous joint efforts with the U.S. Department of Homeland Security and FEMA on national and regional exercises such as the 2014 National Exercise Program Capstone, including the component events of Alaska Shield, Eagle Horizon, and Silver Phoenix. Also, in the spring and fall, the SBA participated in America’s

PrepareAthon!, a nationwide, community-based campaign for action to increase emergency preparedness and resilience. The SBA continued to partner with Agility Recovery and held free monthly business disaster preparedness webinars on [PrepareMyBusiness.org](http://PrepareMyBusiness.org).

The SBA improved its online presence and explored new ways to connect with target audiences and disaster stakeholders to achieve program objectives. The Agency also published a reference guide to the SBA Disaster loan program to serve as a resource for disaster survivors, resource partners, and other stakeholders for the purpose of promoting disaster preparedness, assistance, and recovery.

A constant challenge has been ensuring consistent messaging for disasters across the country. Since different regions of the country experience different types of disasters, relaying key messages on preparation is important. For example, the recent flooding and mudslides in the Pacific Northwest required different types of preparation than a hurricane in the Gulf Coast. The SBA works to ensure that every part of the country is prepared for different types of disasters in order to get small businesses and communities back to normal operations.

#### FY 2015 and FY 2016 Planned Performance

The SBA will continue to focus on mitigating future disaster damage by promoting disaster preparedness. By providing resources on [SBA.gov](http://SBA.gov), the Agency helps small businesses plan for emergencies and works with its resource partners to educate individuals and small businesses in disaster prone areas about best practices to respond to and recover from a disaster.

The Agency will continue to improve collaboration with a disaster preparedness and operations team supporting its district offices and resource partners to ensure clear and consistent guidance on how to access both local and federal aid following a disaster.

The SBA recognizes the potential for resource partners to assume a larger role supporting disaster assistance and will continue the Technical Assistance Loan Approval initiative carried out by the small business development centers, women's business centers, and SCORE. This initiative provides assistance in preparing reconsideration or reacceptance requests for declined or withdrawn disaster business loan applications; supports consultation in areas such as developing or adapting a business plan, financial planning, and marketing; and provides support for general business management and technical assistance.

In FY 2016, the SBA will continue to encourage disaster preparedness by supporting local stakeholders' outreach efforts through workshops and other events. The SBA will develop a plan to enhance marketing of its Disaster Assistance loan program by continuing to explore new ways to connect with target audiences with an emphasis on [SBA.gov](http://SBA.gov) and other direct links. The SBA will continue to ensure that district offices enhance messaging to disaster survivors.

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

The SBA is continually reviewing and implementing process improvements to enhance program delivery. The development of [DisasterAssistance.gov](http://DisasterAssistance.gov) has made disaster assistance responsive, consistent, and easy for survivors of disaster to find government resources. Additionally, the SBA electronic loan application (ELA) for disaster assistance loans captures more than half of all applications, simplifying the application process and speeding delivery of assistance to disaster survivors across all eligible home or

business loan applications. Response time to the disaster survivors is reduced by the time saved not needing to mail the application. Furthermore, the integrity of the data used in the underwriting process is improved because application data from the ELA uploads directly into the Disaster Credit Management System, unlike paper applications which require data entry by SBA employees. Finally, SBA has established approximate processing time standards based on tiered levels of possible application volumes: Level I (less than 50,000 applications) has a two to three week processing goal; Level II (50,001 to 250,000 applications) has a three to four week processing goal; Level III (more than 250,000 applications) has a four-plus week processing goal; and Level IV (more than 500,000 applications) has a more than four-plus week processing goal.

Table 1.6e shows progress toward the disaster assistance efficiency performance indicators, including the initial disbursement rates and time to process home, business, and economic injury disaster loans. The electronic loan application performance indicator is also included.

**Table 1.6e: Disaster Assistance Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Percent of Loans With Initial Disbursements Within 5 Days of Loan Closing</b>	<b>Target</b>	95%	95%	95%	95%	95%	95%	95%	95%
	<b>Actual</b>	100%	100%	100%	100%	100%	100%		
	<b>Variance</b>	5%	5%	5%	5%	5%	5%		
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 <sup>7</sup>	FY 2014	FY 2015	FY 2016
<b>Percent of Disaster Loans Processed Within Standard</b>	<b>Target</b>	85%	85%	85%	85%	85%	85%	85%	85%
	<b>Actual</b>	96%	100%	100%	95%	55%	100%		
	<b>Variance</b>	13%	18%	18%	12%	-35%	18%		
<b>Additional Information (18% above target):</b> The SBA introduced this composite performance indicator in FY 2015 to replace three separate indicators related to home, business, and EIDL loan processing. Historical data have been provided for context. The new 2 to 3 week processing goal standard for all loan types, coupled with the 25-year low loan volume, produced the high variance.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 <sup>8</sup>	FY 2015	FY 2016
<b>Percent of Applications Processed Electronically</b>	<b>Target</b>	N/A	Baseline	26%	27%	39%	45%	45%	45%
	<b>Actual</b>	27%	28%	26%	36%	55%	79%		
	<b>Variance</b>	N/A	N/A	0%	33%	41%	76%		
<b>Additional Information (76% above target):</b> The SBA introduced this performance indicator in FY 2011 and historical data have been provided for context. Since implementing a new process for issuing applications to disaster survivors (i.e. using call centers to promote the use of electronic loan applications rather than automatically mailing paper copies), the number of disaster survivors using electronic loan applications has increased. Based on a 25-year low loan volume, the "actual" percentage of applications processed electronically was uncommonly high. SBA projects the loan volume to return to normal with a substantial decrease in electronically processed applications.									

### FY 2014 Accomplishments and Challenges

In an effort to continually improve efficiency and effectiveness for future disasters, the SBA identified and addressed several significant process improvements. The Agency amended regulations to increase the unsecured loan limits from \$14,000 to \$25,000 on physical damage loans in major presidential disaster declarations for individual assistance, and up to \$25,000 on economic injury disaster loans. The SBA also revised regulations to allow for an expedited approval process for both

<sup>7</sup> FY 2013 calculations are based on a 14-day and 18-day standard for home and business loan processing, respectively; however, this calculation should have been based on 27 and 30 days (high application volume adjustment when loan applications exceed 50,000 in a fiscal year).

<sup>8</sup> Based on a 25-year low loan volume, the "actual" percentage of applications processed electronically was uncommonly high. Therefore, the SBA projects the loan volume to return to normal with a substantial decrease in electronically processed applications.

home and business loans. These process improvements will significantly enhance the delivery of services to disaster survivors.

As part of the Agency's Priority Goal to increase the disaster loan application return rate, the SBA simplified the disaster loan process and improved the disaster survivor experience by eliminating the mailing of paper applications to all disaster survivors referred to the SBA by FEMA. The new process improves communication to the disaster survivor rather than indiscriminately mailing applications to everyone referred by FEMA. Using automation, the disaster survivors are now contacted by the SBA to determine how they would like to apply: online, in person at a Disaster Recovery Center, or with a paper application by mail. The Agency tested this process in six states yielding an average application return rate of 89 percent, exceeding the FY 2014 target rate of 29 percent.

As a challenge, disaster survivors' primary concern in the aftermath of a catastrophic event may be emergency food and shelter. Long-term recovery decisions may not be their immediate concern and could impact SBA's ability to meet its goals.

#### FY 2015 and FY 2016 Planned Performance

In FY 2015 and FY 2016, the SBA will target an electronic loan submission rate of 45 percent, a 73 percent improvement from FY 2011. Building on the lessons learned from past disasters is routine practice and part of SBA's mission-driven culture. The Agency continues to reevaluate and re-engineer business processes to meet the ever changing needs of the disaster survivors it serves. In FY 2015, the SBA will have fully implemented distinct tracks for home and business loan processing, as well as accelerated processing for both loan types. The continued implementation of process improvements is expected to result in a more efficient operation that responds to disaster declarations and enhances customer service.

In FY 2015 and FY 2016, the SBA will target 71 percent customer satisfaction for approvals. The Agency will increase the return rate for disaster survivor applications from 24 percent in FY 2013 to 50 percent in FY 2016. By promoting greater ELA use to encourage higher application return rates, the SBA will reduce the number of applications mailed to disaster survivors as well as the associated costs. The increased return rate is also achieved through enhanced communication (e.g., the Disaster Assistance Improvement Plan and leveraging digital and social media that link to ELA) and auto-dialer and mail outs that direct applicants to ELA.

In FY 2015 and FY 2016, the SBA requests legislative authority to increase the limit on unsecured disaster loans for physical injury from \$14,000 for non-major disasters to \$25,000 for economic and physical injury loans. This proposed legislative change would allow more homeowners, renters, and businesses impacted by future disasters to be provided with much needed small dollar loans following a disaster. The Agency will continue to evaluate its existing loan processes and seek to implement process improvements that will optimize performance and increase effectiveness.

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

The SBA is committed to providing a "One SBA" approach in the aftermath of disasters to provide short and long-term assistance. In doing so, the Agency engages district offices and resource partners early so they can continue to provide assistance to their communities after the disaster declaration deadlines have

passed. The SBA district offices leverage public and private sector resources, including its resource partners throughout the disaster affected areas, to provide support.

#### FY 2014 Accomplishments and Challenges

The SBA launched a new “three-step process” communications strategy that communicates a consistent message to the public and strengthens awareness of the disaster loan application process. Disaster survivors now have a clearer understanding of the disaster loan process in the context of three easy to follow steps: step (1) apply for loan; step (2) property verified and loan processing decision made; and (3) loan closed and funds disbursed.

#### FY 2015 and FY 2016 Planned Performance

In FY 2015 and FY 2016, the SBA will continue its long-term outreach efforts utilizing the various resource partners available in the disaster damaged areas. The SBA requests legislative authority to allow SBDCS from other geographic locations outside close proximity to provide support during a disaster. During Hurricane Sandy, many SBDCS provided support from across the country. WBCs and SCORE do not have territorial limitations. The SBA also plans to continue to expand the Technical Assistance Loan Application initiative outreach in order to assist in the economic recovery of communities after a disaster.

## *Strategic Goal Two – Serving as the Voice for Small business*

### **Strategic Objective 2.1: Inclusive Entrepreneurship**

*Ensure inclusive entrepreneurship by expanding access and opportunity to small businesses and entrepreneurs in communities where market gaps remain*

**Performance Goal:** Assist 32,250 underserved small businesses through capital assistance programs and 14,475 underserved small businesses through contracting programs in FY 2016

**Objective Leads:** Associate Administrator, Office of Capital Access; Associate Administrator, Office of Government Contracting and Business Development; Associate Administrator, Office of Entrepreneurial Development; Associate Administrator, Office of Veterans Business Development; Assistant Administrator, Office of Native American Affairs

**Programs/Activities:** 8(a) Business Development, 7(j) Technical Assistance, HUBZone, Women-Owned Small Business Federal Contracting, Service-Disabled Veteran-Owned Small Business Procurement, Native American Outreach, Boots to Business, Veterans Business Outreach Centers, Small Business Procurement Set-Aside, 7(a), 504, Microloans, PRIME Grants, Community Advantage Loans, Small Business Investment Companies, Small Business Innovation Research, Small Business Technology Transfer, Small Business Development Centers, Women’s Business Centers, SCORE

**Strategies:**

1. Expand access to capital, consultation, and contracting for small businesses and entrepreneurs in underserved communities
2. Help veterans become small business owners
3. Create entrepreneurial empowerment in Native American communities

Underserved communities – including women, low-income, minority, and veteran entrepreneurs – often have extreme difficulty accessing capital, training and consultation services, and federal contracts. SBA’s unique approach to inclusive entrepreneurship provides products, services, and programs that offer a path to business ownership for these populations that also suffer from disproportionately high levels of unemployment. The SBA continues to make outreach to underserved communities a key priority with activities that include co-hosting a series of national White House economic forums, convening SBA’s Council on Underserved Communities, and building strategic partnerships to raise awareness for SBA’s products and services. Particular attention will be paid to the thousands of returning veterans who can benefit from training and opportunities to engage in entrepreneurship as they transition from being members of the armed services.

**Progress Update:** The Administrator has made inclusiveness a key commitment, and the SBA continues to make progress toward this objective. In FY 2014, the SBA assisted over 48,000 small businesses in underserved markets through capital access and contracting programs. This year, veterans received 12,376 in SBA loans totaling \$766 million. The SBA has committed to supporting veterans returning from the wars in Iraq and Afghanistan and providing them with the resources they need to be successful entrepreneurs – particularly as the unemployment rate for veterans is higher than the national average. This year, the SBA also supported Boots to Business Reboot, an initiative for veterans who have already transitioned to civilian life, and trained 14,684 service members in core business classes.

Table 2.1a shows progress toward the performance goal of providing support to small businesses in underserved markets via 7(a) loans, 504 loans, microloans, and 8(a) and HUBZone assistance.

**Table 2.1a: Underserved Markets Performance Goals**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Small Businesses in Underserved Markets Assisted by 7(a), 504, and Microloans</b>	<b>Target</b>	Baseline	32,846	34,200	31,800	31,000	31,550	31,550	32,250
	<b>Actual</b>	30,866	34,115	36,936	33,449	33,458	35,014		
	<b>Variance</b>	N/A	4%	8%	5%	8%	11%		
<b>Additional Information (11% above target):</b> The definition for underserved markets includes specific underserved populations (i.e., veterans, women, and minorities) and underserved places (HUBZone, low-moderate income, and Empowerment Zones). 7(a) loan activity was up across all loan sizes but the streamlined processing for loans under \$350,000 was particularly effective in increasing the number of small businesses assisted by 7(a) loans. In FY 2014, 39,188 7(a) loans under \$350,000 were approved – an increase of 15% from FY 2013.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Small Businesses in Underserved Markets Assisted by 8(a) and HUBZone</b>	<b>Target</b>	13,263	13,263	13,457	18,375	14,775	14,475	14,475	14,475
	<b>Actual</b>	9,555	14,847	13,615	15,260	13,158	13,029		
	<b>Variance</b>	-28%	12%	1%	-17%	-11%	-10%		
<b>Additional Information (10% below target):</b> The definition for underserved markets includes specific underserved populations (i.e., veterans, women, and minorities) and underserved places (HUBZone, low-moderate income, and Empowerment Zones). The SBA continues to see fewer 8(a) firms and HUBzone firms.									

***Strategy 1: Expand access to capital, consultation, and contracting for small businesses and entrepreneurs in underserved communities***

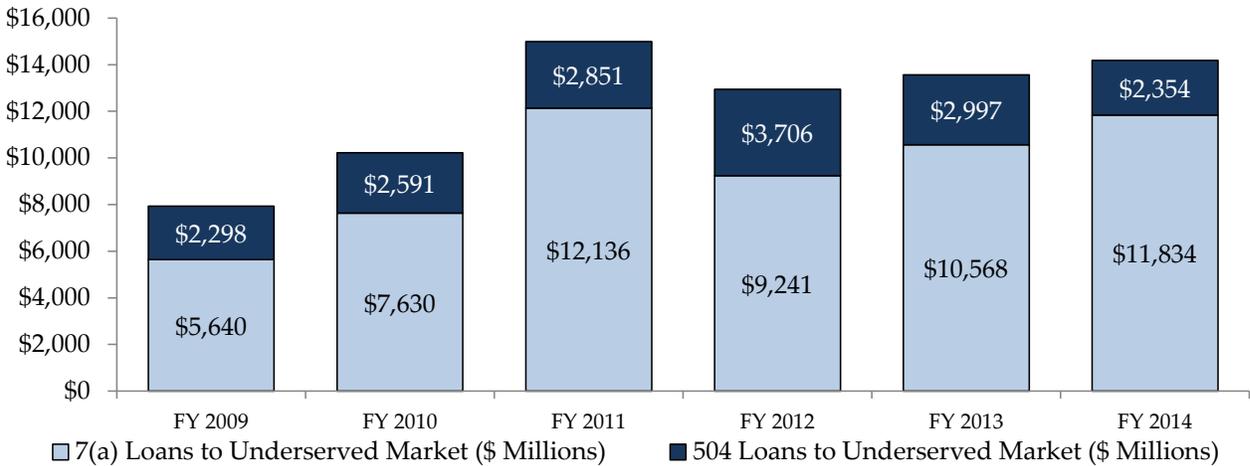
Small businesses in underserved markets have more difficulty than other businesses accessing and qualifying for credit. Since SBA programs help lenders expand the credit spectrum, they are especially critical in reaching underserved markets. In general, SBA programs over-index underserved markets when compared to similar sized conventional loans. Typically, more than 20 to 30 percent of 7(a) loans go to minority-owned businesses. And in the last several years, approximately 17 to 25 percent of loans have gone to businesses in underserved rural markets. Similar to the 7(a) loan program, a higher share of 504 loans go to underserved markets compared with conventional owner-occupied commercial mortgages. Like 7(a) loans in the past several years, between 20 to 30 percent of 504 loans have gone to minority borrowers, and a similar percentage has gone to borrowers in underserved rural communities. Table 2.1b shows results and targets of SBA assistance to underserved markets through 7(a) and 504 loans.

**Table 2.1b: Underserved Markets Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Small Businesses in Underserved Markets Assisted by 7(a) loans</b>	<b>Target</b>	Baseline	25,500	24,800	24,400	23,600	24,100	24,600	24,600
	<b>Actual</b>	24,096	25,679	28,386	23,846	24,225	27,778		
	<b>Variance</b>	N/A	1%	14%	-2%	3%	15%		
<b>Additional Information (15% above target):</b> The definition for underserved markets (USM) includes specific underserved populations (i.e., veterans, women, and minorities) and underserved places (HUBZone, low-moderate income, and Empowerment Zones). 7(a) loan activity was up across all loan sizes but the streamlined processing for loans under \$350,000 was particularly effective in increasing the number of small businesses assisted by 7(a) loans. In FY 2014, 39,188 7(a) loans under \$350,000 were approved – an increase of 15% from FY 2013. Many of these loans went to underserved markets.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Small Businesses in Underserved Markets Assisted by 504 Loans</b>	<b>Target</b>	Baseline	3,500	4,800	4,000	3,800	3,800	4,000	4,000
	<b>Actual</b>	3,956	4,384	4,548	5,379	4,361	3,319		
	<b>Variance</b>	N/A	25%	-5%	34%	15%	-13%		
<b>Additional Information (13% below target):</b> The definition for underserved markets (USM) includes specific underserved populations (i.e., veterans, women and minorities) and underserved places (HUBZone, low-moderate income, and Empowerment Zones). The 504 loan program experienced an overall decline in FY 2014. The SBA anticipates an increase for FY 2015 loan volume due to the final rule that became effective April 21, 2014 that eliminated unnecessary regulatory burdens on CDCs and loan eligibility restrictions (personal resources test).									

Chart 2.1 shows the volume of loan dollars in 7(a) and 504 loans that have gone to the underserved market. The volume of loans has increased by 43 percent since FY 2009.

**Chart 2.1: SBA 7(a) and 504 Loan Dollars (\$ Millions) to the Underserved Market**



FY 2014 Accomplishments and Challenges

Small dollar loans greatly benefit underserved markets, women-owned businesses, and start-ups. Through fee waivers and program improvements, the number of 7(a) loans under \$150,000 was up 29 percent compared to the prior year. The elimination of the fees greatly expanded outreach to small businesses without access to capital – particularly in underserved markets.

### FY 2015 and FY 2016 Planned Performance

To continue to spur lending in underserved markets, the SBA proposes to continue to waive up-front and annual fees on all 7(a) small business loans of \$150,000 or less. The Agency also proposes to continue to waive up-front fees on SBAExpress loans to veterans between \$150,000 and \$350,000 and to offer a 50 percent waiver of up-front fees on all non-SBAExpress loans to veterans above \$150,000. Credit subsidy estimates demonstrate that this policy can be achieved with zero credit subsidy appropriations in both years.

Leveraging the streamlined process to obtain 7(a) guaranties on smaller dollar loans, the Agency expects to continue to increase the number and percentage of smaller dollar loans in FY 2015 and FY 2016. The SBA will continue to grow its network of Community Advantage lenders by expanding to more than 300 locations and growing the capacity of participating microlenders. The Agency anticipates that Community Advantage loans will average about \$125,000 per loan. With more than 60 percent of the Community Advantage loans going to underserved markets, the SBA will continue to seek permanent status for the Community Advantage program before it expires in March 2017.

SBA's **Microloan** program provides loans to non-profit intermediary lenders who in turn lend the funds in amounts of \$50,000 or less to the smallest of small businesses. Microloan program intermediary lenders also receive grants to help fund the cost of providing business-based training and technical assistance to microborrowers and potential microborrowers. The fusion of capital and training helps shore up the capacity of the microborrowers to turn a profit, improve operations, grow the business, and create jobs.

In order to bring greater unity, focus, and effectiveness to SBA's support of inclusive entrepreneurship, the SBA created the Office of Economic Opportunity (OEO) in FY 2013 with the express mission to expand access to capital for small business and entrepreneurs in underserved communities, thus helping to drive economic growth and job creation. Key SBA programs under the purview of OEO include the Microloan program, the Program for Investment in Micro-Entrepreneurs (PRIME), the Community Advantage Loans (CA) Pilot program, and general marketing of all the Lender Advantage loan programs.

The **PRIME Grant** program provides training and technical assistance to disadvantaged entrepreneurs, including members of worker-owned cooperatives struggling with low-income earnings 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.

With the **Community Advantage Loans** pilot program, the SBA works to create a streamlined program where an underserved market entrepreneur may be introduced to a starter program such as a microloan with technical assistance, subsequently grow his or her business and obtain additional working capital from a CA loan, and access new business opportunities by harnessing SBA's contracting, bonding, and specialized technical assistance programs – all connected and tracked by a growing network of Community Advantage participants.

Table 2.1c displays the cost to administer the microloan program. It 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). Table 2.1d shows progress toward the microloan performance indicators.

**Table 2.1c: Microloan Budget – Total Administrative Resources (Thousands)**

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
\$ 24,783	\$ 33,686	\$ 38,729	\$ 29,971	\$ 23,865	\$ 35,098	\$ 37,762	\$ 41,739

**Table 2.1d: Microloan Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Small Businesses Assisted by Microloans	Target	2,500	3,846	4,600	3,400	3,600	3,650	3,650	3,650
	Actual	2,722	4,052	3,999	4,224	4,842	3,917		
	Variance	9%	5%	-13%	24%	35%	7%		
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Jobs Supported by Microloans	Target	Baseline	12,735	14,500	14,000	12,500	12,750	12,750	15,000
	Actual	10,950	13,612	13,271	13,280	15,636	15,880		
	Variance	N/A	7%	-8%	-5%	25%	25%		
<b>Additional Information (25% above target):</b> The SBA worked with key microlenders to create and enhance their small dollar and minority lending platforms in FY 2014, which helped increase the number of jobs supported.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Thousands of Dollars in Loans Approved by SBA to Microlenders	Target	N/A	N/A	Baseline	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 35,000
	Actual	N/A	\$ 38,129	\$ 35,479	\$ 24,606	\$ 43,286	\$ 26,465		
	Variance	N/A	N/A	N/A	-2%	73%	6%		
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Thousands of Dollars in Loans Approved by Lenders to Microborrowers	Target	Baseline	\$ 66,927	\$ 65,000	\$ 45,340	\$ 44,000	\$ 45,000	\$ 45,000	\$ 55,000
	Actual	\$ 34,515	\$ 45,046	\$ 47,453	\$ 46,107	\$ 54,850	\$ 55,478		
	Variance	N/A	-33%	-27%	2%	25%	23%		
<b>Additional Information (23% above target):</b> The SBA worked with key microlenders to create and enhance their small dollar and minority lending platforms in FY 2014.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Small Businesses COUNSELED	Target	Baseline	15,396	6,500	13,600	14,400	14,600	14,600	14,600
	Actual	2,757	14,916	15,900	15,892	19,368	15,668		
	Variance	N/A	-3%	145%	17%	35%	7%		
<b>Additional Information:</b> The SBA established this performance indicator in FY 2010 and has provided historical data for context.									
<b>Indicator</b>		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Grant-eligible Micro Lenders	Target	N/A	N/A	N/A	Baseline	135	135	135	135
	Actual	118	128	131	134	135	137		
	Variance	N/A	N/A	N/A	N/A	0%	1%		
<b>Additional Information:</b> The SBA established this performance indicator in FY 2013 and has provided historical data for context.									

FY 2014 Accomplishments and Challenges

Within the first nine months of FY 2014, the Microloan program expended \$24 million in loans to intermediary lenders. In FY 2014, the SBA approved 36 loans to microloan intermediaries for more than \$26 million. At the end of FY 2014, microloan intermediaries provided approximately \$56 million in microloans to small businesses. These small businesses created or retained more than 15,000 jobs in local economies.

In March 2014, the SBA proposed a rule to increase the pool of eligible microborrowers. This rule proposes to increase the minimum number of loans that microloan intermediaries must make annually. It also removes the requirement that the Microloan Revolving Fund and the Loan Loss Reserve Fund be held in interest-bearing deposit accounts. In addition, the proposed rule includes technical amendments that would conform the regulations to current statutory authority. The SBA received \$3.5 million in grant authority for the PRIME grant program.

#### FY 2015 and FY 2016 Planned Performance

The Microloan program will continue to seek ways to improve access for intermediaries and ease access to credit for America's smallest and underserved businesses. The Agency will continue upgrading the electronic reporting system in FY 2015 and FY 2016 which will improve its ability to present data and perform analytics to support decision-making.

For FY 2015, the SBA received a loan subsidy appropriation of \$2.5 million for the Microloan program to support a program level of \$25 million. For the associated microloan technical assistance grants, the SBA received \$22.3 million in grant authority. The funds for the Microloan program will be used to provide business-based training and technical assistance to program microborrowers and potential microborrowers. Unlike SBA's entrepreneurial development programs, the major portion of Microloan program training dollars are integrated with the lending program and specifically targeted to small businesses that have received microloans that assist with business survival and mitigate risk to the taxpayer.

For FY 2016, the SBA requests a loan subsidy of \$3.3 million to support a Microloan program level of \$35 million. Increased funding is needed to support increased lending activity as well as the minimum number of loans required under the proposed rule. For the associated microloan technical assistance grants, the SBA is requesting \$25 million. The requested Microloan program grant dollars will be used to provide business-based training and technical assistance to current and new microborrowers.

The SBA also requests legislative authority to eliminate the 25/75 rule and adjust the cap for the 1/55th rule. The 25/75 rule currently requires that microlenders spend at least 75 percent of their technical assistance grant funding on actual microloan borrowers and limits expenditures on up-front technical assistance to 25 percent of the grant funding. Mature microlenders with good success support their microbusinesses with both pre- and post-loan technical assistance. The 1/55th rule requires that 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 given state. This restriction effectively delays deployment of microloan funds thereby limiting the availability of capital for small businesses regardless of the size of the state or the needs of the small business community.

The SBA monitors the federal government goal of awarding 5 percent of its contracting dollars to disadvantaged small business owners and women-owned small business, and 3 percent to small businesses located in economically distressed geographic areas, called **Historically Underutilized Business Zones** (HUBZones). See Strategic Objective 1.2 (Contracting) for more information on the Priority Goal and performance indicators associated with these contracting programs. Winning a federal contract can have an immense effect on job creation, economic development, and capital investment in underserved markets. Many business owners benefit from management and technical assistance in

navigating the contract marketplace. SBA's **8(a) Business Development** program provides various forms of technical assistance to foster growth and development of businesses owned and controlled by socially and economically disadvantaged individuals. The SBA provides support to these individuals under the **7(j) Technical Assistance** program that allows the Agency to enter into grants, cooperative agreements, and/or contracts with public or private organizations that can deliver management and/or technical assistance.

Table 2.1e displays the cost to administer the programs. It 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. Table 2.1f shows progress toward the performance indicators tracking the number of small businesses assisted by 8(a), 7(j), and HUBZone.

**Table 2.1e: 8(a) Budget – Total Administrative Resources (Thousands)**

Program	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
8(a)	\$ 52,458	\$ 56,817	\$ 58,274	\$ 60,855	\$ 51,649	\$ 53,824	\$ 53,310	\$ 55,268
7(j)	\$ 4,880	\$ 5,478	\$ 6,502	\$ 5,356	\$ 5,793	\$ 5,614	\$ 5,561	\$ 5,765
HUBZone	\$ 12,936	\$ 16,969	\$ 15,569	\$ 9,102	\$ 9,930	\$ 10,262	\$ 10,164	\$ 10,538

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

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Small Businesses Assisted by 8(a)	Target	9,363	9,457	9,457	8,500	8,300	8,000	8,000	8,000
	Actual	8,854	8,442	7,814	7,388	6,661	6,660		
	Variance	-5%	-11%	-17%	-13%	-20%	-17%		
<b>Additional Information (17% below target):</b> The SBA did not receive as many 8(a) applications as expected in FY 2014.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Small Businesses Assisted by 7(j)	Target	2,289	2,400	3,550	3,550	3,550	3,550	3,550	3,550
	Actual	2,865	3,480	3,550	3,272	3,913	4,104		
	Variance	25%	45%	0%	-8%	10%	16%		
<b>Additional Information (16% above target):</b> The SBA has been able to provide a greater amount of technical assistance than expected in FY 2014.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Small Businesses Assisted by HUBZone	Target	3,900	4,000	4,000	9,875	6,475	6,475	6,475	6,500
	Actual	701	6,405	5,801	7,872	6,497	6,399		
	Variance	-82%	60%	45%	-20%	0%	-1%		

#### FY 2014 Accomplishments and Challenges

The SBA met monthly with other agencies' Offices of Small and Disadvantaged Business Utilization (OSDBU) to provide training and updates and share best practices. The SBA drafted regulations to expand the successful Mentor-Protégé program currently used by the 8(a) program to include all small business including Women-Owned Small Business, HUBZone, and Service-Disabled Veteran-Owned Small Business programs.

As a challenge, the HUBZone portfolio has not recovered from the loss of firms due to redesignation of areas from the 2010 census. In FY 2010, the SBA supported over 8,000 HUBZone certified firms. The SBA continues to recruit new firms and conduct outreach in order to bring the number of HUBZone firms back to 2010 levels.

### FY 2015 and FY 2016 Planned Performance

The SBA will use its broad network of district offices to raise awareness of the 8(a) program and continue using the 7(j) Technical Assistance program in innovative ways to provide disadvantaged firms with training and mentor-protégé assistance to win federal contracts. In FY 2015, the SBA received \$2.8 million for 7(j) Technical Assistance and \$3.0 million for the HUBZone program.

In FY 2016, the SBA requests \$2.8 million for 7(j) Technical Assistance and \$3.0 million for the HUBZone program. The SBA will assist 3,550 via the 7(j) program and 8,000 small businesses via the 8(a) program. The Agency will also increase the use of podcasts and web-conferencing to educate small businesses and local economic development agencies on the benefits of the HUBZone program. The SBA will assist 6,475 small businesses via the HUBZone program in FY 2015 and 6,500 in FY 2016. The Agency will also counsel and train women-owned small businesses on the eligibility requirements for WOSB set-aside contracts.

### ***Strategy 2: Help veterans become small business owners***

The SBA is dedicated to serving the veteran business community. Based on recent census data, veterans owned 2.4 million businesses, which accounted for nine percent of all businesses nationwide. These businesses generated \$1.2 trillion in receipts, or about 4.1 percent of all business receipts nationwide, and employed nearly 5.8 million people. Businesses with veteran majority owners or half owners numbered 3.7 million, which represents 13.5 percent of all businesses nationwide and accounts for more than \$1.6 trillion in receipts. These veteran-owned firms hold 8.2 million American jobs.<sup>9</sup>

The SBA promotes veterans' small business ownership by conducting comprehensive outreach through program policy development and implementation, ombudsman support, coordinated Agency initiatives, and direct assistance to veterans, service-disabled veterans, Reserve and National Guard members, discharging active duty service members, and their families. The SBA provides support through 15 **Veterans Business Outreach Centers (VBOCs)**, its district office and Office of Veteran's Business Development outreach initiatives, and partnerships with the U.S. Department of Defense, U.S. Department of Labor, and universities. This network provides guidance, training, and assistance to Agency veteran customers.

Table 2.1g displays the cost to administer the program. It 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). Table 2.1h shows progress toward the veteran's assistance performance indicators.

**Table 2.1g: Veteran's Assistance Budget – Total Administrative Resources (Thousands)**

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
\$ 5,230	\$ 6,402	\$ 8,995	\$ 9,359	\$ 9,101	\$ 19,439	\$ 19,523	\$ 19,253

<sup>9</sup> 2007 Survey of Business Owners, U.S. Department of Commerce, Bureau of the Census, published in 2011.

**Table 2.1h: Veteran’s Assistance Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Veterans Trained by VBOCs	Target	N/A	N/A	N/A	N/A	N/A	Baseline	33,000	33,000
	Actual	33,876	34,825	28,952	44,535	23,271	39,201		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> This performance indicator is being introduced in FY 2015, and historical data have been provided for 55context.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Veterans Counseled through VBOCs	Target	N/A	N/A	N/A	N/A	N/A	Baseline	31,000	31,000
	Actual	14,876	10,722	34,956	44,079	49,791	38,923		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> This performance indicator is being introduced in FY 2015, and historical data have been provided for context.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Boots to Business Participants Trained	Target	N/A	N/A	N/A	N/A	N/A	15,000	15,500	17,500
	Actual	N/A	N/A	N/A	N/A	N/A	14,684		
	Variance	N/A	N/A	N/A	N/A	N/A	-2%		

FY 2014 Accomplishments and Challenges

Veteran Business Outreach Center counselors provided counseling services to and trained over 78,000 veteran small business owners and entrepreneurs. The VBOCs have several unique programs that have been implemented to better serve the counseling and training needs of veteran small business communities. These unique programs deliver specialized assistance to both mainstream and underserved communities in both rural and urban locations. Each program is designed to ensure veterans have the skills and expertise to start, manage, and grow successful small firms.

The critical challenges for continuation and support of VBOCs are strengthening partnerships with lenders to provide access to capital for veteran small business owners, educating veterans on new SBA programs, and supporting outreach to large coverage areas. However, the training and counseling services that VBOCs provide have been instrumental in the expansion of business and economic development through the number of loans approved, government and commercial contracts awarded, business starts and/or expansions, and jobs retained/created. This support has helped veterans, service-disabled veterans, and Reserve Component members within their local and regional business communities.

In FY 2014, the SBA completed and sustained its national rollout of **Boots to Business (B2B)** and extended the program globally to reach service members transitioning from military installations overseas. The SBA accomplished this rollout by strengthening its delivery model by partnering with its resource partners. The program significantly increased capacity of the eight-week online course to provide participants the assistance required to complete an actionable business plan. The SBA leveraged additional veteran services by awarding a multi-year grant for curriculum and instructor development and outcome assessment. In FY 2014, B2B trained 10,260 transitioning service members in classrooms and 4,424 transitioning service members online. B2B service members are as diverse as the services themselves. For example, approximately 23 percent of participants are female, whereas less than 14 percent of the military is female. Participants are almost evenly split between those

retiring from active duty and those who have served one or more service commitments and are separating to pursue other vocations.

The SBA also implemented Boots to Business Reboot to provide the B2B Introduction of Entrepreneurship Training for veterans who have already transitioned. The Reboot initiative provides valuable assistance to veterans exploring self-employment opportunities by leading them through the key steps for evaluating business concepts and the foundational knowledge required for developing a business plan. After completing Boots to Business Reboot, participants will have the tools and knowledge they need to identify a business opportunity, draft a business plan, connect with local resources, and launch their small business ideas. In FY 2014, 896 veterans have been served through 12 classes. The SBA will examine these initial courses to determine the need of future offerings and develop best practices.

The SBA held three **V-WISE** (Veteran Women Igniting the Spirit of Entrepreneurship) workshops where 427 female veterans, transitioning military females, and current spouses of veterans were trained and engaged in 12-months of mentorship and introduced to the full range of SBA programs and services. Since implementing this specialized training program, V-WISE has trained 1,777 female veterans with 56 percent starting businesses and hiring 203 employees (exclusive of themselves) while 69 percent of the graduates have sought additional assistance from SBA and its resource partners. V-WISE has been instrumental in helping female veterans generate revenue exceeding \$100,000.<sup>10</sup>

Syracuse University and its consortium members planned the training schedule for the SBA **Entrepreneurship Boot Camp for Veterans with Disabilities (EBV)**. The program began in June at Florida State University and in July at Syracuse University, Texas A&M University, and the University of California, Los Angeles with the National EBV Training and Alumni Conference held in Atlanta. The EBV national website update launched in April, and the new member consortium assessment tool was completed. Oklahoma State University trained 47 candidates during its 2014 training year, bringing the total number of service members trained since program inception to 200 veterans and service-disabled veterans. Overall, 44 graduates or 22 percent have launched new small ventures, 64 or 32 percent have experienced sustained growth, eight graduates generate annual incomes ranging for \$100,000 to \$500,000, and 11 graduates earn more than \$1 million annually. Fayetteville State University graduated 14 service-disabled candidates from its first EBV program with 92 percent launching or planning to launch small ventures.

In FY 2014, the SBA continued to enhance procurement opportunities across the federal marketplace for service-disabled veteran-owned small business owners and veteran-owned small business owners, consistent with Executive Order 13360. Under OVBD procurement outreach to service-disabled veteran-owned small businesses (SDVOSBs), training was provided to almost 4,000 SDVOSBs, and 12 training sessions were held with contracting officers in six different agencies.

The SBA Advisory Committee on Veterans Business Affairs, established by the Veterans Entrepreneurship and Small Business Development Act of 1999 Public Law 106-50, serves as an independent source of advice and policy recommendations to Congress, the President, the SBA

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<sup>10</sup> Six Month Survey Results, Syracuse University, Syracuse, New York.

Administrator, and the Associate Administrator for veterans' business development. The SBA continued to support this committee and its key work for veterans.

The SBA continued to host the Interagency Task Force on Veterans Small Business Development established by Public Law 110-186, and created by Executive Order 13540 to coordinate the efforts of agencies to improve access to capital, support business development, and achieve pre-established federal contracting goals for small businesses by veterans and service-disabled veterans. The task force is chaired by the SBA and includes representatives from Treasury, Defense, Labor, Veterans Affairs, OMB, General Services Administration, and four non-government members.

#### FY 2015 and FY 2016 Planned Performance

In FY 2015, the SBA received \$10.5 million for veterans outreach. The SBA plans to continue to provide training and consultation services to veterans, veteran small business owners, service-disabled veteran small business owners, and reservists. The Agency will continue to assist veterans by conducting outreach through VBOCs, maintaining strategic alliances with the Department of Defense and other agencies, growing partnerships with universities, and refocusing district office outreach initiatives. VBOC grants will be re-competed with a focus on expanding support to federal, state, and local partners and veteran service organizations to enhance services to VBOC clients.

In FY 2016, the SBA requests \$11.45 million to increase entrepreneurship outreach programs including VBOC, B2B, V-WISE, EBV, and procurement for SDVSBOs. This funding request also contains amplified capacity to engage a broader spectrum of veterans through various communication channels and events. Of this amount, \$7.5 million will be directed toward the Boots to Business program, which will enable the SBA to expand outreach and impact to include robust marketing and engagement through SBA headquarters and field offices, to reach National Guard and Reserve Component members that may not be transition service eligible, and to reach veterans who transitioned prior to the start of the Boots to Business program. In addition, the program will continue full operational capability by delivering training to transitioning service members at approximately 180 installations globally. It is estimated, with the increased funding, that the number of veteran-owned small businesses will substantially rise, positively impacting the U.S. economy.

In FY 2016, the SBA plans to expand the V-WISE program to more large and mid-sized cities serving women veterans. The Agency will continue to support Syracuse University by recruiting program participants, providing referrals to SBA services after graduation, and tracking the program's performance.

The SBA also plans to expand the successful Entrepreneurship Boot Camp for Veterans with Disabilities (EBV) program by increasing both the number of course offerings and the number of participating business schools. Consortium members must secure private sector support to cover all associated costs for candidates admitted into these programs, which serves to offset Agency costs.

The SBA will continue to dedicate resources to enhance procurement opportunities across the federal marketplace, especially for service-disabled veteran-owned small business and veteran-owned small business pursuant to the requirements of Executive Order 13360. The SBA, through a cooperative agreement with the Montgomery County Chamber of Commerce Veterans Institute for Procurement, will train 150 veteran-owned small businesses with past federal procurement performance and the capacity to attain significant growth.

The Agency will continue to host and manage the Advisory Committee on Veterans Business Affairs which serves as an independent source of advice and policy recommendations to Congress, the President, and the SBA Administrator. The SBA will continue to host the Interagency Task Force on Veterans Small Business Development created by Executive Order 13540 to improve access to capital, support business development, and achieve pre-established federal contracting goals for veteran-owned small business owners and service-disabled veteran-owned small business owners.

### ***Strategy 3: Create entrepreneurial empowerment in Native American communities***

SBA's Office of Native American Affairs (ONAA) ensures that American Indians, Alaska Natives, and Native Hawaiians seeking to create, develop, and expand small businesses have full access to the business development and expansion tools available through the Agency's entrepreneurial development, lending, and federal contracting programs. Through ONAA, the SBA coordinates in the development of policies specific to Native American populations. The program engages in outreach, technical assistance and education, and tribal consultation and education. It formulates and administers training programs, and coordinates entrepreneurial development opportunities through collaboration and co-sponsorship agreements with resource partners and other federal agencies. The SBA follows the guidelines, operational policy, 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.

#### FY 2014 Accomplishments and Challenges

The SBA targeted individual and tribally-owned businesses to provide education through more than 30 8(a) business development workshops, training webinars, online classes, and live entrepreneurial classes. In addition, the Agency conducted more than 20 Native American business development empowerment workshops for new and established firms and trainers who are qualified to teach business development subjects. This training provided operational and leadership strategies to build capacity, foster growth and expansion, and ensure sustainability of Native American community-based businesses nationwide. The SBA also continued its outreach efforts targeting Native American veteran-owned businesses and partnered with the Office of Veteran Business Development on a Native American-focused Boots to Business Reboot workshop in Albuquerque, New Mexico. Over 125 veterans attended this workshop, which was among the most successful events in the workshop series. In FY 2014 the SBA held over 70 Native American-focused events with participation from over 200 tribal communities representing more than 20 percent of all federally recognized tribes nationwide.

The SBA also partnered with the U.S. Department of Labor's Veterans Employment Training Service, Labor's Division of Indian and Native American Programs, and the U.S. Department of Veteran's Affairs' Office of Tribal Government Relations to develop a strategic alliance memorandum to validate joint commitments to work together in the spirit of cooperation to help small businesses and promote employment to meet the needs of the Native American veteran community to include those veterans on tribal lands.

#### FY 2015 and FY 2016 Planned Performance

In FY 2015, the SBA received \$2 million for outreach to Native American communities in order to continue providing the Agency's business tools and resources to Native American entrepreneurs and

tribally-owned corporations. The SBA will also support efforts to provide training to Native Americans in the areas of financial literacy, government contracting, workforce development, and bank readiness. ONAA will join the American Supplier initiative, committing to two events.

In FY 2016, the SBA requests \$2 million for outreach to Native American communities. The Agency will continue to focus on youth entrepreneurship, leadership development, and economic development. The SBA will work on business development by educating tribally-owned small businesses about the 8(a) program and providing technical assistance to existing tribally-owned corporations, Alaska Native Corporations, and Native Hawaiian Organizations. The SBA will launch a series of workshops on Financial Literacy for Small Businesses, incubation, and a research initiative on the impact of Native American businesses.

The SBA will also provide customized support to enhance economic growth and development by providing strategic short- and long-term community economic development planning and sector growth. Assistance will focus on international trade, manufacturing, business and community incubators, business development training (enhanced business-sector productivity), supply chains, entrepreneurship development, innovative project financing, or community economic development strategies.

## Strategic Objective 2.2: Outreach

*Provide timely, instructive and useful information to the small business community through SBA's extensive digital and in person outreach efforts*

**Performance Goal:** Average 2.2 million site visits to [SBA.gov](http://SBA.gov) each month in FY 2016  
**Objective Leads:** Associate Administrator, Office of Communications and Public Liaison; Associate Administrator, Office of Field Operations  
**Programs/Activities:** [SBA.gov](http://SBA.gov), BusinessUSA, Field Office Outreach, U.S. Export Assistance Centers, Faith-Based and Neighborhood Partnerships, Start-Up in a Day Initiative  
**Strategies:**  
 1. Implement a consolidated platform for businesses to access services to help them grow  
 2. Strengthen SBA's stakeholder outreach and brand

In an increasingly tech-driven economy, the SBA has taken significant steps to upgrade and enhance its website to better meet the needs of small businesses and give entrepreneurs more ways to access the Agency's tools and resources. The SBA works to ensure that entrepreneurs can effectively access and navigate small business programs across the federal government. The joint SBA - Department of Commerce launch of BusinessUSA (BUSA) supports this effort by providing small businesses with an easy-to-use, consolidated website and toll-free telephone number for the many government small business resources in other agencies. To capitalize on the efforts of [SBA.gov](http://SBA.gov) and BUSA, the SBA uses its network of field staff and counselors to reach the small business community.

**Progress Update:** In FY 2014, [SBA.gov](http://SBA.gov) averaged 2.8 million monthly site visits and 1.9 million unique visitors per month. BUSA has been a major success for small businesses as they have been able to retrieve information in a one-stop-portal rather than searching several federal websites. BUSA had a total of 12 web releases and achieved over 5,700 state and local web partnerships by using direct links and widgets to support diverse needs for small businesses. The SBA has a strong presence in the field with 68 district offices providing support on lending, contracting, training and consultation services, and disaster assistance. This year, the SBA will have conducted over 28,000 outreach events and executed more than 100 cosponsored activities with private and public sector entities.

Table 2.2a shows progress toward the performance goal of average monthly site visits to [SBA.gov](http://SBA.gov).

**Table 2.2a: [SBA.gov](http://SBA.gov) Performance Goal**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Average Monthly SBA.gov Site Visits</b>	<b>Target</b>	N/A	N/A	N/A	1,200,000	2,000,000	2,400,000	2,300,000	2,200,000
	<b>Actual</b>	N/A	N/A	N/A	1,439,750	2,159,850	2,800,000		
	<b>Variance</b>	N/A	N/A	N/A	20%	8%	17%		
<b>Additional Information (17% above target):</b> Site improvements and greater outreach have increased public access to <a href="http://SBA.gov">SBA.gov</a> in FY 2014.									

### *Strategy 1: Implement a consolidated platform for businesses to access services to help them grow*

As the Internet increasingly becomes a primary point of contact and information for small businesses, the SBA has taken significant steps to upgrade and enhance its website to better meet the needs of small

businesses. In the spirit of Web 2.0 and the Open Government initiative, the SBA has transformed its website, [SBA.gov](http://SBA.gov) to allow more transparency, user participation, and collaboration.

Table 2.2b shows progress toward the performance indicators tracking the number of unique visits to [SBA.gov](http://SBA.gov).

**Table 2.2b: [SBA.gov](http://SBA.gov) Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Unique Visitors to <a href="http://SBA.gov">SBA.gov</a>	Target	N/A	N/A	N/A	Baseline	1,500,000	1,500,000	1,500,000	1,400,000
	Actual	N/A	N/A	N/A	950,000	1,420,000	1,900,000		
	Variance	N/A	N/A	N/A	N/A	-5%	27%		
<b>Additional Information (27% above target):</b> The SBA added this performance indicator in FY 2013, and FY 2012 data has been provided for context. Site improvements and greater outreach have increased public access to <a href="http://SBA.gov">SBA.gov</a> in FY 2014.									

#### FY 2014 Accomplishments and Challenges

The SBA implemented a number of key web projects during FY 2014. The Agency launched a new Administrator’s section of the website that features her live tweets and blogs and will soon include a photo gallery to communicate the latest information to various stakeholders interested in her weekly activities. Phase One of the Spanish language conversion project was completed as part of a three month translation project to build a Spanish version of [SBA.gov](http://SBA.gov). In addition, a new mobile [SBA.gov](http://SBA.gov) was built and is currently undergoing testing. [SBA.gov](http://SBA.gov) templates were updated to include live Twitter feeds and video. A national events carousel and a new Agency blogs section was rolled out. The SBA revamped its online lender reporting tool and conducted two focus sessions with sight-impaired users to continue online accessibility improvements of [SBA.gov](http://SBA.gov).

The SBA has integrated [SBA.gov](http://SBA.gov) with BUSA on a number of efforts, including the launch of a [SBA.gov/BUSA](http://SBA.gov/BUSA) page that features both sites’ tools for a one-stop access point. The Agency sunset SBA Direct with an informational page directing users to the appropriate content on the BUSA website. The SBA integrated the BUSA loans and grants widget within the [SBA.gov](http://SBA.gov) loans and grants section. The online events calendar has been updated to allow the automatic posting of BUSA events, and the SBA developed a new Application Programming Interface (API) to provide BUSA with the ability to extract SBA events for repurposing into its online environment.

Additionally, the SBA developed and promoted weekly online campaigns to support Agency strategic initiatives (women, exporting, ombudsman, veterans, National Small Business Week, disaster assistance, loans, and contracting). These campaigns included blogs, new [SBA.gov](http://SBA.gov) content, and promo spots. Each campaign was promoted via social media efforts, exhibiting outstanding results for online traffic. These efforts ensure that the SBA is inclusive of all members of the small business community.

The Agency completed a three month certification and authorization review process that involved reviewing, documenting, and testing multiple controls for the hosting and web technology platform for [SBA.gov](http://SBA.gov). Over 17,000 pages, online tools, and site templates were migrated from Drupal 6 content management platform to Drupal 7. The successful effort now means that the SBA will continue to realize the technical back-end support provided by Drupal developers when needed, in addition to the latest features of Drupal 7 that support [SBA.gov](http://SBA.gov).

Other enhancements to the site, including the addition of a new backup server to the disaster recovery hosting facility, now provide extra bandwidth to support [SBA.gov](http://SBA.gov) should the primary site be incapacitated as part of the contingency planning process.

#### FY 2015 and 2016 Planned Performance

The SBA will launch a new Spanish language version of [SBA.gov](http://SBA.gov) that will feature many of the sections that users have come to expect from the English version of the site. In addition, the Phase Two approach to the mobile site will include new sections, making it even more robust and user-friendly for the ever-growing mobile user base.

During FY 2016, the migration of [SBA.gov](http://SBA.gov) from Drupal 7 to version 8 will commence with ongoing enhancements to make the site more efficient to manage and update. The SBA will also further streamline the look-and-feel of the [SBA.gov](http://SBA.gov) site. This will include further aligning the site's online communications strategy with SBA's strategic plan and continued enhancement of the program office websites.

The **BusinessUSA** initiative, launched in FY 2012, provides small businesses with an easy-to-use, consolidated website and toll-free telephone number for the many government small business resources found in 24 federal agencies. BUSA operates as a partnership between the SBA and the Department of Commerce. BUSA coordinates the programs, products, and services from across the federal government by using technology (e.g., web platform, contact center, other customer service channels like chat and social media outlets) to ease business and entrepreneur access to the resources they need to grow and to make their enterprises successful. It is a "No Wrong Door" approach for small businesses and exporters and creates a common platform to match them with relevant services and information regardless of where it is located or which agency's website, call center, or office they seek for assistance.

#### FY 2014 Accomplishments and Challenges

BUSA received recognition for outstanding leadership and innovation. The American Council for Technology-Industry Advisory Council gave BUSA the Igniting Innovation-Reduce, Reuse, Recycle 2014 Award, and GAO acknowledged BUSA as "Best in Class" for the site's ability to collect and analyze data from stakeholder feedback and customer satisfaction responses.

BUSA successfully deployed a variety of web products. These included new smart search tools, site navigation options and assistance, access to federal resources, usability tools, social media channels, developer portals, customer service outlets, analytics reports, and a host of other products geared toward giving the end user a more seamless online experience. BUSA had a total of nine web releases and achieved over 5,700 state and local web partnerships by using direct links and widgets. Also, BUSA engaged and fully accessed APIs with several agencies to include [SBA.gov](http://SBA.gov), [Trade.gov](http://Trade.gov), [FBOpen.GSA.gov](http://FBOpen.GSA.gov), [Grants.gov](http://Grants.gov), [WhiteHouse.gov](http://WhiteHouse.gov), and [OSTI.gov](http://OSTI.gov).

### FY 2015 and 2016 Planned Performance

To comply with the Presidential Memorandum of 2012<sup>11</sup>, the SBA will continue to integrate small business content into BUSA to improve the customer experience and usability. A more tightly integrated BUSA and [SBA.gov](http://SBA.gov) community will facilitate the leverage of both brands and allow for additional segmentation and topics.

In FY 2015, the SBA will deploy the BUSA mobile app strategy, which will make government resources and information more accessible to customers in addition to enhancing the BUSA technology ecosystem, which includes both cloud and mobile environments.

The SBA will create a leaner, more performance-focused website for BUSA by focusing on open data architecture that will enable the SBA and Department of Commerce to closely monitor small business trends and provide more relevant site content to the customer. BUSA will attempt to achieve interoperability across all platforms (i.e. browsers, operating systems, mobile environment), thus making the user experience seamless to the customer. The BUSA Digital Service Playbook will identify only the best and most relevant content for integration by identifying subject matter experts and using the customer feedback loops that BUSA's Continue Service Improvement process provides.

In FY 2016, the SBA requests \$3 million to continue to enhance customers' multi-channel access to its aggregated information by using several strategies, including: (1) improving customer segmentation by working closely with other agency subject matter experts to refine existing wizards and develop new wizards to fully deploy customized information retrieval for new and returning customers; (2) increasing social media output and linkages to partnering agencies; (3) expanding customer feedback loops to ensure BUSA information is concise, timely, and continues to fill a customer information gap; (4) expanding the reach to small businesses by leveraging business organizations and other small business groups; and (5) continuing to improve the look and functionality of the site based on customer feedback.

Starting or expanding a business often requires dealing with considerable red tape, from setting up a legal business structure, to understanding zoning laws and licensing requirements, to acquiring the permits necessary to get a business up and running. Surveys suggest that entrepreneurs are often more frustrated by mundane red tape than by other obstacles. The **Startup in a Day** initiative includes a national competition awarding cities and states with incentive funds to develop one-stop-shops of online tools that help entrepreneurs identify and apply within one day for all local permits needed to start a business.

### FY 2016 Planned Performance

In FY 2016, the SBA requests \$3 million to fund the Startup in a Day competition. The local business portals created as a result will dramatically reduce the time and red tape required to launch a business. In FY 2016, the SBA will award these funds in order to maximize the number of cities and states implementing cost-effective technology solutions.

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<sup>11</sup> The Presidential Memorandum, Making it Easier for America's Small Businesses and America's Exporters to Access Government Services to Help Them Grow and Hire, is available at [www.whitehouse.gov/the-press-office/2011/10/28/presidential-memorandum-making-it-easier-americas-small-businesses-and-a](http://www.whitehouse.gov/the-press-office/2011/10/28/presidential-memorandum-making-it-easier-americas-small-businesses-and-a).

## ***Strategy 2: Strengthen SBA's stakeholder outreach and brand***

SBA's stakeholders comprise members of the small business and lending communities as well as the many organizations, associations, non-profits, and private sector companies that support and provide services to them. Conducting outreach to these many stakeholders is critical to fulfilling SBA's mission, especially in economic times that require everyone to do more with less. By sharing existing networks and resources, the SBA has greater access to current and potential small businesses. Whether an encore entrepreneur building on life experiences, someone just graduating from school, a transitioning veteran, or a stay-at-home mom starting her home-based business, SBA's stakeholders help the Agency better connect with the audiences it serves.

### FY 2014 Accomplishments and Challenges

SBA's National Small Business Week events, supported by a Nominations Portal, allowed national awards nominee packages to be uploaded and distributed electronically. The SBA enhanced its portal with functionality to improve the delivery and review process for submitting nomination packages in a secure environment. The SBA also refreshed its National Small Business Week website and featured live feeds of the daily events as they occurred.

Other online developments include a new [SBA.gov](http://SBA.gov) Spanish language site and mobile-ready platform to support outreach. The Spanish language site, currently in development, will feature translated content of key SBA programs and services, providing an opportunity to be more inclusive of diverse SBA customers.

Also, since approximately 22 percent of visitors access the site via a mobile device, the SBA has drafted a mobile strategy and information architecture for a mobile approach. As the number of mobile-ready visitors grows, the opportunity to further promote the Agency's programs and services expanded with its launch.

### FY 2015 and 2016 Planned Performance

The SBA will improve district and program office websites with new functionality and more user-focused site architecture. Also, the SBA has planned further enhancements to the [SBA.gov](http://SBA.gov) mobile and Spanish language sites. These efforts will continue to ensure that the SBA reaches all its customers, regardless of where they live.

The SBA conducts a majority of its traditional local outreach through its **Office of Field Operations** and 68 district offices. Using this network, the SBA ensures that small businesses receive on-the-ground support needed to build and grow their businesses. The district offices also play a key role by providing the first line of SBA customer service to the small business community.

### FY 2014 Accomplishments and Challenges

SBA's district office staff conducted more than 28,000 outreach events with stakeholders and partners including lender trainings, government contracting events, joint efforts with Agency resource partners, underserved market events, and events targeted to high growth entrepreneurial markets such as exporting. Key initiatives included Boots to Business outreach to transitioning members of the military, the Emerging Leaders program for small businesses that are primed for growth, Encore Entrepreneur outreach events for the 50+ entrepreneurs and aspiring entrepreneurs, Affordable Care

Act training, and assistance to congressional offices. In addition to local outreach events, the Agency conducted outreach at the National Restaurant Association, AARP, the National Urban League, the National Minority Supplier Development Council, the National Veterans Small Business Conference, and the Women's Business Enterprise National Council.

#### FY 2015 and FY 2016 Planned Performance

The SBA Office of Field Operations anticipates a 5 percent increase in its outreach efforts each year. With the continued strengthening of the small business economy and marketplace, the SBA anticipates reaching an ever-growing number of small businesses and other key external stakeholders. The Agency expects to continue its efforts with Boots to Business, Emerging Leaders, Encore Entrepreneurs, export training and the Affordable Care Act. It also plans to continue outreach to assist local congressional offices, hold joint efforts with SBA resource partners, and provide support to other local, state, and national partners.

The SBA **Office of Faith-Based and Community Initiatives (OFBCI)**, established under Executive Order 13279, works to expand the reach and impact of SBA programs in underserved communities and promote economic growth and community development. OFBCI conducts outreach, coordinates programming, and builds partnerships across SBA's 68 district offices and extensive network of resource partners. As one of twelve affiliate centers of the White House's Office of Faith-Based and Neighborhood Partnerships, the office participates in interagency working groups to advise, coordinate, and collaborate on policy and programming across the Administration on matters impacting economic growth, community development, and small business. Recognizing the important role of community leaders, faith-based organizations, non-profits and grassroots networks at the local and national level, the OFBCI provides effective and efficient leverage and outreach.

#### FY 2014 Accomplishments and Challenges

OFBCI launched events, online trainings, and collaborations aimed to increase awareness of SBA programs to underserved communities in order to promote inclusiveness. These efforts increased engagement through faith-based and community outreach throughout SBA's 68 district offices.

The Agency increased awareness and education regarding contracting, consultation, capital access, and disaster preparedness programs. As the designated representative for the Agency to the Federal Reentry Council, the office has worked to advance a proposed rule to extend the microlending program and initiatives to address other barriers to entry.

#### FY 2015 and FY 2016 Planned Performance

The SBA will continue to advance its strategic goals and increase impact through outreach, coordination of programming, and partnerships. The OFBCI will support efforts to increase access to consultation, contracting, capital access and disaster recovery assistance to underserved communities. The launch of a series of national-level organizational workshops, online training webinars, and district level trainings will continue to engage underserved and new small business networks, especially in communities without access to SBA programs and resources.

## Strategic Objective 2.3: Reduce Regulatory Burdens

*Foster a small business-friendly environment by encouraging federal agency awareness about the impact of unfair regulatory enforcement and compliance efforts and reducing burdens on small business*

**Performance Goal:** Maintain Regional Regulatory Fairness Board membership at 90 percent or better, identify six rules/regulations that disproportionately affect small business, and work across government to secure lasting regulatory fixes in FY 2016

**Objective Leads:** National Ombudsman, Office of the National Ombudsman; Chief Counsel for Advocacy, Office of Advocacy

**Programs/Activities:** Ombudsman, Advocacy, NWBC, SBDCNet

**Strategies:**

1. Maintain a confidential, efficient, and customer-focused ombudsman process to receive comments from small business and liaise with federal agencies
2. Identify and reduce regulatory burdens on entrepreneurs and small businesses through stakeholder engagement, outreach to all segments of the small business community, and collaboration with federal agency partners

The SBA plays a critical role in the Administration’s ongoing efforts to reduce regulatory barriers to entrepreneurship, innovation, and U.S. competitiveness. SBA’s National Ombudsman plays a key role in helping small businesses deal with specific regulatory burdens and challenges that result from federal agency regulatory processes, mandates, and enforcement actions. SBA’s independent Office of Advocacy also contributes to this strategic objective. The Office of Advocacy’s strategic goals, accomplishments, performance plan and budget justification can be found in their separate budget submission.

**Progress Update:** The SBA made progress reducing regulatory burden on the small business community. Performance targets to broaden outreach to and assist small businesses were met. Increased attention was placed on identification and resolution of systemic regulatory barriers to small business success and growth; growing the diversity and engagement of the Regional Regulatory Fairness Boards through strategic appointments; supporting federal agency accountability; and strengthening agency partnerships. The SBA increased membership (80% rate) on the Regulatory Fairness Boards and exceeded its goal for small business outreach through events including meetings, roundtables, and hearings with small business owners in all ten SBA regions. The SBA will continue to enhance the use of evidence to support continued national ombudsman efforts by examining the impacts of regulatory burdens on communities across the country. Building on these accomplishments, the Agency will make critical improvements to its case management infrastructure. These enhancements will boost not only user experience but also program capacity and impact.

Table 2.3a displays the cost to administer the program. It 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). Table 2.3b shows the results and targets of the performance goals to increase the membership rate of the Regulatory Fairness Boards and the number of rules identified that burden small businesses.

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

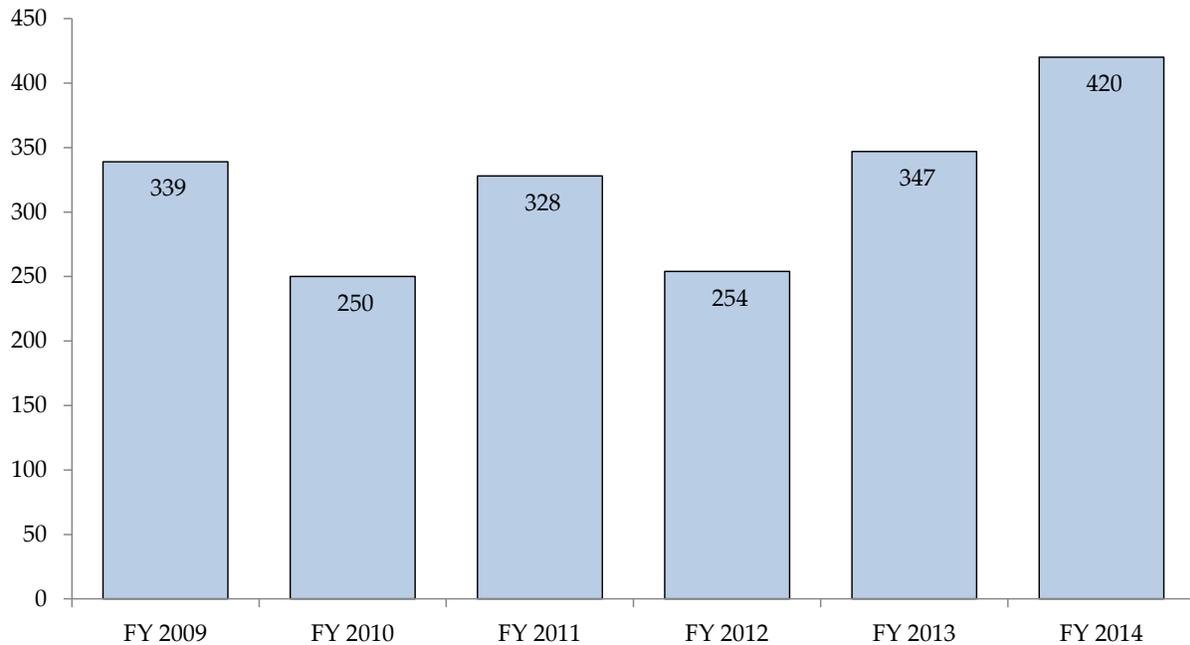
FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
\$ 1,622	\$ 1,426	\$ 1,787	\$ 1,770	\$ 1,270	\$ 1,804	\$ 1,786	\$ 1,852

**Table 2.3b: Ombudsman Performance Goals**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Board Membership Rate</b>	<b>Target</b>	N/A	N/A	N/A	Baseline	78%	85%	85%	90%
	<b>Actual</b>	88%	88%	98%	96%	74%	80%		
	<b>Variance</b>	N/A	N/A	N/A	N/A	-5%	-6%		
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Rules Identified that Burden Small Businesses</b>	<b>Target</b>	N/A	N/A	N/A	N/A	N/A	2	5	6
	<b>Actual</b>	N/A	N/A	N/A	N/A	N/A	6		
	<b>Variance</b>	N/A	N/A	N/A	N/A	N/A	200%		
<b>Additional Information (200% above target):</b> The SBA added this performance goal in FY 2013 to track burdensome rules and recurrent regulatory issues that the Ombudsman successfully identified, escalated, and addressed on a systemic level in whole or in part for the benefit of the small business community. Due to persistent focus on delivering measurable, impactful results for the small businesses SBA serves, the Agency exceeded this performance indicator for FY 2014.									

Chart 2.3 shows the number of comments received from small businesses since FY 2009.

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



**Strategy 1: Maintain a confidential, efficient, and user-friendly ombudsman process to receive comments from small business and liaise with federal agencies to address regulatory fairness issues**

The SBA **Office of the National Ombudsman** works with federal agencies and the small businesses they regulate to provide a confidential, impartial channel for small businesses to comment on other agency enforcement activities, audits, on-site inspections, compliance assistance, or other communication. These comments, and the efforts to meaningfully address them, form the basis of the National Ombudsman’s Annual Report to Congress evaluating the responsiveness of agencies to regulatory concerns reported by small businesses.

Table 2.3c shows the results and targets of the performance indicator tracking the number of outreach events of the SBA national ombudsman.

**Table 2.3c: Ombudsman Performance Indicator**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Outreach Events	Target	N/A	N/A	N/A	Baseline	46	52	58	58
	Actual	13	50	56	48	48	64		
	Variance	N/A	N/A	N/A	N/A	4%	23%		
<b>Additional Information (23% above target):</b> Because of a rigorous outreach schedule focused on connecting directly with small business stakeholders around the country while significantly improving awareness of the resources the office provides to small business owners, the SBA exceeded its outreach target for FY 2014.									

FY 2014 Accomplishments and Challenges

The SBA individually assisted more than 400 small businesses and responded to thousands of general inquiries. In addition to continuing to provide prompt, individualized case assistance to small businesses that request it, the Office of the National Ombudsman advanced proactive new ways to track and multiply the impacts of its assistance. By better understanding the impacts of interventions, working with Agency partners to address systemic compliance challenges that unduly burden small businesses, and renewing engagements within the SBA and with external resource partners, the Office of the National Ombudsman leveraged new resources to better serve small business stakeholders.

The national ombudsman forged new partnerships across agencies, focusing initially on those regulators with the best potential for improvement in the area of responsiveness to small business concerns. The SBA Ombudsman’s Annual Report to Congress, published most recently for FY 2013, remains a key tool for promoting government agency accountability and visibility into regulators’ interactions with small businesses.

FY 2015 and FY 2016 Planned Performance

The SBA will pursue infrastructure and process enhancements to accelerate the resolution of small business concerns, increase the capacity of the office to assist greater numbers of small businesses, and improve the overall customer experience of small businesses. These enhancements include upgrades to the case management system and the user-facing online portal for filing comments.

The national ombudsman will also produce, publish, and disseminate the FY 2014 and FY 2015 Annual Reports to Congress, including evaluations of federal agencies’ compliance assistance and enforcement activities pertaining to small businesses. The annual report will be enhanced with the development of performance metrics, and impact assessments will be conducted.

In an effort to better measure the program’s impact, the SBA will conduct an economic impact analysis to assess the quantifiable outcomes of national ombudsman interventions and facilitate goal setting. This analysis will focus on direct and indirect impacts for small business through the functions of: identifying regulatory fairness issues, managing small business cases and completing relevant interventions with federal agencies, convening roundtable and hearing outreach events, and proposing solutions and recommendations for reducing the regulatory fairness burden on small business. This analysis will quantify impacts for small business and provide a framework for quantifying outcomes.

The national ombudsman will continue working to build partnerships with other agencies and undertake inter-agency collaborations to advance shared missions to benefit small businesses.

***Strategy 2: Identify and reduce regulatory burdens on entrepreneurs and small businesses through outreach to the small business community, stakeholder engagement, and collaboration with federal agency partners***

The Office of the National Ombudsman maintains Regulatory Fairness Boards in each of SBA's ten regions. With the SBA national ombudsman, these regional boards of five small business owners host and participate in public hearings and roundtables where small businesses and representatives of small businesses voice concerns regarding regulations.

FY 2014 Accomplishments and Challenges

The SBA convened a National Regulatory Fairness Hearing in Washington, D.C. to highlight systemic regulatory problems that disproportionately burden large segments of the small business community. More than 20 witnesses testified, including small business owners and representatives of national associations who spoke for thousands of their members around the country. More than a dozen agencies attended and heard powerful testimony regarding systemic regulatory issues.

Recognizing the vital role of the Regional Regulatory Fairness Boards in linking the office with small business owners and their regulatory concerns, the national ombudsman has set board empowerment, engagement, and strategic growth among the top programmatic priorities. More than a dozen new board candidates – who are now in the process of being vetted or pending appointment – were recruited to diversify board membership and expand the range of industries and communities represented. Recruiting eligible board members who are fully representative of the broad spectrum of America's small business owners remains a continuing challenge. SBA's national ombudsman continues to identify the best candidates for the remaining vacancies and seek recommendations for potential members from stakeholder organizations and from the chairs and ranking members of the Senate and House Small Business Committees.

The SBA exceeded its annual outreach target, convening 64 outreach events with small businesses and other representatives of the small business community where participants registered comments regarding federal regulations and regulatory enforcement and compliance issues. Through a range of events – from regional regulatory fairness hearings, to public roundtables, to stakeholder meetings – that seek to reach all segments of the small business community, SBA's national ombudsman connected with small businesses around the country for input and feedback on regulations that disproportionately impact the ability of small business owners to grow, create jobs, and support the economy.

FY 2015 and FY 2016 Planned Performance

The SBA will work with its partners to develop constructive solutions to systemic regulatory problems, including those identified in the national hearing, and to implement improved channels of compliance assistance for small businesses. The office will support agencies as they continue to implement the regulatory review directed by Executive Order 13563 and will continue to advocate for striking the right balance between important regulatory aims and practical burdens on small business.

The SBA national ombudsman will organize and conduct a combined annual meeting of all 10 Regional Regulatory Fairness Boards. The national ombudsman will continue to expand the size, diversity, and engagement of the Regulatory Fairness Boards to maximize the impact of these critical representatives of the small business community. The national ombudsman will evaluate the responsiveness of agencies to small business concerns and report its findings in its FY 2015 and FY 2016 Annual Report to Congress. Strategic outreach to small business communities will be taken to build upon the FY 2014 roundtables and hearings. SBA's national ombudsman will convene follow-up meetings and hearings to explore potential resolutions to significant regulatory issues for small business that were revealed in those events.

The SBA supports **Small Business Research**. To effectively address the needs of small businesses, the SBA places great importance on the collection and analysis of small business-related data. In order to make fact-based policy and programmatic decisions, the SBA analyzes key metrics, statistics, and historical trends. The SBA also monitors the progress of these decisions to ensure they are delivering the desired outcomes. Additional information on research and improved data collection completed by the Office of Advocacy can be found in the Office of Advocacy's Annual Performance Report.

To support program analysis, the SBA supports **SBDCNet**, a national information clearinghouse currently hosted by the University of Texas at San Antonio, which provides small business research services to the entire network of small business development center counselors. SBDCNet can produce a broad range of financial, market, and demographic research reports customized to a client's industry and geographic location. In addition to supporting small business entrepreneurs, SBDCNet offers an array of products and services to support small to mid-size community development.

#### FY 2014 Accomplishments and Challenges

The University of Texas at San Antonio received an SBA grant to host the national clearinghouse. The SBA provided \$300,000 in non-matching grant funds to run SBDCNet. However, the University of Texas at San Antonio voluntarily matched the federal funds 1:1.

#### FY 2015 and FY 2016 Planned Performance

SBDCNet will provide valuable research to SBDC counselors and their clients as well as promote best practices in the SBDC community. SBDCNet will save counselors 30 percent of time, which will allow them to better serve more clients. The clearinghouse researchers will establish a new, more extensive and Internet-based research network. Hundreds of more online sources, databases, and archived information will be identified to enable even more rapid and efficient searches by counselors and their clients.

The SBA supports the **National Women's Business Council (NWBC)**, a nonpartisan, federal government council created to serve as an independent source of advice and policy recommendations to the President, Congress, and the SBA on issues of economic importance to women business owners. The council's mission includes supporting research that promotes innovative initiatives, policies, and programs designed to support women's business enterprises at all stages of development in the public and private sector.

According to the 2007 Survey of Business Owners<sup>12</sup>, almost 90 percent of women-owned businesses are self-employed individuals. Additionally, most women-owned businesses with employees are microbusinesses with fewer than five employees. Because the overwhelming majority of women-owned businesses are microbusinesses, more research is needed to understand the opportunities for growth and impediments to scale.

Also, recent research and census data<sup>13</sup> demonstrate that women are less likely than their male counterparts to pursue business in high-growth and high-income industries such as science, technology, and engineering-related fields. Firms operating in these industries require access to significant capital and investor sponsorship; yet, the data note that women may not be accessing capital as effectively or at the same rates as their male peers.

#### FY 2014 Accomplishments and Challenges

The NWBC focused its research and outreach on creating opportunities for women to scale their businesses, increasing revenue and job growth, opening access to markets, and raising greater awareness of the council's work to broaden dialogue on women's business issues.

NWBC published its FY 2014 Annual Report that describes the council's focus on four key areas: increasing access to greater amounts of capital available to women-owned and -led firms; increasing access of women-owned and -led businesses into new markets and to increase market share in target markets; increasing opportunities for women-owned and -led businesses in high-growth sectors; and expanding the amount of government data available on women-owned and -led businesses. The report will also include the findings from research projects examining opportunities for and barriers to hiring for self-employed microbusiness owners and high growth women-owned or women-led businesses and access to capital.

#### FY 2015 and FY 2016 Planned Performance

In FY 2015, the SBA received \$1 million for the NWBC. The NWBC will continue to leverage its public and private sector relationships to elevate the issues of economic participation and increase access to capital and markets for women business owners. The council will publish completed FY 2014 research on: women's participation in accelerators and incubators; supplier diversity initiatives and women in the supply chain; women entrepreneurs' social networks; undercapitalization as a contributing factor to business failure; and a mapping of the entrepreneurship ecosystem, including an impact study on the SBA Women's Business Center program (last completed in 2004). In FY 2015, the council will also contract for a new research portfolio that fills gaps in the literature and is of impact or importance to women entrepreneurs. There is expressed interest in an exploration of women business owners who export and the opportunities and factors for pursuing the global marketplace, research into women's application for bank loans and the fear of rejection as a contributing factor, and women's participation in the SBIR, STTR, and SBIC programs, among others; the research portfolio is contingent upon the council's budget. As in all years, the research will ultimately empower the council to provide actionable issue briefs, recommendations, and resources for key stakeholders and women entrepreneurs.

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<sup>12</sup> 2007 Survey of Business Owners, U.S. Department of Commerce, Bureau of the Census, [www.census.gov/econ/sbo/07menu.html](http://www.census.gov/econ/sbo/07menu.html).

<sup>13</sup> For current NWBC research, see: [www.nwbc.gov/issues-and-research](http://www.nwbc.gov/issues-and-research). For current research by the SBA Office of Advocacy on women entrepreneurs, see: [www.sba.gov/advocacy/7540](http://www.sba.gov/advocacy/7540).

In FY 2016, the SBA requests \$1 million for the NWBC. The FY 2016 research portfolio will build upon the previous completed research, insights, and recognized needs to demonstrate the council's continued commitment to pursue research that enables data-driven policy recommendations to ensure that women entrepreneurs have the resources and environment they need to grow and scale successful businesses. The projects in FY 2016 will deepen understanding of the factors that have a significant impact on the ability of women entrepreneurs to scale, thereby driving economic growth. The council will ultimately use its research findings to develop innovative, actionable recommendations to the SBA, Congress, and the President to continue promoting the growth of women-owned businesses and entrepreneurs.

## *Strategic Goal Three – Building an SBA that Meets the Needs of Today's and Tomorrow's Small Businesses*

### **Strategic Objective 3.1: Program Operations**

*Streamline, simplify and strengthen SBA's core programs and operations to ensure that they are high performing, effective, and relevant to the needs of the small business community*

**Performance Goals:** Ensure an IT customer satisfaction rate of 4.8 and award 69 percent of SBA contracts to small business in FY 2016

**Objective Leads:** Chief Operating Officer, Office of the Chief Operating Officer; Chief Financial Officer, Office of Performance Management and the Chief Financial Officer

**Programs/Activities:** Program Management and Administration

**Strategies:**

1. Implement process and operational improvements to simplify and speed up the delivery of SBA's programs and services and to improve customer satisfaction
2. Ensure efficient and effective management of Agency financial and acquisition resources
3. Implement and maintain modern, secure, and reliable information technology systems and services

Small business owners and lenders have limited time and resources. The SBA works to continuously strengthen, streamline, and simplify its programs to meet their needs. The Agency improved processes for managing fraud, waste, and abuse and made strategic investments in its physical and IT infrastructure. These ongoing efforts have contributed to improved delivery of services and more efficient processes. Cutting wasteful spending reduces program overhead and allows the SBA to achieve its mission more efficiently and effectively.

The activities under this Strategic Objective support the following President's Cross-Agency Priority (CAP) Goals: Benchmark and Improve Mission-Support Operations, Cybersecurity, and Open Data. The Benchmarking CAP Goal strives to improve administrative efficiency and increase the adoption of effective management practices by establishing cost and quality benchmarks for mission-support operations, giving Agency senior leaders better data to compare options, allocate resources, and improve processes. The Cybersecurity CAP Goal focuses Agency efforts on improving the security of information operations by implementing priority cybersecurity capabilities that include information security continuous monitoring mitigation; identity, credential, and access management; and anti-phishing and malware defense. The Open Data CAP Goal supports open and publically accessible data that strengthens democracy by increasing public participation in government, promoting transparency and accountability, increasing efficiency and effectiveness in government operations, and empowering individuals and businesses to create jobs and new industries that improve quality of life.

**Progress Update:** The SBA met its small business utilization goal by awarding 72 percent of contracts (in FY 2013) totaling \$76.8 million dollars to small businesses and far exceeded its sub-goals for women-owned, small disadvantaged, and small disabled veteran-owned businesses. The Agency continued to reduce its federal footprint and achieve greater efficiency through space utilization and the elimination of over 30,000 square feet of office space. The SBA continues to face challenges in achieving its overall IT satisfaction goal as current infrastructures ages and needs to be updated. The Agency made strategic

investments in the IT infrastructure and will continue to replace aging equipment to improve service to small businesses.

Table 3.1a provides results and targets on the IT customer satisfaction rate, and Table 3.1b shows progress toward SBA's small business utilization goal for prime contracts.

**Table 3.1a: Information Technology Performance Goal**

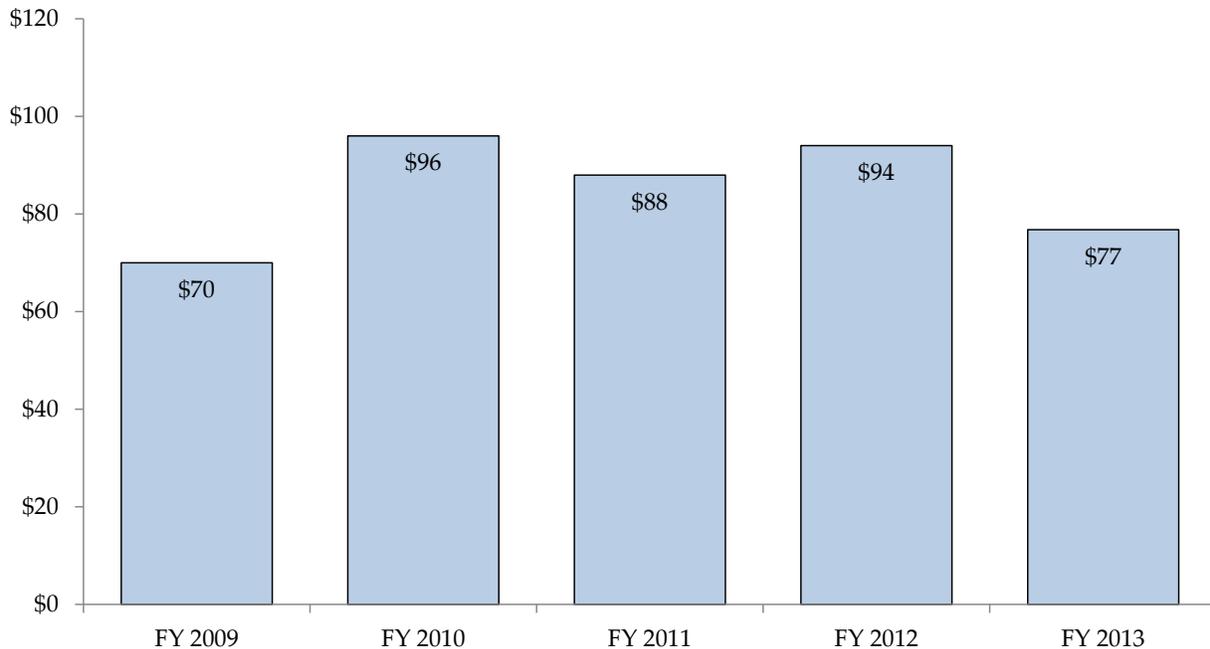
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
IT Helpdesk Customer Satisfaction Rate	Target	N/A	N/A	N/A	N/A	N/A	Baseline	4.8	4.8
	Actual	N/A	N/A	N/A	N/A	N/A	4.65		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
<b>Additional Information:</b> The SBA added this performance goal in FY 2015 and replaced the former IT customer satisfaction rate with a target of 100%. This new goal tracks customer satisfaction on a 5-point scale with 5 being the highest.									

**Table 3.1b: Acquisition Performance Goal**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
SBA Small Business Utilization Rate	Target	67%	67%	67%	67%	67%	68%	69%	69%
	Actual	65%	67%	67%	71%	72%	Data Lag		
	Variance	-3%	0%	0%	6%	7%	N/A		
<b>Additional Information:</b> FY 2014 data will be available in the 4 <sup>th</sup> Quarter of FY 2015.									

Chart 3.1 shows the SBA contract dollars awarded to small businesses. The total number and dollar value of contracts declined substantially in FY 2013 due to the impacts of sequestration. The FY 2014 small business contracting data will be available in the summer of FY 2015.

**Chart 3.1: SBA Contracts Awarded to Small Businesses (\$ Millions)**



## ***Strategy 1: Implement process and operational improvements to simplify and speed up the delivery of SBA's programs and services and to improve customer satisfaction***

The SBA supports the Administration's efforts to improve the quality and cost effectiveness of core administrative services. By closing or consolidating underused offices, cutting unnecessary spending, and leveraging the buying power of the federal government, the Agency will improve program operations to support small businesses.

### FY 2014 Accomplishments and Challenges

The SBA successfully reduced its real estate footprint by 30,866 square feet. These reductions took place in three locations, including the consolidation of two co-located offices in Charlotte, North Carolina and the elimination of a warehouse previously used to store records and excess property. The elimination of the warehouse yielded a 25,000 square foot real estate reduction and saved \$250,000 in annual rent. It also saved \$425,000 in records management storage and reduced the total cost of the Agency's records management program by expanding interagency agreements with the U.S. Department of Health and Human Services and the National Archives and Records Administration. The SBA returned an additional 2,100 square feet of space to the General Services Administration by the end of FY 2014. The SBA also successfully maximized space use on the fifth floor of SBA headquarters which increased the number of system workstations by 10 percent.

While significant progress has been made reducing its footprint and realizing savings on storage costs, the Agency is challenged by numerous paper-based records. The lack of Agency-wide digitization or an electronics records management system requires the storage of large quantities of paper records. Also, the SBA does not currently have space standards for offices, which leads to inconsistency among sizes of offices for various uses.

The SBA maintained its fleet at a consistent size and did not eliminate any additional vehicles after undertaking a successful right-sizing project in FY 2013. The SBA faces a challenge of replacing its gas vehicles with alternate fuel vehicles (AFVs) because AFVs are frequently not available in the General Service Administration's vehicle inventory. In response, the SBA acquired two low-greenhouse gas emission vehicles in place of AFVs when it replaced two gas vehicles.

### FY 2015 and FY 2016 Planned Performance

As leases expire for various field offices, the SBA will pursue opportunities to further reduce its real estate footprint. The Agency will also develop office space standardization and increase the use of open-office floor plans to manage Agency space. In FY 2015, the SBA plans to reduce the square footage of seven facilities by over 21,000 square feet. In addition, it plans to review six underutilized leases and two warehouses for possible elimination.

In FY 2016, the SBA will continue to pursue opportunities to reduce its real estate footprint by examining all expiring leases. Leases will expire in 16 locations that occupy over 250,000 square feet of real estate. The SBA is already planning to reduce 5,905 square feet of real estate from two locations and will be seeking further reductions among the remaining leases.

The SBA plans to continue maintaining its fleet at its current size. The Agency also plans to replace a gas-powered vehicle in the executive fleet with an AFV.

## ***Strategy 2: Ensure efficient and effective management of Agency financial and acquisition resources***

SBA's Office of the Chief Financial Officer (OCFO) works to ensure that the Agency effectively and efficiently manages its financial and acquisition resources. OCFO establishes, measures, and assesses Agency performance; ensures compliance with financial regulations; executes a timely and responsive acquisition process; and provides timely budget, financial, and performance data to drive senior leadership decision-making.

### FY 2014 Accomplishments and Challenges

The SBA continued to use performance results at both the program and Agency-wide level throughout the year to identify issues, improve programs and policies, and drive management decisions. The SBA conducted its first strategic objective reviews with OMB guidance based on the Agency's newly published *FY 2014-2018 Strategic Plan*. These reviews spurred leadership discussion on Agency strategies and supported a review of its performance measures to ensure that they focus on long-term programmatic outcomes, emphasize a return on investment, and ensure that the SBA is delivering effective customer service to small businesses.

The SBA, along with a select set of other agencies, piloted the implementation of the government-wide Quickpay initiative to accelerate the payment of prime vendor invoices. This initiative's success has significantly reduced interest penalties incurred by the Agency since FY 2012. Automatic invoice approval reminders are now automated to notify employees when action is needed. As a result, the monthly average interest penalties in FY 2014 have dropped 90 percent when compared to the FY 2012 monthly baseline before the implementation of Quickpay.

In FY 2014, the SBA received its final FY 2013 Procurement Scorecard grade of "A" and met its prime and sub-goal contracting targets for small disadvantaged, women-owned, HUBZone, and service-disabled veteran small businesses. The Agency awarded 72 percent of its contracts totaling \$76.8 million to small businesses.

### FY 2015 and 2016 Planned Performance

In FY 2016, the SBA requests \$2.475 million to support compliance with the Digital Accountability and Transparency Act (DATA Act). The Act requires the establishment of government-wide financial data standards for any federal funds made available to or expended by agencies and entities receiving federal funds. The Administration places a high priority on providing high quality, transparent federal spending information to the public and using this expanded data to achieve more effective and efficient allocation of resources to improve Agency performance.

SBA financial management processes will be conducted according to strictly observed time schedules 3.1in compliance with federal guidelines for budget, acquisition, fiscal, accounting, and reporting activities. Action on audit findings will be taken on each item and completed as soon as possible. Incremental improvement to loan accounting systems, begun in FY 2011, will continue as the SBA updates its financial system.

While building on improvements in financial management, performance reporting, data quality, and meeting all financial, performance, and budget deadlines, the SBA will pursue several priorities regarding performance. The OCFO plans to update and publish Standard Operating Procedures for financial management issues related to undelivered orders, internal controls, budget processes, and the purchase card program.

The OCFO will also conduct an assessment of the internal acquisition function per OMB A-123 guidance in FY 2015. The SBA Inspector General identified the acquisition program as a management challenge (Management Challenge 9) in FY 2014. The completion of the A-123 (Guidelines for Assessing the Acquisition Function) assessment will provide OCFO with implementation plans to resolve this challenge.

Also, to better manage financial resources, the SBA requests general grant authority. Currently, the SBA authority for contracts under the Federal Acquisition Regulations (FAR) is being used to award funding more appropriately made under the government-wide standards for grants. Subjecting recipients of these awards to the FAR applies regulations used for the acquisition of goods and services to programmatic objectives that are better suited to grant guidelines. It may also discourage participation in initiatives by some potential participants. Use of grant awards would enable SBA to provide assistance more efficiently and in line with Congressional intent.

***Strategy 3: Implement and maintain modern, secure, and reliable information technology systems and services***

The SBA continues to optimize and maintain its IT infrastructure, identify areas for efficiency and innovation, and invest in its IT workforce. This strategy includes the 25 Point Plan (cloud first), Common Approach, Shared Services Strategy, Digital Government, Chief Information Officer Authorities (M-11-29), PortfolioStat 2013 Guidance (M-13-09), and the Presidential Directive on Open Data. In following the key objectives of these policies, the SBA strives to continuously build efficient IT management practices and guide the use of IT resources for decision making. The Agency continues to develop a framework that builds on best practices in IT investments and governance in an environment of evolving demands and rapidly advancing technology. The planned activities are consistent with SBA’s desire to continue engaging customers and stakeholders to ensure improved accountability and transparency.

Table 3.1c provides results and targets on the information technology performance indicator that tracks Security Incidents reported to US CERT within specified timeframes.

**Table 3.1c: Information Technology Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Percent of Security Incidents Reported to US CERT Within Specified Timeframes	Target	N/A	N/A	N/A	100%	100%	100%	100%	100%
	Actual	N/A	N/A	N/A	100%	100%	100%		
	Variance	N/A	N/A	N/A	0%	0%	0%		

### FY 2014 Accomplishments and Challenges

The SBA developed its *FY 2014-2018 Information Resources Management Strategic Plan*<sup>14</sup> that outlines the major activities to be pursued over the next five years consistent with the core principle of “implementing and maintaining modern, secure, and reliable information technology systems and services.”

Working with OMB, the SBA developed a Standard Operating Procedure that redesigns and streamlines the Agency’s data request process. The SBA will use its Office of the Chief Information Officer as the hub for receiving and disseminating external data requests to the program offices. This new process coincides with the development of an online data repository of programmatic administrative data, Agency resources, and business opportunities that the SBA is making available to the public at [www.sba.gov/data](http://www.sba.gov/data). When complete, the repository should be an excellent resource for potential entrepreneurs interested in creating a start-up and small business owners interested in expanding their small businesses.

The SBA leveraged shared services to improve its security posture by addressing quantifiable technical and compliance risks that have been outstanding in audit findings. Specifically, the SBA implemented Patch, Configuration, and IT Asset Management services that improved agility, enhanced responsiveness, and enabled compliance with the Federal Information Security Act. The implementation of these tools enables the Agency, when required, to respond to U.S. Department of Homeland Security alert notices in a timely manner.

The SBA invested in Voice over Internet Protocol (VoIP) technology in an effort to replace old telephone systems with new equipment. The SBA updated three field offices and plans to complete a total of eight offices by the end of the fiscal year. Work has also begun to implement core equipment at headquarters. This modernization effort is expected to yield savings over the next few years.

The SBA completed the development of a cloud computing strategy. Cloud computing is a larger effort to provide information technology services such as infrastructure, software, and development platforms over the Internet. By moving these services from a physical location to the cloud, customers can take advantage of the flexibility, scalability, and cost savings through economies of scale. The SBA Cloud Strategy will enable the SBA to follow the directive of the federal CIO to adopt a “Cloud First” approach to IT, implement cost saving technologies, and provide a more agile IT environment to support the Agency mission. The SBA Cloud Strategy includes a comprehensive background of the cloud and cloud services and provides the SBA strategy for migrating and addressing future cloud needs. This strategy includes the exploration of a cloud mail and Storage Area Network.

### FY 2015 and 2016 Planned Performance

In FY 2016, the SBA requests \$1 million to support an SBA Digital Services Team. This team will be responsible for driving the efficiency and effectiveness of the Agency’s highest impact digital services, including SBA One among other programs. The SBA One portal will be a streamlined and user-friendly platform to provide exceptional customer service to the small business community. The portal will ease access to loan, contracting, entrepreneurial development, and venture capital. At this

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<sup>14</sup> The IRM Strategic Plan is available at [sba.gov/sites/default/files/aboutsbaarticle/SBA%20IRM%20Strategic%20Plan.pdf](http://sba.gov/sites/default/files/aboutsbaarticle/SBA%20IRM%20Strategic%20Plan.pdf).

point, the Agency has begun utilizing the President's Digital Services playbook that outlines best practices for effective digital services. This investment is the next step in SBA's process to continue providing greater accountability to ensure results while enhancing customer service.

The SBA will launch its new data request process and continue to build its public access data repository, the SBA Open Data database, and will begin to collect external data requests through the [OpenDatafeedback@sba.gov](mailto:OpenDatafeedback@sba.gov) mailbox. The SBA will publish a general overview of the process at [www.SBA.gov/digital\\_strategy](http://www.SBA.gov/digital_strategy). This overview will include the process by which data is determined to be non-readable and examples of data characteristics that lead to a "No Release" determination.

The SBA will continue to use its Patch, Configuration, and IT Asset Management tools. Continuous monitoring helps detect compliance issues and risks associated with an organization's financial and operational environment. This will provide enhanced capability for the SBA with hardware/software asset management, vulnerability management, configuration management, and enhanced anti-virus management; and will reduce Notification of Finding and Recommendations and address the SBA Inspector General's management challenge (Management Challenge 2) that focuses on weakness in information systems security controls. The SBA will also invest efforts to develop logical access policies and improve compliance for identity management and access controls.

The SBA will also refresh approximately 33 percent of its aging user equipment with new laptop configurations and will migrate the user community from Microsoft XP to Windows 7. The SBA will continue to implement VoIP. Efforts to improve its telephonic and hardware platforms in FY 2015 will enable the Agency to maintain a standard refresh cycle to ensure the end user community always has the latest technologies. Efforts will continue to implement VoIP across the remaining field offices in FY 2016.

## Strategic Objective 3.2: Employees

*Invest in the Agency's employee recruitment, hiring, training, work-life programs and performance management so staff is engaged to more effectively serve small businesses*

**Performance Goal:** Ensure that the average time-to-hire will be less than 100 days in FY 2016

**Objective Lead:** Chief Human Capital Officer, Office of Human Resource Solutions

**Support Office:** Office of Diversity, Inclusion, and Civil Rights

**Programs/Activities:** Program Management and Administration

**Strategies:**

1. Recruit and maintain a diverse, high-performing, outcome-driven workforce
2. Offer high-value learning and leadership opportunities
3. Foster an inclusive organizational culture that inspires employee engagement, cooperation and fairness, empowering employees to realize their full potential
4. Modernize and integrate human resource systems

The SBA makes training and leadership development a priority. The Office of Human Resources Solutions develops strategic human capital solutions to workforce issues and strives to create a work environment that attracts and retains the talented and high-performing workforce the Agency needs in order to accomplish its mission. Attracting high quality employees is just the start of the process; establishing work-life balance and delivering training and leadership opportunities helps staff thrive in the workplace and effectively serve small businesses.

This objective supports the President's Cross-Agency Priority Goal to innovate and unlock the full potential of the workforce of today and build the workforce of tomorrow. The SBA shares this vision and continually works to create a culture of excellence and engagement to enable higher performance, build a federal management team, and hire the best talent from all segments of society. To assess progress, the Agency uses the Office of Personnel Management's Annual Employee Viewpoint Survey to provide a benchmark of employee satisfaction. The SBA is targeting a satisfaction level of 71 percent in FY 2016. The Agency's Strategic Human Capital Plan takes into consideration these expectations and provides a framework for effectively addressing its human capital management challenges.

**Progress Update:** The SBA, in consultation with the Office of Management and Budget, has highlighted this objective as a focus area for improvement. The Agency's ability to hire new staff has been adversely impacted by sequestration and the constraints on hiring the appropriate levels due to the tightening of its budget. Further, employee morale, as evidenced by the Employee Viewpoint Survey, has decreased to 65 percent in FY 2014; fewer funds for training and leadership development impacts each employee's ability to deliver quality and efficient services to the small business community. The SBA needs additional flexibility to boost full-time equivalent employment and adjust to changing skillset requirements. The continued partnership with OMB and OPM to implement hiring reforms should improve program flexibility which should in turn improve employee morale in FY 2015 and FY 2016.

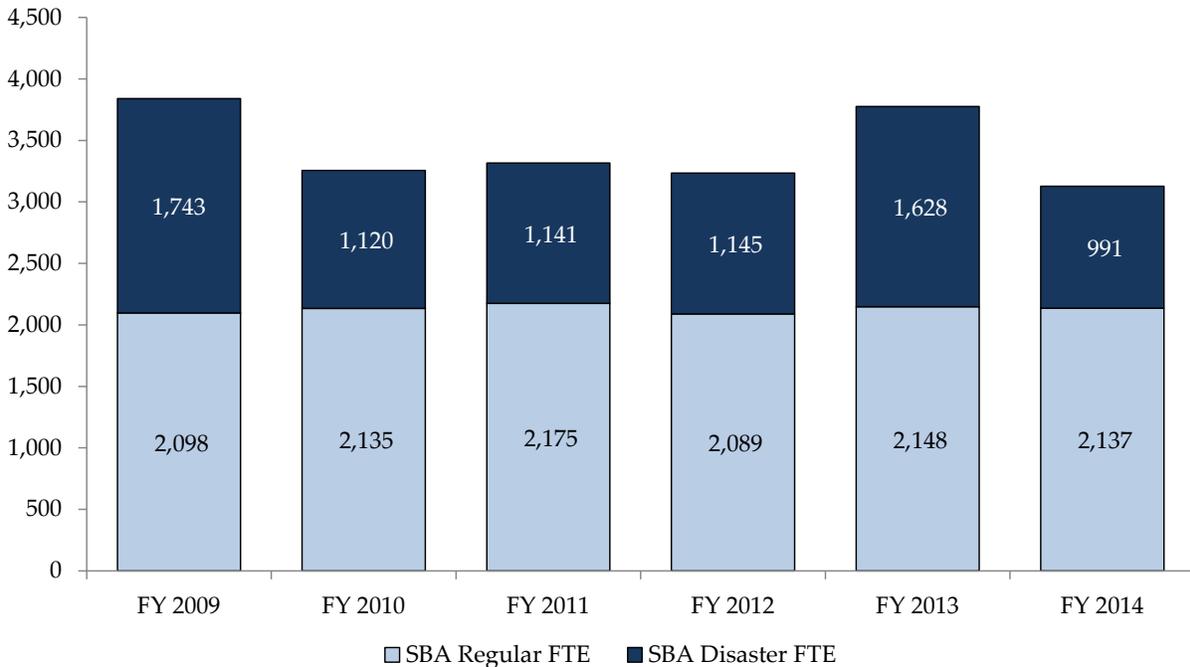
Table 3.2a provides results and targets on the average number of days to hire. The average number of days taken to hire has been increasing since 2007; however, the SBA plans to target an average of 100 days to hire in FY 2016.

**Table 3.2a: Employee Performance Goal**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Average Number of Days to Hire	Target	72	72	108	100	80	100	100	100
	Actual	76	97	112	154	154	85		
	Variance	-6%	-35%	-4%	-54%	-93%	15%		
<b>Additional Information (15% above target):</b> As part of the OPM HR Stat 2.0 initiative, in which the SBA has participated since FY 2013, improvements to the hiring process relative to workflow had a tremendous impact on reducing the time-to-hire. Additionally, the Agency made the determination that it will only consider the cycle to include the time a completed recruit action is received until the job offer is accepted since this is the only time in the cycle the hiring manager and the HR staff could impact. Additionally, in FY 2014 the Agency reviewed its FTE ceilings and made adjustments based on budget requirements. The reduction in FTEs automatically reduced the number of recruit actions for consideration and required the Agency to recruit internally. The consequences resulted in reduced applicant pools and thus reduced interviewing and selection in the hiring cycle.									

Chart 3.2 shows SBA’s regular and disaster full-time equivalents (FTE). As noted, SBA’s FTE count has been stable over the past six years.

**Chart 3.2: SBA Regular and Disaster FTE**



**Strategy 1: Recruit and maintain a diverse, high-performing, outcome-driven workforce**

Table 3.2b provides results and targets on the retention rate of new hires. In FY 2014, 91 percent of new hires remained within the Agency during their first two years.

**Table 3.2b: Employee Performance Indicator**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Retention Rate for New Hires	Target	N/A	N/A	N/A	80%	85%	88%	93%	93%
	Actual	N/A	N/A	N/A	80%	95%	91%		
	Variance	N/A	N/A	N/A	0%	12%	3%		
<b>Additional Information:</b> The retention rate is defined as an employee remaining in a current position for a minimum of two years within the Agency.									

### FY 2014 Accomplishments and Challenges

The SBA received approval for a Voluntary Early Retirement Authority and Voluntary Separation Incentive Payment in order to ensure it has the capability to recruit and maintain a diverse, high-performing workforce for the future. This initiative allowed the Administrator to realign staff to achieve restructuring goals in order to meet the future needs of small businesses and support the partners with whom the Agency collaborates.

The SBA continued to build on the progress attained on the “HR Stat 2.0” metrics initiative with the goal of achieving efficiencies in time-to-hire and ensuring a high quality, diverse pools of applicants. The Agency established a Special Emphasis Hiring program and hired a program manager to administer its authorities. Those trained now have a better understanding on a number of issues such as veterans with disabilities and have the technological tools to expand this information exchange (e.g. HR5 and HR4U). By providing outstanding customer service to the workforce, SBA employees have accurate and timely answers to questions and concerns, which increase their time to help small businesses.

Additional senior leadership training focused on performance management that demonstrated the alignment between Agency goals and individual performance plans, and the SBA established interagency workgroups to increase diversity of thought on high-profile issues.

The SBA also published a Merit System Promotion Plan to ensure that managers have knowledge to ensure that they hire the best candidate for a position. This plan is one of many improvements that the Agency is making to ensure that it improves upon the management challenge identified by the SBA Inspector General (Management Challenge 3). In October 2011, the U.S. Office of Personnel Management completed a review that identified weaknesses in SBA’s human capital policies and practices highlighting the serious human capital challenges facing the Agency. In late FY 2011, the Agency created the Office of Human Resources Solutions, and in 2012 the Agency began reshaping by recruiting new employees with the newly identified competency sets and shifting full-time equivalent resources to meet the new priorities.

### FY 2015 and FY 2016 Planned Performance

The SBA will continue to refine its HR Stat 2.0 metrics to achieve efficiencies in time-to-hire in order to ensure high-quality, diverse applicant pools. OHRS will continue to strengthen its partnership with ODICR to improve diversity recruitment and hiring. Also, by focusing on outstanding customer service to the workforce, SBA employees will have the resources they need. Finally, SBA employees will continue to identify ways to streamline the hiring process and train managers on their responsibilities to meet their staffing needs.

## ***Strategy 2: Offer high-value learning and leadership opportunities***

The SBA values its employees and continues to make an investment in them. A workforce prepared to deal with the challenges facing small businesses today and in the future strengthens the capabilities of the Agency. In order to address these needs, the SBA must prepare its future leaders. Almost 22 percent of SBA employees are retirement eligible and approximately half will be retirement eligible by FY 2016. Knowledge transfer and succession planning are critical to maintaining services to ensure that the Agency accomplishes its mission.

### FY 2014 Accomplishments and Challenges

The SBA continued to build on its 2012 and 2013 Leadership Development program by transitioning more candidates in the OPM LEAD program, moving forward with more comprehensive business analytics training for potential leaders, and identifying potential leaders who have project management skills for project management certification training. Additionally, the Agency has acquired a Leadership Advantage program online content that has been uploaded in the Learning Management Module of the Talent Management Center.

Also, senior executives participated in an off-site communications training program. This opportunity gave them more exposure to serve the Agency in a capacity that will allow them to lead an Agency-wide project with human capital implications. This training helped senior executives develop core skills necessary to support a diverse and talented workforce.

### FY 2015 and FY 2016 Planned Performance

The SBA will build on the success of the Leadership Development program by creating opportunities for participants to practice the skills acquired through special work projects and details to reinforce the learning. Additional training will be provided that focuses on project management. The SBA will continue to build on the successes of its Leadership Development program and will identify ways to enhance and tailor it to deliver better results and to better meet the needs of managers.

The SBA will deploy a Learning Management System (LMS) that establishes online training vehicles. Each employee will have an individualized curriculum based on the required competencies in their occupational series. The LMS will have specific features to address leadership competencies; job specific certifications for business opportunity specialists and procurement center representatives will be completed by FY 2015 and FY 2016. Also, the SBA requests legislative authority to revise the training and certification requirements for business opportunity specialists (BOS) procurement center representatives (PCR). The Agency continues to face difficulties finding BOSs and PCRs with the requisite minimum certifications. Loosening the certification requirements for new hires would help to expand the pool of BOS and PCR candidates that are eligible. Current senior executives will benefit from a comprehensive program linking SES to the five Executive Core Competencies. The program will begin with a pilot group that includes a 360 degree assessment followed by individualized executive coaching sessions. Additionally, the SBA will ensure learning sessions will be available on common interest topics such as conducting difficult conversations. These learning sessions will also be customized for different audiences.

### ***Strategy 3: Foster an inclusive organizational culture that inspires employee engagement, cooperation and fairness, empowering employees to realize their full potential***

Table 3.2c provides results and targets on the Federal Employee Viewpoint Survey. In FY 2014, 65 percent of employees surveyed were satisfied with their employment at the SBA. The FY 2014 government-wide satisfaction rate was 63 percent.

**Table 3.2c: Employee Performance Indicator**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Federal Employee Viewpoint Survey Satisfaction Rate	Target	68.5%	69.5%	70.5%	71.0%	71.0%	71.0%	71.0%	71.0%
	Actual	72.2%	66.7%	67.0%	66.0%	66.0%	65.0%		
	Variance	5%	-4%	-5%	-7%	-7%	-9%		

FY 2014 Accomplishments and Challenges

In order to support efforts to transform the Agency into a high performing organization and fully engage employees through a transparent process, the SBA established the “SBAYay.” This initiative brings together senior leadership and employees to develop strategies to improve engagement and foster a work environment conducive to employee growth and high morale. An Executive Steering Committee and an Action Planning Committee (APC) were tasked with assessing the results from the Federal Employee Viewpoint Survey (FEVS) and proposing ways to address improving the Agency’s scores. The APC established subcommittees for the following areas: training, communications, performance culture, leadership and management, Agency culture and customer service, and staffing and resources. As a result, this year the SBA developed the SBAYay website, featured employee photos and quotes in the SBA Daily, developed a suggestions mailbox, and held the annual SBAYay Ike Awards Ceremony for top performing employees.

These efforts have supported team members in the field and improved collaboration between headquarters and the field. For work-life balance, the SBAYay has increased opportunities for field team members to more fully engage in activities like Feds Feed Families. The SBAYay is now included in the field accountability reviews to determine how regional and district offices engage employees.

FY 2015 and FY 2016 Planned Performance

In FY 2016, the SBA requests \$3 million supporting the development of an Idea Lab which will house a team dedicated to incubating and investing in innovative approaches to more efficiently and effectively meet Agency strategic goals and objectives through greater employee engagement. The Idea Lab team can build capacity for these approaches in several ways. First, they will provide the freedom, resources, and training for employees across the Agency to develop new ideas, test them through pilot efforts; and for ideas with promise, to implement these at scale within the Agency. In some instances, this may require providing employees with training in different approaches to promoting innovation such as human-centered design, open data, the application of the “lean startup” methodology to public sector challenges, new approaches to procurement, and the use of incentive prizes. Second, they will support fellowships to bring in outside talent with unique skills and ideas to work with Agency employees to solve important problems. Third, the leadership of the Idea Lab will break down internal silos to create cross-Agency groups designed to tackle difficult challenges with innovative approaches (e.g., redefining procurement processes through innovative contracting methods). Finally, the Idea Lab may support and fund the deployment of additional incentive prizes and challenges to harness the efforts of outside innovators.

The SBA will continue to encourage participation in the FEVS and continue to strengthen the SBAYay initiatives. The SBAYay will continue to implement employee suggestions, recognize the good work of employees, evaluate training opportunities, maintain open communication, and work to improve SBA’s performance culture. New policies will be issued on telework and work schedules to continue enhancing work-life balance. New learning initiatives will be made available that

employees have identified as gaps in the FEVS. The Agency will serve in a pilot program for the inclusion index – a measure of inclusion based on select FEVS questions. In addition, SBA’s senior executives will be required to have an element in their performance plans that support the SBAWay or other Agency-wide initiatives.

#### ***Strategy 4: Modernize and integrate human resource systems***

Improving information systems for human resources is crucial for lowering costs, planning workforce development, and tracking personnel performance management.

##### FY 2014 Accomplishments and Challenges

The SBA continued implementation of the Talent Management Center (TMC) by implementing the Learning Management System. This new system has thousands of online training courses, including the Leadership Advantage program. In TMC, courses will be identified by core competencies and linked to an individual’s position to ensure that employees have the skills to support key work.

With the retirement of the National Finance Center’s STARWeb Time and Attendance (T&A) system in FY 2015, the SBA completed the initial planning of the a new T&A system (WebTA).

The SBA deployed its Workforce Analytics tool to support managers in their workforce planning efforts. This analytic tool helps managers integrate workforce supply and demand analysis into their human capital planning cycle which ensures that they have the right number of staff with the right skills. The lack of a fully integrated Human Resources Enterprise Architecture impedes efforts to streamline operational business processes and constrains the productivity of the human resources staff. Therefore, the chief information officer has authorized the procurement of a Human Resources Information System as a top priority in its IT PortfolioStat session.

##### FY 2015 and FY 2016 Planned Performance

The SBA will continue implementing the TMC by developing additional content for the Learning Management System which will support programs with content that will enhance the employees’ competencies in job-specific areas and provide offices with the flexibility to share information. Along with online content, programs will be able to schedule and publish instructor-led training and share them with others thereby reducing the overall cost of training. Additionally, the SBA will pilot the Individual Development Plan Module in the TMC with full rollout to remainder of the Agency. SBA will continue developing TMC by deploying the Competency Assessment Module and the 360 Feedback Module which will be linked to the Learning Management System.

The SBA will complete the transition for its manual T&A system to the fully automated system by the end of FY 2015. To leverage the benefits of the various independent systems within the HRIS fully-integrated enterprise system, the Agency will explore other platforms. This critical component of the Human Resources Enterprise Architecture will integrate several SBA systems and provide real-time human resource data. This tool will significantly reduce errors and allow for greater analysis of data. The WebTA and HRIS system will be complete and deployed in FY 2016.

## Strategic Objective 3.3: Risk Mitigation

*Mitigate risk to taxpayers and improve oversight across SBA programs*

**Performance Goals:** Perform 300 select risk-based credit reviews, review 100 percent of 8(a) and 10 percent of HUBZone firms, and conduct 65 financial reviews of Office of Entrepreneurial Development resource partners in FY 2016

**Objective Leads:** Associate Administrator, Office of Capital Access; Associate Administrator, Office of Government Contracting and Business Development; Associate Administrator, Office of Entrepreneurial Development

**Support Offices:** Office of Field Operations, Office of the Chief Financial Officer, Office of Investments and Innovation, Office of Disaster Assistance, Office of International Trade

**Programs/Activities:** Program Management and Administration, 7(a) Loan Guaranty, 504 Certified Development Loans, Microloans, Small Business Procurement Set-Aside, 8(a) Business Development, HUBZone, SBDC, SCORE, SBIC, Disaster Assistance

**Strategies:**

1. Use technology and targeted reviews to conduct effective risk management
2. Ensure integrity of contracting programs and combat fraud, waste, and abuse
3. Maintain strong internal controls and decrease improper payments

Taxpayers, including entrepreneurs and small business owners, expect that their tax dollars are being used wisely. SBA programs give taxpayers a strong “bang for the buck,” and the Agency will continue to find ways to mitigate risk while ensuring that small businesses have access to and fully benefit from its programs. The SBA takes a zero tolerance stance on fraud, waste, and abuse. The Agency mitigates risk and improves oversight through robust certification processes to reduce fraud in contracting programs, targeted on-site and off-site reviews of financial and counseling partners, innovative technological solutions, and a staff dedicated to sound financial management.

With a loan portfolio of over \$114 billion outstanding, more than \$30 billion in new loans guaranteed each year, oversight of small businesses’ eligibility in tens of billions of government contract set-asides, a network of hundreds of grantee partners delivering consultation services and training to over a million clients a year, and direct fiscal responsibility for an almost \$900 million annual budget, the SBA has an extraordinary responsibility to taxpayers to mitigate risk and conduct oversight of its programs.

**Progress Update:** The SBA continues efforts to mitigate risk. Regarding lender oversight, in FY 2014 the SBA performed 181 risk-based credit reviews which provided oversight of loan performance, credit scores, and compliance with SBA loan program requirements. In addition, all lenders were risk-rated. The Agency also reviewed 70 of its entrepreneurial development resource partners and provided them with training, classroom instruction, and education materials to help ensure that programs properly used grant funds. The Agency met its HUBZone and 8(a) reviews targets and ensured staff was properly trained in order to provide small businesses with a better understanding of program eligibility requirements and compliance reviews. Unfortunately, the SBA continued to be challenged by ineligible HUBZone firms that increase risk for the small business community. Continued monitoring and enforcement activities will help mitigate risk to the Agency and taxpayers.

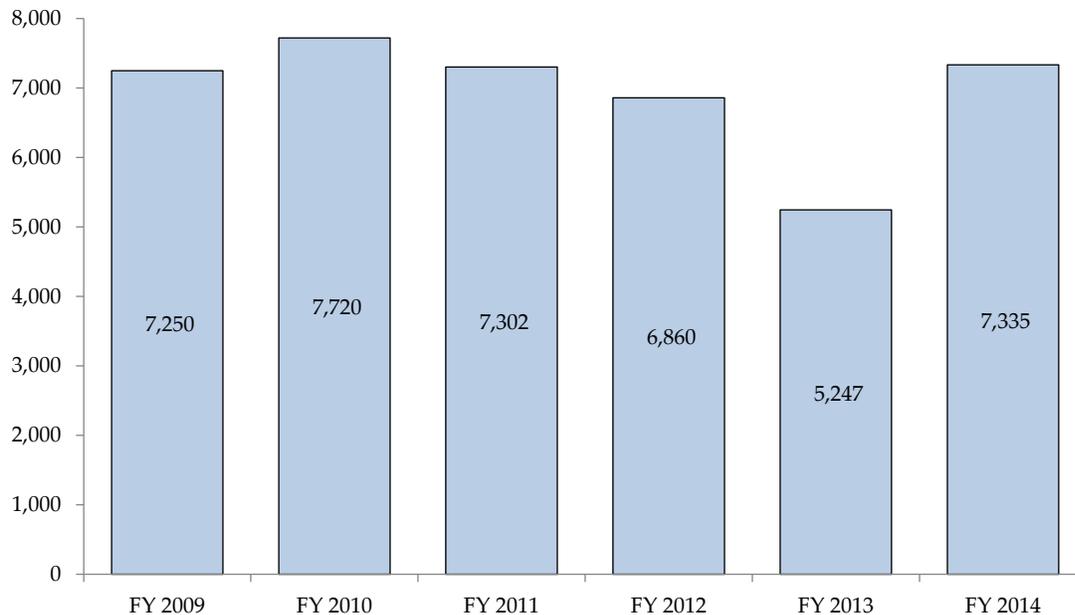
Table 3.3a provides results and targets on the risk mitigation performance goals.

**Table 3.3a: Risk Mitigation Performance Goals**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Analytical Reviews of Lenders	Target	N/A	N/A	N/A	N/A	110	150	300	300
	Actual	N/A	N/A	N/A	N/A	110	181		
	Variance	N/A	N/A	N/A	N/A	0%	21%		
<b>Additional Information (21% above target):</b> During FY 2014, the SBA conducted additional reviews through organizational restructuring to increase efficiency of staff that conduct the reviews.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of HUBZone Sites Visited	Target	Baseline	922	1,000	690	517	518	500	500
	Actual	911	1,070	988	788	511	550		
	Variance	N/A	16%	1%	14%	-1%	6%		
<b>Additional Information:</b> The number of HUBZone sites visited target is 10% of the previous fiscal year total number of HUBZone firm sites.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Percent of Annual 8(a) Reviews Completed	Target	100%	100%	100%	100%	100%	100%	100%	100%
	Actual	100%	99%	99%	101%	98%	100%		
	Variance	0%	-1%	-1%	1%	-2%	0%		
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Number of Financial Reviews of OED Resource Partners	Target	N/A	N/A	45	45	75	75	65	65
	Actual	N/A	N/A	45	49	76	70		
	Variance	N/A	N/A	0%	9%	1%	-7%		
<b>Additional Information:</b> For FY 2013, the SBA changed the definition of the metric for financial examinations from examinations conducted to reports issued.									

Chart 3.3a shows the number of 8(a) annual reviews completed since FY 2009.

**Chart 3.3a: 8(a) Annual Reviews**



**Strategy 1: Use technology and targeted reviews to conduct effective risk management**

The SBA conducts on-site and off-site reviews of its various partners to help the Agency mitigate risk in a cost-effective manner. Multi-stage portfolio monitoring and certifications allow staff to determine the potential risk of each partner and whether an in-depth site review or less invasive off-site review is warranted.

Table 3.3b provides results and targets on the risk mitigation performance indicators for lender oversight.

**Table 3.3b: Risk Mitigation Performance Indicators**

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Targeted Risk-Based Reviews of Lenders</b>	<b>Target</b>	N/A	N/A	N/A	N/A	40	20	15	15
	<b>Actual</b>	N/A	N/A	N/A	N/A	41	13		
	<b>Variance</b>	N/A	N/A	N/A	N/A	3%	-35%		
<b>Additional Information (35% below target):</b> During FY 2014, OCRM conducted fewer targeted reviews than projected due to OCRM's ability to monitor specific risks through its select risk-based reviews, and through other analytical risk reports and tools.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Supervision and Enforcement Actions</b>	<b>Target</b>	N/A	N/A	N/A	Baseline	5	5	5	5
	<b>Actual</b>	N/A	N/A	N/A	3	24	9		
	<b>Variance</b>	N/A	N/A	N/A	N/A	380%	80%		
<b>Additional Information (80% above target):</b> During the course of FY 2014 OCRM identified material deficiencies in more lenders than originally projected as a result of (1) SBA's Office of Credit Risk Management risk-based reviews, (2) ongoing portfolio risk analysis, and (3) referrals from other SBA offices.									
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Number of Full Risk-Based Reviews of Lenders</b>	<b>Target</b>	N/A	N/A	N/A	N/A	30	25	20	20
	<b>Actual</b>	N/A	N/A	N/A	N/A	33	25		
	<b>Variance</b>	N/A	N/A	N/A	N/A	10%	0%		

FY 2014 Accomplishments and Challenges

The SBA implemented new risk-based protocols (PARIS for 7(a) and SMART for 504) that use portfolio analytics to develop analysis of current risk factors and prospective trends. The Agency conducted 25 full risk-based reviews, 13 targeted risk-based reviews, and 181 analytical risk-based reviews in FY 2014. These reviews, conducted on large and mid-sized 7(a) lenders and CDCs, help ensure that their portfolios are managed in a prudent manner. In addition, all SBA lenders (large and small) were monitored through programmatic reviews using the Loan and Lender Monitoring System (L/LMS) that tracks the monthly performance of all 7(a) and 504 loans and the quarterly credit scores for these loans, and calculated lender risk ratings. The SBA also conducted Delegated Authority reviews for 1,100 lenders; enacted nine supervision and enforcement actions; published a new Lender Risk Ratings Notice in the Federal Register; and revised and submitted to acquisition three new multi-million dollar contracts to support the reviews of SBA operations of federally regulated 7(a) lenders, CDCs, and SBA-supervised lenders.

For its entrepreneurial development resource partners, the SBA conducted 70 financial examinations to monitor expenditures. The financial examinations reviewed accuracy in reporting and ensured finances had been properly used. The SBA reviewed 31 SBDCs, 38 WBCs, and 1 specialty program. After the reviews, the SBA provided face-to-face feedback and training on issues and shared best practices.

Of the 38 WBCs, the Agency supported six post-award evaluations of new centers with their first SBA grant. This on-site visit assessed their ability to meet all the program requirements addressed in their proposals. The SBA reviewed their processes at the start of the grant period and proactively addressed potential financial management concerns. This year, the SBA streamlined its processes and expanded existing contractor support to assist with the financial examinations.

For SBICs, the SBA examined all leveraged SBICs (annual reviews) and all non-leveraged SBICs (18 month reviews). These reviews help ensure that SBICs maintain compliance with financial requirements and regulations.

#### FY 2015 and FY 2016 Planned Performance

The SBA will continue to monitor all its lenders through programmatic reviews by conducting portfolio diagnostics using L/LMS and maintaining its risk data warehouse. In both FY 2015 and FY 2016, the Agency will conduct 20 full risk-based reviews, 15 targeted risk-based reviews, and 300 analytical risk-based reviews to help ensure that high risk-rated large and mid-sized 7(a) lenders and CDCs (whose portfolios comprise more than 80 percent of the Agency's guaranteed 7(a) and 504 loans) are managing their portfolios in a prudent manner.

The Agency plans to continue conducting financial exams of SBDCs and WBCs and increase the frequency of on-site visits to SBDCs to every four years. These reviews will provide an opportunity to conduct more in-depth examinations that will ultimately mitigate risk and ensure financial management compliance.

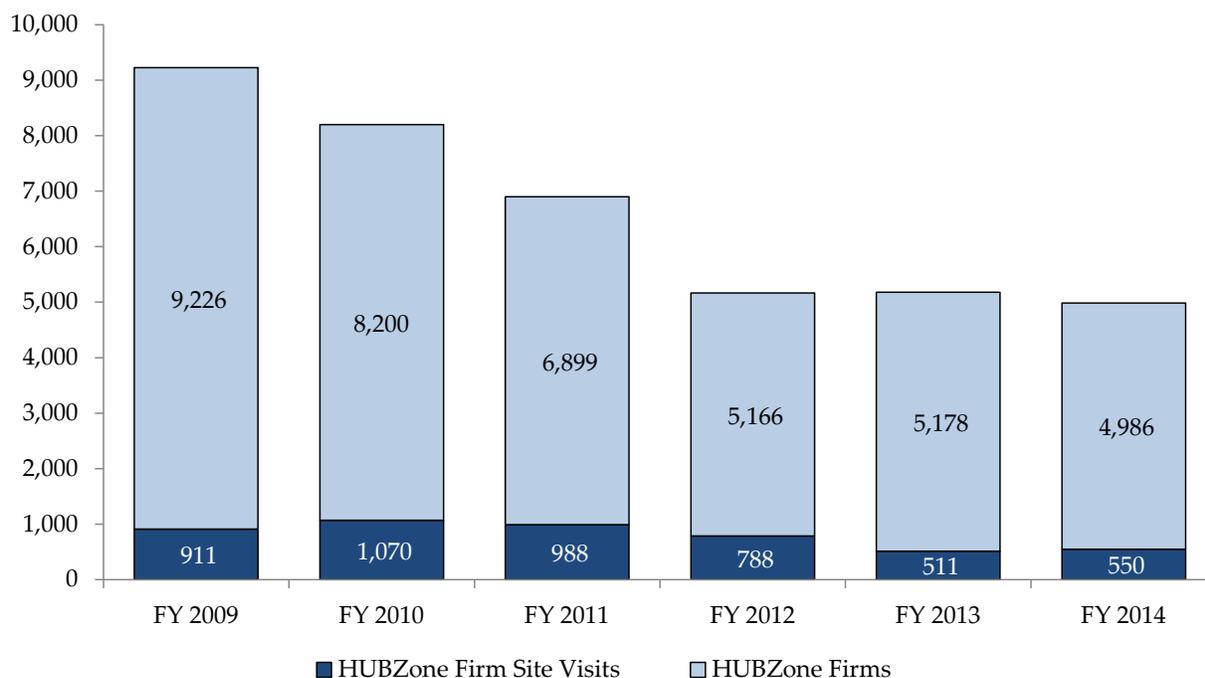
The SBIC program will continue to implement additional analytical tools from its new system and refine its risk rating metrics. In FY 2016, the SBIC program intends to move to cloud computing for the entire program, which will allow for electronic financial and regulatory examinations.

#### ***Strategy 2: Ensure integrity of contracting programs and combat fraud, waste and abuse***

The SBA has a three-pronged strategy for combating fraud, waste, and abuse in small business contracting. First, the Agency has ensured effective certification processes that provide clear and comprehensive eligibility screening on the front end to ensure only qualified, eligible firms participate in its programs. Second, the SBA conducts continued surveillance and monitoring of firms once in the program. The third strategy focuses on taking robust and timely enforcement on any non-compliant or fraudulent firms. The SBA has a range of enforcement tools to use when a firm is identified as ineligible. Certain firms may not be aware that they are out of compliance and simply withdraw when made aware of their ineligibility.

Chart 3.3b shows the number of HUBZone firms and site visits since 2009. The number of HUBZone firms has decreased as a result of the rezoning of designated areas from the 2010 census.

**Chart 3.3b: HUBZone Firms and Site Visits**



FY 2014 Accomplishments and Challenges

The SBA used the HUBZone Certification and Tracking System and the Business Development Management Information System to monitor applicants and certified firms in the HUBZone and 8(a) Business Development programs. The Agency conducted 550 HUBZone site visits to validate the geographic requirement for principal offices. This amount represented 11 percent of the HUBZone portfolio.

Both the HUBZone and 8(a) Business Development programs conducted trainings for the SBA and its resource partner staff to improve understanding of the program requirements, benefits, and processes. Through these trainings, SBA’s partners will be better able to prepare firms to obtain and maintain certification, thereby decreasing the number of withdrawals, declines, and de-certifications due to unintentional non-compliance issues.

FY 2015 and FY 2016 Planned Performance

SBA district offices will continue outreach efforts to small businesses across the country using methods such as podcasts and web-conferencing. This outreach will better prepare firms to obtain and maintain certification. The SBA will ensure that its staff is trained on program requirements to ensure firms properly maintain certification.

The SBA will conduct program monitoring which includes annual program examinations of firms receiving HUBZone contracts. The SBA will also conduct HUBZone site visits to 10 percent of its portfolio in FY 2015 and FY 2016. SBA district offices will complete 8(a) annual reviews of 100 percent of the firms in the portfolio. The Agency will continue to leverage its Suspension and Debarment Task Force and the Office of Inspector General to identify firms in noncompliance and remove them from the program.

In FY 2016, the SBA expects to enhance its informational technology systems which will integrate additional business processes for 8(a) Business Development, HUBZone, WOSB, and the Mentor Protégé programs. Through this integration, small businesses will be able to apply more efficiently for program admission. Additionally, the system will provide enhanced reporting capability which will facilitate better monitoring and enforcement of the programs.

### ***Strategy 3: Maintain strong internal controls and decrease improper payments***

A dedicated staff in the Office of the Chief Financial Officer (OCFO) and the Office of Field Operations (OFO) helps ensure the SBA has adequate internal controls in its various programs.

To ensure that the Agency correctly accounts for the spending of appropriations and reduces improper payments, OCFO conducts internal control assessments in compliance with OMB Circular A-123, Appendix A (Internal Controls Over Financial Reporting). OCFO provides guidance and evaluation tools to assist managers in their annual assertion on the adequacy of internal controls in compliance with the Federal Managers Financial Integrity Act (FMFIA). In addition, OCFO evaluates contract payments for improper payments and coordinates reporting of 7(a) and 504 loan guaranty and disaster direct loan improper payments.

#### FY 2014 Accomplishments and Challenges

OCFO evaluated 15 business processes impacting financial operations to comply with OMB Circular A-123, Appendix A (Internal Controls over Financial Reporting). In addition, OCFO tested contract payments for improper payments and coordinated reporting of 7(a) and 504 loan guaranty and disaster direct loan improper payments in compliance with OMB Circular A-123, Appendix C (Requirements for Effective Measurement and Remediation of Improper Payments). OCFO also provided assistance and coordinated the reporting of improper payments to comply with the Disaster Relief Appropriations Act, 2013. These accomplishments helped address a management challenge addressed by SBA's Inspector General (Management Challenge 9) that focuses on accurately reporting, significantly reducing, and strengthening efforts to recover improper payments in the 7(a) loan program. OCFO provided training to management on the assessment of internal controls to support the assurance statements on the adequacy of internal controls. OCFO provided invoice training to contracting officers and contracting officer representatives and improved controls in the payment process. As a result, SBA's improper payment rate on contract payments fell from 11.6 percent in FY 2013 to 8.5 percent in FY 2014.

#### FY 2015 and FY 2016 Planned Performance

The SBA will continue to perform on-site internal control assessments of various field and headquarters offices and provide internal controls training to improve procedures and reduce costs. Emphasis will be placed on identifying and testing internal controls to reduce the improper payment rates to an acceptable level by FY 2015. Through the strength of its internal control practices, the SBA will strive to maintain an unqualified audit opinion with no material weaknesses on its annual financial statements in FY 2015 and FY 2016.

The Office of Field Operations (OFO) is responsible for the execution of SBA's products and services. OFO, through the Field Accountability Review (FAR) process, serves as a critical part of the Agency's responsibility to ensure stewardship and accountability over taxpayer dollars by prudent financial

management and oversight. The reviews are conducted on SBA district offices using audit-like steps to measure performance and compliance regarding federal statutory mandates, regulations, and SBA policy and procedures. They provide an objective assessment of district offices' strengths, weaknesses, and best practices and correct critical program risks, identify required revisions of information systems, and ensure proper internal controls are in place to prevent fraud, waste, and abuse.

#### FY 2014 Accomplishments and Challenges

Between FY 2010 and FY 2014, the SBA reviewed 55 district offices, which resulted in 292 recommendations being implemented. This year, OFO analyzed and adjusted its district office goals. In coordination with the CFO, OFO established a task force to refine the 2014 Annual Assertion process by creating a District Office Federal Managers Financial Integrity Act checklist. The SBA revised the FAR process to better mitigate risk and improve oversight. Also, the reviews included an examination of information technology resources to assist the district offices with their portfolio management, oversight, and reporting capacities. OFO implemented an onboarding process through peer reviews to expose new managers to other district office environments. As a result, district offices met or exceeded their goals with a greater focus on fiscal management.

#### FY 2015 and FY 2016 Planned Performance

OFO will continue to revise its Field Accountability Review process to identify and resolve fraud, waste, and abuse in SBA's 68 district offices. OFO will continue to increase and improve compliance reviews to ensure office efficiency and effectiveness. It will examine key operational, programmatic functions assigned to district offices, ensure that compliance review requirements are met, and identify interaction with community, business, and congressional staffs. These efforts will improve small business participation in SBA programs to ensure that small businesses receive exceptional customer service.

Technical assistance and training will be provided to the district offices to better promote their programs, ensure effective processes, and increase oversight. Associated recommendations and risk assessments will be coordinated to improve field efficiency. OFO will continue to track, measure, and mitigate risk and improve oversight across SBA programs.