



U.S. Small Business  
Administration

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# **FY 2019 Enterprise Learning Agenda**

**March 18, 2019**

Note: This document is minimally 508 compliant and will be updated within 30 days.

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## Letter from the Chief Financial Officer and Associate Administrator for Performance Management

I am pleased to present the SBA's FY 2019 Enterprise Learning Agenda as it represents our Agency's dedication to building and using evidence to support decision making. We have made great progress enhancing capacity within the Agency to leverage program evaluations through the release of our first ELA published last year. The SBA's ELA conveys the most important questions that, when answered, will help us deliver on our mission more effectively and efficiently.

Not only does the ELA serve as a tool to prioritize research and evaluation questions, it also promotes transparency, accountability, and outreach to stakeholders. To develop the FY 2019 ELA, we expanded stakeholder engagement through conversations with senior leaders, employees, other agencies, the U.S. Office of Management and Budget, and the public. The outreach provided us with new perspectives from the evaluation community, which have sparked additional ideas about building and using evidence not only at the SBA but across the Federal Government.

In FY 2019, we have added new questions to the ELA that demonstrate the evolution of our programs as managers respond to the changing needs of small businesses and the priorities of senior leadership. Using administrative datasets for program evaluations and promoting data sharing with other agencies and research organizations, the SBA is leveraging its data as a strategic asset. These advances allow the SBA to build evidence faster and for lower cost, which will lead to improved services for America's small businesses.

Finally, we are pleased to have completed centrally-managed evaluations for the Community Advantage pilot, HUBZone, and Boots to Business programs available on [www.sba.gov/evaluation](http://www.sba.gov/evaluation). The findings have helped inform SBA senior leadership decisions on policy, strategy, and resource management. The evaluations and evidence building activities planned for FY 2019 will help the Agency continue to support informed decision making. I look forward to seeing further progress on this front and to sharing the results with you next year.

Sincerely,



Tim Gribben  
Chief Financial Associate and Associate Administrator  
for Performance Management

## Introduction

The Small Business Administration's (SBA or Agency) mission is to aid, counsel, assist, and protect the interests of small business concerns, to preserve free competitive enterprise, and to maintain and strengthen the overall economy of our nation. The SBA recognizes the importance of evidence and evaluation to understand and improve the efficiency and effectiveness of SBA programs and operations in pursuit of this mission. Evidence may come from a variety of sources, including program evaluation supported by performance data, audits, and traditional research. Rigorous evidence allows leadership to make sound decisions about program strategy, policy, and resources.

The SBA has established a centralized program evaluation function and developed an Enterprise Learning Agenda (ELA) to empower program managers to achieve their priorities while fostering an environment of continuous learning. The ELA is a five-year plan that aligns with the Agency's goals outlined in the *FY 2018-2022 Strategic Plan* and identifies priorities where evaluations could provide insights about program effectiveness, progress toward desired outcomes, or test pilot initiatives or program adjustments. The SBA supports evaluations that can provide the necessary insight for sound management decisions and reviews current research and evaluations to identify gaps in evidence that evaluations may be able to fill.

The SBA will update the ELA to incorporate progress made over the last year and identify the research and evaluation questions it plans to support in the upcoming year and will initiate new program evaluations annually through a call for proposals sent to its program offices. The resulting evaluations will be designed to answer the research questions presented in the ELA and will continue to build a suite of evidence. Results will be published on [SBA.gov/performance](http://SBA.gov/performance) and findings will be incorporated into the performance management framework to inform long-term strategy.

## Enterprise Learning Agenda Framework: SBA Strategic Goals

The ELA is divided into the four strategic goals that align with the SBA's *FY 2018-2022 Strategic Plan*.<sup>1</sup> The SBA identifies questions and evaluations for each strategic goal to build evidence and foster continuous learning. The SBA developed its ELA with the Strategic Plan to ensure senior leadership priorities to research and evaluation questions align. Each strategic goal is presented with an overview, a review of prior research, results of SBA's FY 2018 evaluations, research questions proposed, and planned evaluations for FY 2019.

The FY 2018-2022 strategic goals are:

1. Support small business revenue and job growth;
2. Build healthy entrepreneurial ecosystems and create business friendly environments;
3. Restore small businesses and communities after disasters; and
4. Strengthen the SBA's ability to serve small businesses.

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<sup>1</sup> [www.sba.gov/sites/default/files/aboutsbaarticle/SBA\\_FY\\_2018-2022\\_Strategic\\_Plan.pdf](http://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_2018-2022_Strategic_Plan.pdf)

## Stakeholder Engagement

The SBA engaged key stakeholders to develop the FY 2019 ELA and to promote transparency. Through a Federal Register Notice<sup>2</sup>, internal communication to SBA employees, external communication to federal agencies via the FedEval Listserv, and outreach to research organizations, the SBA contacted several key communities with an interest in SBA programs. In future years, the SBA will look for additional ways to expand engagement and leverage the expertise of researchers and program implementers through further tailored communication.

## FY 2018 Accomplishments

In FY 2018, the SBA completed its first round of centrally-managed program evaluations, which provided new insights for program managers. The Community Advantage evaluation found that program participants appreciated the experience of working with a mission-based lender, and the report findings encouraged the SBA to work with those lenders to continue the practice. The HUBZone evaluation studied the reasons why some federal agencies have achieved their contracting goal while others have not. The findings informed recommendations on engagement and communication between the SBA and other federal agencies. The SBA will expand this evaluation in the upcoming year to include a quantitative analysis of contracting data. The Boots to Business evaluation provided recommendations for ways to increase participation of transitioning military service members in the program and to enhance data collection tools.

The SBA continued to foster evaluative thinking and the use of evidence. The Performance and Evaluation Community of Practice, made up of employees throughout the SBA, held monthly sessions that focused on key topics, including qualitative research methods, data analytics, and logic modeling. The Community of Practice also hosted sessions with other federal agencies to share ideas and to build a broader network of evaluation practitioners.

The SBA expanded its partnerships outside the Agency to leverage innovative ideas. To further enhance data sharing, the SBA began negotiating agreements with the U.S. Bureau of the Census that will provide access to much of SBA's loan data through the Federal Statistical Research Data Centers for researchers. The Agency continued its partnership with the Wharton Risk Management Center at the University of Pennsylvania to build evidence related to its Disaster Loan Programs and has begun exploring partnerships with other research organizations.

The SBA strives to conduct more evidence-building activities to understand and advance its mission. To further develop low-cost evaluations, the SBA will use its administrative datasets and expand use of other federal and state agency administrative data. This year, the ELA includes an appendix that

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<sup>2</sup> The SBA received four comments specific to SBA program offices. The comments were shared with the SBA programs offices and addressed, where appropriate.

provides a list of potential administrative data sources of interest for employer and small business programs.<sup>3,4</sup>

## Strategic Goal 1: Support small business revenue and job growth

### Overview

Small businesses are America's job creators and account for about 65 percent of private-sector net job creation.<sup>5</sup> Strategic goal 1 supports small business revenue and job growth and includes SBA programs for financial lending, investment, international trade, and government contracting. It includes the following three strategic objectives:

1. Expand access to capital;
2. Help small business exporters succeed in global markets; and
3. Ensure federal contracting and innovation set-aside goals are met and/or exceeded.

### Prior Research

There is an array of research for this strategic goal, including many valuable contributions from independent researchers using SBA data. The identified studies in this section include research developed by or in conjunction with the SBA and represent a mix of program evaluations, special topic reports, performance reviews, and audits. These studies are not intended to be a comprehensive review of all relevant, available evidence but rather a snapshot of some of the evidence directly related to SBA programs.

#### Do SBA Loans Create Jobs? Estimates from Universal Panel Data and Longitudinal Matching Methods (2012)<sup>6</sup>

This study estimates the effects of SBA 7(a) and 504 loans on employment by linking SBA loans in these programs to universal data on all employers in the economy from 1976 to 2010. The results show positive average effects on loan recipient employment of nearly 25 percent or 3 jobs at the mean and an increase of about 5.4 jobs for each million dollars of loans.

#### Finance and Growth at the Firm Level: Evidence from SBA Loans (2016)<sup>7</sup>

By linking datasets for SBA loans and lenders to all employers, the study estimates the effects of financial access on employment growth. The results show an increase of 3 to 3.5 jobs for each million

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<sup>3</sup>The SBA Office of Advocacy also maintains a list of potential federal and private datasets available at: [http://www.sba.gov/sites/default/files/small\\_business\\_data\\_resources\\_8.8.18.pdf](http://www.sba.gov/sites/default/files/small_business_data_resources_8.8.18.pdf)

<sup>4</sup>The Office of Management and Budget Employer Matching Data Working Group drafted this list, which may change over time and may not be comprehensive.

<sup>5</sup> [www.sba.gov/sites/default/files/files/an%20analysis%20of%20small%20business%20and%20jobs\(1\).pdf](http://www.sba.gov/sites/default/files/files/an%20analysis%20of%20small%20business%20and%20jobs(1).pdf)

<sup>6</sup> <http://www2.census.gov/ces/wp/2012/CES-WP-12-27.pdf>

<sup>7</sup> [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2641184](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2641184)

dollars of loans, suggesting real effects of credit constraints. The estimated impacts are stronger for younger and larger firms and when local credit conditions are weak.

Measuring the Representation of Women and Minorities in the SBIC Program (2016)<sup>8</sup>

This report contributes to a growing body of knowledge about gender and racial diversity in the venture-capital (VC) and private-equity (PE) arenas using data collected exclusively by the SBA through the Small Business Investment Company (SBIC) program. The report addresses key questions comparing the diversity and performance of SBICs with the broader VC and PE community, and asks whether diverse SBICs are more likely to invest in diverse portfolio companies or in low- and moderate-income communities.

Measuring the Role of the SBIC Program in Small Business Job Creation (2017)<sup>9</sup>

This study assesses the job creation that resulted from the investment activity of the SBIC program from October 1995 to December 2014. The study found that, on average, one new job was created for every \$14,458 (US Dollars) of funding invested through the SBIC Program. However, the study found high firm-level heterogeneity in job creation.

National Economic Impacts from the National Cancer Institute SBIR/STTR Program (2019)<sup>10</sup>

This study quantifies the National Cancer Institute (NCI) Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) program's contribution to the national economy. The study examines the economic outcomes and impacts of \$787 million of NCI Phase II awards between 1998-2010. 53 percent of these resulted in follow on sales with \$9.1 billion in total sales of new products and services and an estimated total economic impact of \$26.1 billion. This resulted in the generation of 107,918 new jobs with an average compensation of \$75,385.

National Economic Impacts from the Navy SBIR/STTR Program, 2000-2013 (2014)<sup>11</sup>

This study quantifies the Navy SBIR/STTR program's contribution to the national economy and nation's defense mission. The study examines the economic outcomes and impacts of \$2.3 billion in Navy SBIR/STTR Phase II awards between 2000-2013. Over 64 percent of those awards generated follow-on sales with \$14.2 billion in total sales of new products and services and an estimated total economic impact of \$44.3 billion.

SBA Actions Needed to Ensure Planned Improvements Address Key Requirements of the Development Company (504) Loan Program (2014)<sup>12</sup>

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<sup>8</sup> [www.sba.gov/evaluation](http://www.sba.gov/evaluation)

<sup>9</sup> [www.sba.gov/sites/default/files/articles/SBA SBIC Jobs Report.pdf](http://www.sba.gov/sites/default/files/articles/SBA%20SBIC%20Jobs%20Report.pdf)

<sup>10</sup> [https://sbir.cancer.gov/sites/default/files/documents/NCI SBIR ImpactStudy FullReport.pdf](https://sbir.cancer.gov/sites/default/files/documents/NCI_SBIR_ImpactStudy_FullReport.pdf)

<sup>11</sup> [www.sba.gov/evaluation](http://www.sba.gov/evaluation)

<sup>12</sup> <http://www.gao.gov/assets/670/661428.pdf>

This GAO audit assesses the 504 Loan program in 2014. The SBA has implemented and closed all recommendations from this report. GAO recommended issuing guidance on how to calculate jobs created and retained in the 504 loan program, expand reviews of Certified Development Companies (CDCs), and expand the process for renewing the delegated authority of certain CDCs.

#### Small Business Administration and Job Creation (2018)<sup>13</sup>

This report examines research on net job creation to identify the types of businesses that appear to create the most jobs. The research suggests that business startups play an important role in job creation but have a more limited effect on net job creation over time because fewer than half of all startups are still in business after five years. This report also examines the arguments for providing federal assistance to small businesses.

#### The Air Force Impact to the Economy via SBIR/STTR (2014)<sup>14</sup>

This study quantifies the Air Force SBIR/STTR program's contribution to the national economy and nation's defense mission. The study examines the economic outcomes and impacts of \$4.0 billion of Air Force SBIR/STTR Phase II awards between 2000-2013. 58 percent of these resulted in \$14.7 billion in total follow on sales of new products and services and an estimated total economic impact of \$47.9 billion.

## What We Learned in FY 2018

The SBA conducted an outcome evaluation on the **Community Advantage (CA) pilot** program aimed at building evidence on questions related to technical assistance and the ability of small businesses to leverage additional capital.<sup>15</sup> CA leverages mission-based lenders to provide small dollar 7(a) loans (up to \$250,000) to small businesses, and participating lenders have the option to offer technical assistance to borrowers. The primary questions for this evaluation were:

- How does provision of technical assistance impact the performance of CA loans as compared to CA loans that do not receive technical assistance?
- Are borrowers using CA to help them climb the ladder of economic opportunity?
- What factors determine loan performance?

This evaluation relied on the program's administrative data<sup>16</sup> (borrower demographics, loan characteristics and performance, and business characteristics) as well as administrative data from the 7(a) loan and Microloan programs. The evaluators also conducted limited interviews with four distinct groups including CA lenders and borrowers and used program data to study the factors

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<sup>13</sup> <https://fas.org/sgp/crs/misc/R41523.pdf>

<sup>14</sup> [www.sba.gov/evaluation](http://www.sba.gov/evaluation)

<sup>15</sup> [www.sba.gov/evaluation](http://www.sba.gov/evaluation)

<sup>16</sup> The information provided is derived solely from Agency records that are submitted by the Agency's participant lenders engaged in making SBA loans. This information is collected by the lenders from SBA loan applicants who provide it on a voluntary basis. It is then forwarded by the lenders to SBA. Since the information is provided by the loan applicants on a voluntary basis, it is not necessarily inclusive of all SBA borrowers, nor can its accuracy be verified by the Agency. Accordingly, SBA cannot make any representation as to the completeness or accuracy of the information provided.



influencing loan performance, economic mobility, and the effects of technical assistance through summary statistics and regression analysis. The interviews provided context for interpreting the program data.

#### Findings for Question 1: Effects of Technical Assistance

The analysis of the technical assistance data was inconclusive, likely due to challenges with the data. The analysis did not find statistically significant relationships between most of the topics, the duration, or the mode of delivery and the performance of CA borrowers.

#### Findings for Question 2: Climbing the Ladder of Economic Opportunity

The evaluators examined data from the CA, 7(a) loan, and Microloan programs to determine if and how borrowers may progress from the Microloan program to CA and then, ultimately, to traditional 7(a) loans. While CA has only operated since 2011 (and therefore, most CA borrowers were not yet in a position to obtain additional loans), the evaluators found some instances of borrowers following this sequence of loans. Additionally, the data showed that 24 percent of CA borrowers had received a loan from more than one SBA loan program, which suggests that CA is filling a more general lending need.

#### Findings for Question 3: Factors that Determine Loan Performance

The study examined what factors might influence borrower on time loan repayment. Generally, no significant relationships emerged from the data analysis, likely because the low number of non-performing loans limits the ability to identify potential patterns. Most lenders interviewed about this topic reported that the personal attributes of borrowers (e.g., self-determination) are the most important (albeit difficult to quantify) factors when predicting loan performance; no single quantitative variable or set of variables guarantees success. The study also finds an association in the data between lenders and loan performance, although it is unclear which specific lender characteristics might influence loan payment performance.

### **Key Research and Evaluation Questions**

1. How does technical assistance impact loan performance?
2. How do small businesses use external capital to grow and leverage additional capital?
3. How satisfied are small business borrowers or other recipients of SBA's capital access products?
4. What methods promote SBA lending and build lender capacity?
5. What impact does lending have on long-term job creation, revenue growth, and export sales?
6. How can the SBA best support small business growth in markets in socially and economically disadvantaged communities?
7. What regulatory, policy, or process improvements could be made to help strengthen SBA's oversight and risk management?
8. How can the SBA continue to further build state and territory government export capacity?
9. Should the SBA vary its export assistance by market segment?
10. What changes should be made to the SBIC program to ensure SBICs provide innovative and modern financial services to American small businesses?

11. How can the SBA improve its ability to manage and mitigate credit, lender, and third-party risk to the Agency?
12. What is the best way to ensure that only qualified small businesses are receiving SBA guaranteed loans that would be unable to access capital on reasonable terms through conventional means?

## **FY 2019 Planned Evidence Building Activities**

The SBA will conduct an outcome evaluation on the Surety Bond Guarantee program's fees to address questions related to reaching more small businesses and mitigating financial risk to the SBA. A process evaluation will be completed for the SBIC examinations to help the program identify areas for operational efficiencies. A formative evaluation of the Federal and State Technology Partnership program will build evidence to better identify ways to help the SBA reach more socially and economically disadvantaged small businesses.

Under the **Surety Bond Guarantee** (SBG) program, the SBA guarantees bid, payment and performance bonds for small and emerging contractors that cannot obtain surety bonds through regular commercial channels. SBA's guarantee provides sureties with an incentive to support bonding for small businesses and, thereby, assists them in obtaining greater access to contracting opportunities. This evaluation will provide the SBA with an understanding of the impacts of lowering the surety and principal fees on portfolio characteristics and risks to the Agency. The primary questions for this evaluation include:

- How do fees affect program utilization by surety companies, agents, and small businesses?
- How do fees affect the size and characteristics of the portfolio?
- How do these fee changes affect the risk of the program?

**Small Business Investment Companies** (SBICs) are privately owned and managed investment funds, licensed and regulated by the SBA and use their own capital plus funds borrowed with an SBA guarantee to make equity and debt investments in qualifying small businesses. The SBIC program issues debt to investment funds licensed by the SBA as SBICs to invest in small businesses. The SBA conducts examinations of individual SBICs to determine whether licensees are complying with laws and regulations, help the SBA assess the financial condition of licensees and SBA's financial vulnerability, and ensure the accuracy of information that licensees submit to SBA. The primary questions for this evaluation include:

- How can the SBIC program streamline its examination process?
- What technology is available that may help this process?
- How can the SBIC program ensure it is conducting its examinations within requirements?
- How can the current organizational structure be improved?

The **Federal and State Technology Partnership** (FAST) program is a competitive grants program designed to strengthen the technological competitiveness of small businesses seeking funding from the SBIR/STTR programs. It improves the participation of small technology firms in the innovation and commercialization of new technology. This formative evaluation seeks to understand how the SBA can reach more underserved small businesses and best serve SBIR/STTR applicants and awardees through this program. The primary questions for this evaluation include:

- Are FAST awardees supporting both SBIR/STTR applicants as well as SBIR/STTR awardees? How well are they supporting them?
- What are best practices for FAST awardees to build SBIR/STTR ecosystems in their areas?
- Is there a difference in performance between different FAST awardees?
- Did FY 2017 FAST awardees reach more underserved applicants (women, minorities, and rural applicants) than FAST awardees in previous fiscal years?

## Strategic Goal 2: Build healthy entrepreneurial ecosystems and create business friendly environments

### Overview

Businesses thrive in healthy environments where there is proximity to other businesses and support for growth. Entrepreneurs often need advice and technical assistance to get their businesses started, and minority, veteran, and women entrepreneurs often face greater hurdles as they may not have access to services that are available in the private sector. Strategic goal 2 focuses on the SBA's efforts to build a healthy entrepreneurial ecosystem and create business-friendly environments. SBA programs that support this strategic goal include small business training, counseling, and technical assistance and regulatory fairness, advocacy, and research. It includes the following three strategic objectives:

1. Develop small businesses through technical assistance;
2. Build healthy entrepreneurial ecosystems; and
3. Create a small business friendly environment.

### Prior Research

The SBA and other organizations have conducted evaluations on some Agency programs for this strategic goal. Evaluations have provided evidence that business technical assistance, counseling, and training contribute to better outcomes for small businesses. The identified studies provide a mix of program evaluations and performance reviews that use a variety of research methods to build evidence. The studies are not intended to be a comprehensive review of all relevant, available evidence but rather a snapshot of some of the evidence directly related to SBA programs.

#### 2008-2013: Entrepreneurial Development Impact Report of SCORE, SBDC, and WBC (2010, 2011, 2012, 2013)<sup>17</sup>

These annual studies measure attitudinal assessments, perceptions of changes in management/marketing practices, and business growth for firms that used SBA's resource partners during the previous three years. The programs studied include: Small Business Development Centers (SBDC), SCORE, and Women Business Centers (WBC).

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<sup>17</sup><http://www.sba.gov/evaluation>

A Study of Native American Small Business Ownership: Opportunities for Entrepreneurs (2014)<sup>18</sup>

Entrepreneurship and small business ownership can be considered essential to both economic growth and development of new products and services. Native American businesses account for the smallest number of firms (under 300,000) among those considered minority-owned. This study examines characteristics of Native American-owned small businesses and provides key findings, including utilization of tribal and external business development programs.

Evaluating the Small Business Administration’s Growth Accelerator Fund Competition Program (2018)<sup>19</sup>

This evaluation presents the results of the growth accelerators program including information on the market and job support. The evaluation showcased how accelerators fill a market gap in many parts of the country that do not have the same access. Other data demonstrated the impact on communities not typically represented by accelerators or venture capital.

Evaluation of the Small Business Procurement Goals (2014)<sup>20</sup>

This study assesses the Federal Government’s small business procurement goals and found that over 80 percent of federal procurement is concentrated in four sectors: Construction; Professional, Scientific, and Technical Services; Administrative and Support, Waste Management and Remediation Services; and Manufacturing. Additionally, the assessment found that the underutilization of small businesses is present in the relatively low levels of dollars awarded to small business contractors rather than the total number of contracts awarded.

Income and Net Worth of Veteran Business Owners over the Business Cycle, 2007–2013 (2015)<sup>21</sup>

This study found that even though the recovery from the Great Recession has been slow for veteran households with small businesses, these households have fared somewhat better than veteran households without small businesses. Of note, the analysis found veteran small business households’ net worth was higher than other veteran households, but similar to non-veteran small business households from 2007 to 2013.

The HUBZone Program Report (2008)<sup>22</sup>

This study examines the impact of certain definitional changes to the HUBZone program. The study found that the program has grown steadily in terms of total contract dollars, from \$44 million in FY 2000 to \$1.76 billion in FY 2007, but the program has not generated enough HUBZone contract dollars to have an impact on a national scale.

Statistics on the Small Business Administration’s Scale-Up America Program (2019)<sup>23</sup>

This study attempts to quantify the difference in performance, of “treated” (program participant) and “non-treated” (non-participant) firms in SBA’s Scale-Up initiative using data from the SBA combined

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<sup>18</sup> [www.aabri.com/manuscripts/141961.pdf](http://www.aabri.com/manuscripts/141961.pdf)

<sup>19</sup> <http://www.sba.gov/evaluation>

<sup>20</sup> [www.sba.gov/sites/default/files/files/rs423tot.pdf](http://www.sba.gov/sites/default/files/files/rs423tot.pdf)

<sup>21</sup> [http://www.sba.gov/sites/default/files/rs430tot-Income-and-net-worth-of-veteran-business-owners-2007-2013\\_0.pdf](http://www.sba.gov/sites/default/files/rs430tot-Income-and-net-worth-of-veteran-business-owners-2007-2013_0.pdf)

<sup>22</sup> <http://www.sba.gov/sites/default/files/rs325tot.pdf>

<sup>23</sup> <https://www2.census.gov/ces/wp/2019/CES-WP-19-11.pdf>

with administrative data housed at the Census Bureau. The results show that after controlling for available observable characteristics, a positive correlation exists between participation in the Scale-Up initiative and firm growth. However, the study does not find a statistically significant relationship between participation in Scale-Up and firm survival once other business characteristics are controlled.

## What We Learned in FY 2018

The SBA conducted formative program evaluations on the Boots to Business (B2B) and HUBZone programs to begin building evidence on questions related to small business outcomes and the factors that influence goal achievement, respectively.

The **HUBZone** program encourages economic development in historically underutilized business zones through the establishment of preferences that facilitate access to federal contracting opportunities.<sup>24</sup> The Federal Government has a goal of awarding 3 percent of all dollars for its prime contracts to HUBZone-certified small businesses. The primary questions for the evaluation were:

- What factors have facilitated some federal agencies to reach the goal of awarding 3 percent of their contracting dollars to HUBZone firms?
- What barriers and issues have prevented some federal agencies from reaching the goal of awarding 3 percent of their contracting dollars to HUBZone firms? How can these barriers be addressed to facilitate attainment of the goal?
- What are the characteristics of the small businesses awarded federal contracts? What are some of the predictive factors for successful federal contract awards for HUBZone firms?

This study used a purposive sampling approach to conduct interviews with staff from the Office for Small Disadvantaged Business Utilization (OSDBU) at 12 agencies and SBA employees. It primarily analyzed the qualitative data using a thematic content analysis technique. The evaluator triangulated data from the interviews with federal contracting data and data on HUBZone-certified firms.

### Findings for Question 1: Facilitating Factors in Reaching 3 Percent Goal?

The interview data suggest that effective marketing strategies and activities, including targeted HUBZone outreach, matchmaking, and tailored procurement training on SBA socioeconomic program (such as the 8(a) Program, Small Disadvantaged Business Program, Service-Disabled Veteran-Owned Program, and Women-Owned Small Business Program) were factors that assisted agencies in reaching the 3 percent goal. Additionally, the federal contracting data indicates that agencies that meet the 3 percent goal have a higher utilization of HUBZone contract mechanisms than agencies that did not.

### Findings for Question 2: Barriers in Reaching 3 Percent Goal?

The interviews identified potential barriers to reaching the 3 percent goal such as: identifying small businesses that can maintain HUBZone certification requirements, including the HUBZone 35 percent employee residence requirement; a perception held by agencies that there is a lack of small

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<sup>24</sup> [www.sba.gov/evaluation](http://www.sba.gov/evaluation)

businesses in HUBZones that can meet the agency's contract demands; persuading eligible small businesses to bid on HUBZone solicitations; and a lack of planning by OSDBUs to set aside HUBZone contracts at individual federal agencies.

### Findings for Question 3: Predicting Factors for Successful HUBZone Firms?

The evaluators found that agencies that met the 3 percent goal were more likely to award to HUBZone-certified small businesses in certain industries, such as the advanced manufacturing sector and the administrative support, waste management, and remediation services sector. Alternatively, agencies that did not reach the 3 percent statutory goal were more likely to award to HUBZone-certified small businesses with an 8(a) certification and to award in the professional, scientific and technical services, construction, and computer services sectors. The qualitative analyses demonstrated that small businesses that were able to market their services and business models to contracting officers and that had knowledge of the Federal Government acquisitions process were viewed as the most successful.

The **Boots to Business** (B2B) program is an entrepreneurial training program offered by the SBA as a training track within the Department of Defense's Transition Assistance Program (TAP).<sup>25</sup> The program provides training to veterans, service-members, and their spouses on entrepreneurial activities through a series of workshops. Two broad research questions framed this evaluation:

- What factors are correlated with the successful recruitment, retention, and satisfaction of participants in the B2B Two-day Introduction to Entrepreneurship Workshop?
- What are the strengths and limitations of the course quality assessment survey for the B2B Two-day Workshop?

The evaluator used several small studies to conduct this formative evaluation. The studies consisted of interviews with key stakeholders (Transition Service Managers [TSMs], SBA Veterans Business Development Officers, and SBA Resource Partners), a rating of current course quality assessment surveys, a guided discussion, and an environmental scan. The interview and the environmental scan studies answered programmatic questions while the rating and guided discussion played a more prominent role in answering questions about the course quality assessment surveys.

### Findings for Question 1: Factors Correlated with Successful Participants in the B2B Workshop

Interviews suggested several factors are correlated with successful recruitment, retention, and satisfaction of participants in the B2B Two-day Introduction to Entrepreneurship Workshop. Factors included: a close relationships among base personnel (TSMs and other leadership staff) that contributes to better coordination efforts with installation leadership; advance scheduling of dates for the B2B workshop; updated marketing materials used by military installations to ensure a clear and consistent message that attracts participants by sharing the benefits of the workshop, sharing success stories of graduated B2B service members, and the size, access, and type of military installation impacts participation. For example, scheduled deployments or the type of scheduled activities or exercises at the installation can impact the frequency of course offering and participation level.

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<sup>25</sup> [www.sba.gov/evaluation](http://www.sba.gov/evaluation)



### Findings for Question 2: Strengths and Limitations of the Course Quality Assessment Survey

The evaluators examined the SBA Course Quality Assessment (CQA) and the Department of Defense Course Quality Assessment Survey (CQS), two surveys administered to measure the effectiveness of the B2B Workshop. The study used expert reviews and a guided discussion with SBA staff to obtain data on the face validity, content validity, clarity of instructions, and relevancy of the surveys. The analysis found high ratings for face validity and clarity of instructions for both surveys but lower ratings for content validity and relevance. The study identified gaps between the workshop objectives and the questions in the survey.

## Key Research and Evaluation Questions

1. What are the small business outcomes and impacts of receiving training, counseling, and technical assistance, and how do they vary by market segment?
2. How does technical assistance impact small business federal contracting outcomes?
3. What are the best ways to reduce fraud and abuse of small business certification programs?
4. How satisfied are entrepreneurs with SBA's entrepreneurial and business development services?
5. What factors most influence the Federal Government's ability to reach its small business contracting goals?
6. How can the SBA best prepare small businesses to compete in developed markets?
7. How do small businesses take advantage of multiple SBA services?
8. How does the SBA impact regulatory enforcement actions taken against small businesses by Federal regulators, and how does intervention by the SBA affect small business outcomes?

## FY 2019 Planned Evidence Building Activities

The SBA will conduct an outcome focused program evaluation on 8(a)-certified small business concerns use of the 7(j) Management and Technical Assistance Program to provide evidence related to questions that will help the SBA identify how technical assistance impacts small business outcomes and factors that influence contracting goals.

The **7(j) Management and Technical Assistance** program provides training, executive education and one-on-one consulting in a broad range of business disciplines to eligible small businesses. A primary goal of the program is to help firms successfully compete for government contracting opportunities as a prime contractor or subcontractor. The 8(a) Business Development program is a business assistance program for small disadvantaged businesses. The 8(a) program offers a broad scope of assistance to eligible firms and helps them gain a foothold in government contracting. This evaluation will provide the SBA with an understanding of the effectiveness of 7(j) online training provided to 8(a)-certified firms in their ability to obtain federal government contracts. The primary questions for the evaluation are:

- Do 8(a)-certified firms that take training offered by the 7(j) program obtain more (or bigger) government contracts than 8(a)-certified firms that do not take these trainings?
- Are some training topics more influential in an 8(a) firm's success than others?
- Do certain types of 8(a) firms benefit more from the trainings than others (e.g., smaller firms, firms in a certain industry)?

The SBA will build on the previous evaluation of the **HUBZone** program to include a more robust quantitative analysis of HUBZone firm characteristics and federal contracting data. This analysis will expand upon similar questions from the evaluation completed in FY 2018. The evaluation questions are:

- What factors predict whether a federal agency obligates 3% of its contract dollars to HUBZone businesses?
- What factors predict whether a HUBZone business procures a federal contract?

## Strategic Goal 3: Restore small businesses and communities after disasters

### Overview

Disaster can strike at any time, and even the most prepared businesses and business owners can be adversely impacted. While many businesses have private insurance, not all small businesses have the same access or the necessary coverage. Strategic goal 3 focuses on SBA's disaster assistance programs, including loan programs geared toward recovery from a disaster or economic hardship and the business technical assistance deployed to guide small businesses post disaster. It includes the following strategic objective: Deploy disaster assistance effectively and efficiently.

### Prior Research

The SBA has focused its prior research on customer satisfaction with the disaster loan program using American Customer Satisfaction Index (ACSI) methodology. This research has helped identify areas for improvement in customer interaction and processes. The identified studies are not intended to be a comprehensive review of all relevant, available evidence but rather a snapshot of some of the evidence directly related to SBA programs.

#### Additional Steps Needed to Help Ensure More Timely Disaster Assistance (2014)<sup>26</sup>

This GAO audit reviews SBA's disaster business loan processing following Hurricane Sandy. The audit report was issued in July 2015. The SBA has implemented and closed all recommendations from this report.

#### American Customer Satisfaction Index (ACSI) SBA Disaster Assistance Program 2014 Customer Satisfaction Survey (2016)

This study was conducted using the ACSI methodology. The SBA uses the survey data to identify and target areas for improvement that will have the greatest impact on customer satisfaction scores.

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<sup>26</sup> <https://www.gao.gov/assets/670/666213.pdf>



## What We Learned in FY 2018

The SBA provides affordable, low-interest, long-term disaster loans to homeowners, renters, businesses, and private non-profit organizations in the wake of natural disasters. During FY 2017, the Agency responded to a series of destructive hurricanes and in FY 2018 conducted an analysis of the Agency's **disaster response during Hurricanes Harvey, Irma, and Maria**. The primary questions for this analysis were:

- Where did the Agency perform well in its disaster response?
- What were the challenges the Agency faced in its disaster response?
- What strategic improvements could be made to improve future disaster response activities?

The Agency conducted a workshop with senior leaders to review its performance during the responses to Harvey, Irma, and Maria (HIM). The analysis included feedback from this workshop, discussions with senior leaders who participated in the disaster response, and a review of the Disaster Loan program administrative data.

### Findings for Question 1: Success During the HIM Disaster Response

The analysis found that the Agency improved the areas identified as challenges during Super Storm Sandy in 2012. The use of exception processing resulted in 3.5 times as many applications processed in less than half the time as processed during Super Storm Sandy, 98.9% of loan applications were submitted electronically, and a substantial increase in desktop verifications resulted in files being routed faster to loan processing and reduced travel costs.

### Findings for Question 2: Challenges During the HIM Disaster Response

The most difficult challenges encountered during the HIM disaster response were related to onboarding staff quickly; logistics, equipment, and infrastructure, particularly related to the response in Puerto Rico; and a reliance on manual processes and paper use for critical operations.

### Findings for Question 3: Strategic Improvements

The analysis found 23 activities in six categories that could address challenges and lead to improved disaster response. The six categories were: coordination and communication, contracts and facilities, technology, staffing, integrated onsite response, and travel.

## Key Research and Evaluation Questions

1. How does SBA's disaster assistance infrastructure contribute to post-disaster individual, business, and community rebuilding?
2. How do SBA disaster loans impact individuals and businesses recovering from a disaster?
3. How satisfied are borrowers with SBA's disaster assistance services?
4. How has the modernized information technology system in the SBA disaster loan program influenced internal processes and overall program effectiveness and efficiency?
5. To what extent have recent changes, innovations, and process improvements helped to prepare the SBA disaster loan program for future large-scale disasters?
6. How has SBA's infrastructure helped prepare small businesses before a disaster occurs?

## FY 2019 Planned Evidence Building Activities

SBA's **Disaster Loan** program provides direct loans to businesses of all sizes, private non-profit organizations, homeowners, and renters who are survivors of disaster. Loans may be used to replace or repair real estate, personal property, machinery and equipment, inventory, and other business assets that have been damaged or destroyed in a disaster and to help small businesses recover from economic injury caused by a disaster. The SBA has partnered with the Risk Management and Decision Processes Center at the Wharton School of the University of Pennsylvania to conduct a series of analysis on the Disaster Loan program. These analyses will focus on the following areas:

- Creating a profile of how the program is used by households and firms,
- evaluating the program with respect to reducing credit market disruptions that increase the cost of disasters for households and firms, and
- understanding the role of the program in the broader context of public and private disaster management mechanisms.

## Strategic Goal 4: Strengthen the SBA's ability to serve small businesses

### Overview

The SBA's ability to respond efficiently and effectively demands cross-office coordination to problem-solving that employs new tools and technologies. An organization that is high performing is characterized by business practices that effectively incorporate innovation, and a work environment that supports staff growth and development, collaboration, and a focus on results. Strategic goal 4 includes SBA's management functions: administrative services, human capital management, information technology, performance management, acquisition management, and financial management. It includes the following three strategic objectives:

1. Ensure effective and efficient management of Agency resources;
2. Build a high performing workforce; and
3. Enable secure enterprise-wide information technology to achieve interoperability and information sharing.

### Prior Research

The functions in this area have not undergone formal program evaluations; however, some GAO and OIG reports are important to highlight.

#### Cornerstone Assessment for SBA Acquisition Division (2018)

The study, based on the OMB A-123 Circular, examines four major cornerstones of federal acquisition management. Surveys and interviews of SBA acquisition staff and acquisition customers reveal several areas for improvement and areas of strength.

### Leadership Attention Needed to Overcome Management Challenges (2015)<sup>27</sup>

This GAO audit assesses the SBA's organizational structure and longstanding management challenges, including program evaluations, strategic planning, workforce planning and training, enterprise risk management, and oversight of IT investments. The SBA has closed the recommendations for program evaluation and is making progress closing other recommendations as part of planning and strategy discussions.

### SBA's FY2016 Compliance with the Improper Payments Elimination and Recovery Act (2017)<sup>28</sup>

This SBA OIG report assesses the SBA's compliance with Improper Payments Elimination and Recovery Act (IPERA 2010). The report, issued in May 2017, made recommendations pertaining to SBA's disbursements for goods and services and its 7(a) loan, 504 loan, and Disaster Assistance loan programs. The SBA has implemented or made progress on each area that had recommendations.

## **What We Learned in FY 2018**

The SBA did not complete any evaluations in 2018 for strategic goal 4.

## **Key Research and Evaluation Questions**

1. How can SBA modify its support functions to better serve SBA employees helping small businesses?
2. How can the SBA ensure it attracts, hires, and retains an inclusive, high performing workforce with the skills necessary to complete its mission?
3. What areas of fraud (internal and external) pose the greatest risk to the Agency, and how can the SBA respond to these risks?
4. How can the SBA improve its cyber security posture?
5. What influences program manager behavior and encourages compliance with internal controls?
6. What process improvements are necessary to improve SBA's acquisition function?
7. How can the SBA improve its customer experience delivered by SBA employees to both internal and external stakeholders?
8. How should the SBA assess its efforts to build an environment of continuous learning?

## **FY 2019 Planned Evidence Building Activities**

There are no planned evaluations for strategic goal 4 in FY 2019.

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<sup>27</sup> <http://www.gao.gov/assets/680/672648.pdf>

<sup>28</sup> [http://www.sba.gov/sites/default/files/oig/SBA\\_OIG\\_Report\\_17-12.pdf](http://www.sba.gov/sites/default/files/oig/SBA_OIG_Report_17-12.pdf)

## Appendix A: Federal Administrative Business and Employer Datasets

Agency	Component	Dataset Name	Website
Department of Commerce	Bureau of Economic Analysis	Surveys on Direct Investment Abroad	<a href="http://www.bea.gov/surveys/diasurv.htm">www.bea.gov/surveys/diasurv.htm</a>
Department of Commerce	Bureau of Economic Analysis	Surveys on Foreign Direct Investment	<a href="http://www.bea.gov/surveys/fdiusurv.htm">www.bea.gov/surveys/fdiusurv.htm</a>
Department of Commerce	Bureau of Economic Analysis	Surveys on International Trade in Services	<a href="http://www.bea.gov/surveys/iussurv.htm">www.bea.gov/surveys/iussurv.htm</a>
Department of Commerce	Bureau of the Census	Business Register	<a href="http://www.census.gov/econ/overview/mu0600.html">www.census.gov/econ/overview/mu0600.html</a>
Department of Commerce	Bureau of the Census	Governments Integrated Directory	<a href="http://www.census.gov/govs/www/gid.html">www.census.gov/govs/www/gid.html</a>
Department of Commerce	Bureau of the Census	Longitudinal Business Database	<a href="http://www.census.gov/ces/dataproducts/datasets/lbd.html">www.census.gov/ces/dataproducts/datasets/lbd.html</a>
Department of Commerce	Bureau of the Census	Longitudinal Employer Household Dynamics	<a href="http://catalog.data.gov/dataset/lehd-origin-destination-employment-statistics-lodes">catalog.data.gov/dataset/lehd-origin-destination-employment-statistics-lodes</a>
Department of Commerce	Bureau of the Census	Medical Expenditure Panel Survey and Public-Sector Employer Sample	<a href="http://www.meps.ahrq.gov">www.meps.ahrq.gov</a>
Department of Commerce	Bureau of the Census	Survey of Business Owners	<a href="http://www.census.gov/programs-surveys/sbo/technical-documentation/questionnaires.html">www.census.gov/programs-surveys/sbo/technical-documentation/questionnaires.html</a>
Department of Education	National Center for Education Statistics	Civil Rights Data Collection	<a href="http://catalog.data.gov/dataset/civil-rights-data-collection-2013-14">catalog.data.gov/dataset/civil-rights-data-collection-2013-14</a>
Department of Education	National Center for Education Statistics	Common Core of Data	<a href="http://catalog.data.gov/dataset/edfacts-general-information-201112">catalog.data.gov/dataset/edfacts-general-information-201112</a>
Department of Education	National Center for Education Statistics	Integrated Postsecondary Education Data System	<a href="http://catalog.data.gov/dataset/201314-integrated-postsecondary-education-data-system">catalog.data.gov/dataset/201314-integrated-postsecondary-education-data-system</a>

Agency	Component	Dataset Name	Website
Department of Education	National Center for Education Statistics	Private School Universe Survey	<a href="https://nces.ed.gov/surveys/pss/">https://nces.ed.gov/surveys/pss/</a>
Department of Labor	Bureau of Labor Statistics	Quarterly Census of Employment and Wages Business Register	<a href="https://catalog.data.gov/dataset/quarterly-census-employment-and-wage-area">catalog.data.gov/dataset/quarterly-census-employment-and-wage-area</a>
Department of Labor	Employee Benefits Security Administration	Form 5500 Data Sets	<a href="https://catalog.data.gov/dataset/form-5500-foia-datasets">catalog.data.gov/dataset/form-5500-foia-datasets</a>
Department of Labor	Occupational Safety and Health Administration	Information System	<a href="https://catalog.data.gov/dataset?publisher=Department%20of%20Labor%20Occupational%20Safety%20and%20Health%20Administration">catalog.data.gov/dataset?publisher=Department of Labor Occupational Safety and Health Administration</a>
Department of Labor	Occupational Safety and Health Administration	Whistleblower Program Retaliation Data	<a href="http://www.osha.gov/whistleblower/WBComplaint.html">www.osha.gov/whistleblower/WBComplaint.html</a>
Department of Labor	Wage and Hour Division	Wage and Hour Investigative Support and Reporting Database	<a href="https://catalog.data.gov/dataset/wage-and-hour-division-compliance-action-data">https://catalog.data.gov/dataset/wage-and-hour-division-compliance-action-data</a>
Department of Transportation	Federal Aviation Administration	Air Operators	<a href="http://av-info.faa.gov/data/AirOperators/tab/aiopera.txt">av-info.faa.gov/data/AirOperators/tab/aiopera.txt</a> <a href="http://av-info.faa.gov/data/AIROPERATORS/fix/contract.txt">av-info.faa.gov/data/AIROPERATORS/fix/contract.txt</a> <a href="http://av-info.faa.gov/data/AirOperators/tab/operceo.txt">av-info.faa.gov/data/AirOperators/tab/operceo.txt</a> <a href="http://av-info.faa.gov/data/AirOperators/tab/operdba.txt">av-info.faa.gov/data/AirOperators/tab/operdba.txt</a>
Department of Transportation	Federal Motor Carrier Safety Administration	Motor Carrier Census	<a href="http://ai.fmcsa.dot.gov/SMS/Tools/Downloads.aspx">ai.fmcsa.dot.gov/SMS/Tools/Downloads.aspx</a>
Department of Transportation	National Highway and Traffic Safety Administration	Product Information	<a href="https://catalog.data.gov/dataset/nhtsa-product-information-catalog-and-vehicle-listing-vpic-mid-8ee79">catalog.data.gov/dataset/nhtsa-product-information-catalog-and-vehicle-listing-vpic-mid-8ee79</a>

Agency	Component	Dataset Name	Website
		Catalog and Vehicle Listing	
Department of Transportation	National Highway and Traffic Safety Administration	Adapted Vehicle Modifier Identification Database	<a href="http://vpic.nhtsa.dot.gov/mid/home/ModifierSearch">vpic.nhtsa.dot.gov/mid/home/ModifierSearch</a>
Department of Transportation	Pipeline and Hazardous Materials Administration	Hazardous Materials Information Portal	<a href="http://www.phmsa.dot.gov/hazmat/e-services">www.phmsa.dot.gov/hazmat/e-services</a>
Department of Transportation	Pipeline and Hazardous Materials Administration	Pipeline DataMart	<a href="https://www.phmsa.dot.gov/data-and-statistics/pipeline/data-and-statistics-overview">https://www.phmsa.dot.gov/data-and-statistics/pipeline/data-and-statistics-overview</a>
Department of Treasury	Internal Revenue Service	Business Master File	<a href="http://www.irs.gov/uac/tax-stats">www.irs.gov/uac/tax-stats</a>
General Services Administration	Federal Acquisition Service	Federal Procurement Data System – Next Generation	<a href="http://www.fpds.gov/fpdsng_cms/index.php/en/">www.fpds.gov/fpdsng_cms/index.php/en/</a>
General Services Administration	Federal Acquisition Service	System for Award Management	<a href="http://www.sam.gov/SAM/">www.sam.gov/SAM/</a>
Small Business Administration	Office of Capital Access	E-Tran	Please contact <a href="mailto:performance.management@sba.gov">performance.management@sba.gov</a> for more information
Small Business Administration	Office of Capital Access	Microloan Program Electronic Reporting System	Please contact <a href="mailto:performance.management@sba.gov">performance.management@sba.gov</a> for more information
Small Business Administration	Office of Disaster Assistance	Disaster Credit Management System	<a href="http://www.sba.gov/loans-grants/see-what-sba-offers/sba-loan-programs/disaster-loans/disaster-loan-data">www.sba.gov/loans-grants/see-what-sba-offers/sba-loan-programs/disaster-loans/disaster-loan-data</a>
Small Business Administration	Office of Entrepreneurial Development	Entrepreneurial Development Management Information System	<a href="http://www.sba.gov/edmis">www.sba.gov/edmis</a>

