

Questions and Answers (Q & A) In Response to OIT STEP-2019-01

QUESTION 1: Where will the answers to our questions be posted on May 17th? They were very difficult to find last year.

ANSWER: On the SBA website at <https://www.sba.gov/document/support--state-trade-expansion-program-step-grant-application-materials>.

QUESTION 2: Page 13 of the Funding Opportunity Announcement (FOA or Announcement) requires applicants who have had previous STEP awards to provide a brief written synopsis of their most-up-to-date outcomes and copy of the Key Performance table. Is this a compilation of all STEP grants received or just the Year 6 results? In addition, would it contain the Year 7 year-to-date results?

ANSWER: The written synopsis should include up-to-date outcomes from the awardee's most recent completed STEP award. It is not a compilation of all previously received STEP grants.

QUESTION 3: Regarding the Cover Letter: Please clarify the time period SBA is requesting to be provided for output/outcomes. Is this for just Year 6 or does it include previous STEP grant data, i.e., all years that a state has received the STEP grant? And would a partial Year 7 data be included?

ANSWER: The cover letter should include a copy of the "Key Performance Indicators' table" from the non-Federal entity's Performance Progress Report derived as part of their most recently closed STEP award. In most cases, it would be the FY 2016 (Year 5) award. However, additional outcomes/outputs may also be communicated so long as the one-page requirement is met.

QUESTION 4:

- Regarding the Key Performance Indicators (referenced on page 13 of the FOA) that are to be provided in the cover letter, what FY are they to cover? FY 17, the most recent year?
- Cover Letter – We are to provide a copy of our "Key Performance Indicators' table" of our most up-to-date outcomes. What grant award is being referred to that we should report on?

- STEP 5 which is the most recent grant that is completed and closed in Sept 2017? If so, what if we did not have this grant award?
- STEP 6 which currently active and has only completed 6 of 8 quarters (closes 9/29/19)?
- STEP 7 which currently active and has only completed 2 of 8 quarters (closes 9/29/20)?
- Other?

ANSWER: That information should be pulled from the non-Federal entity's last completed award year of the STEP program.

QUESTION 5:

- Is the Performance Progress Report by quarter or goals?
- On the Proposed Plan instructions on page 39 of the FOA, we are told to “list each performance measure followed by all supporting export activities consecutively, regardless for which quarter an activity is planned.” We were provided with the same instructions last year, then at the last minute, we were required to change the information to list by quarters. Which do you want?
- Are we really supposed to provide the information on page 39 of the Announcement that states: “List each performance measure followed by all supporting export activities consecutively, regardless for which quarter an activity is planned”? Are states required to list the information consecutively, regardless of which quarter the activity is planned?
- In looking through the template for the technical proposal, there's a note in italics on the top of p. 3 that says the PPR should be broken out by quarters (not goals). This conflicts with the underlined statement in the FOA on page 39. Do we proceed as per the FOA or as per the Technical Proposal Template? This determines how all states write the Proposed Plan.

ANSWER: You should list your activities by quarter first in column B and then milestone goal number in column C per quarter.

QUESTION 6: On page 14 of the FOA concerning Project Design, it states that an additional performance measure that will be reported to STEP but does not have a goal requirement is: “increase in the number of small business communities.” This is different than the “job creation/job retention” measure, so can you please define what the “increase in the number of small business communities” is supposed to capture? Also, where are we to report this information?

ANSWER: “Small business communities” refer to the four small business communities identified in Section 1.5 of the Announcement on page 8:

- i. Owned and controlled by socially and economically disadvantaged individuals;
- ii. Owned and controlled by women;
- iii. Owned and controlled by veterans and/or service-connected disabled veterans; and/or,
- iv. Rural small businesses.

An “increase in the number of small business communities” is intended to capture the number of these small business communities a state has been able to engage through the STEP program.

That information would be reported on the Client Report.

QUESTION 7: On the technical proposal’s organizational competency section (described on page 14 of the FOA), do I need to split everyone’s time to reflect our two awards?

ANSWER: Yes. If applicable, an applicant must be able to show that it has the organizational competency to administer and manage two awards. Accordingly, an applicant’s proposal must reflect that employee time is being divided between two awards. You may wish to reference an existing award in your application.

QUESTION 8:

- Data Collection Instrument (DCI) (FOA p. 15): Instructions indicate “Non-Federal entities shall include a question on your STEP Application to capture the number of jobs created plus jobs retained completed by the client to collect this data.” If the client is applying for eligibility to use the STEP grant, they won’t have completed any activities supported by STEP so they would not have created any new jobs or retained jobs based on their STEP activity; this question isn’t appropriate for the application.
- On page 15, Data Collection, the last sentence refers to including a question on the STEP Application to capture the number of jobs created plus jobs retained by the

client to collect this data. How will they know when they are applying for assistance from the STEP program in my State if they will have jobs created or retained because of this? We included in the DCI. Do we include this in the application for ESBCs getting assistance and how will we report it...is this step to establish a baseline then report actuals in the client report?

ANSWER: The DCI is not a document used for applying for eligibility. The DCI is used after a client has applied (via your application) and received STEP funding for participation in an activity. At that time, it is after an event in which this data (Jobs created PLUS Jobs retained) can be obtained.

QUESTION 9: Can you please provide the template for Attachment 7 Budget Narrative (described on page 16 of the FOA)?

ANSWER: There is no template for the Budget Narrative attachment for this application. The Budget Narrative can be sent using a word or excel document.

QUESTION 10: In FOA Page 21, Attachments, attaching a copy of the Self-Cert into the application was removed. Could we still get a copy of it so we can make sure we have the most recent copy to ensure that it hasn't changed?

ANSWER: Yes. If you are an award recipient, you will obtain a copy from the STEP Survival Kit. However, note the form has not changed from last year.

QUESTION 11: As per the Technical Proposal Template, Criteria #3 reads, "...this section must outline the eight elements (detailed in Section 5.2) for ESBCs seeking assistance with award funds." However, the STEP announcement 5.2 section does not outline eight criteria for this section. Are there 8 criteria we need to use, or do we need to base this section off what is outlined in Section 5.2 of the 2019 Step Announcement?

ANSWER: The Applicant's Financial Assistance Plan addresses criteria and policies for the following elements. This Plan must conform to the STEP parameters as described in Section 4.2.2 v; Applicants may not build in discretion to use STEP funds for other purposes not approved by SBA.

- a. Application process for small businesses seeking STEP assistance;
- b. Criteria and selection process to become a STEP Client;
- c. Organization and title of the selection panel or committee members;
- d. Maximum dollar amount of financial assistance available to a STEP Client during the STEP award performance period;

- e. Percent of export activity costs supported with STEP funds and covered by both NTE and ME ESBCs. All STEP Clients must cover a portion of the cost of participation in STEP supported export activities. Applicants may not build in discretion to use STEP funds for other purposes not approved by SBA;
- f. Maximum number of financial assistance awards available to a STEP Client during the award performance period;
- g. Method of financial assistance payments to Clients (e.g., prepaid, reimbursement, etc.); and,
- h. Internal controls that will ensure process and financial management compliance.

QUESTION 12: On the A-11 form under Travel reads “NOTE: Per diem is not allowed for local travel.” Please define “local” in reference to this note.

ANSWER: Local travel is anything that is 50 miles or less from the office.

QUESTION 13:

- The FOA (pp. 28-29) indicates that “If the STEP client selects “Yes”” on the STEP Client Application to share their information with other SBA programs, “the client’s company name, contact person, email address or website address must be included on the FY2019 Year 8 Client Report.” Will a new template for the Client Report be provided for Year 8 to include this information if/when needed?
- I already have a relationship with my USEAC and DITO and share this information monthly. Will this step duplicate my work, or should it replace it?

ANSWER: Yes, a template will be provided to all FY 2019 STEP Awardees. Should you receive an award, you will also receive additional guidance on providing this information. This step should not duplicate your work but replace it.

QUESTION 14: On Page 29 of the FOA, Criteria #4(ii)(f) requires reporting number of jobs created plus jobs retained. It would be nice to have simpler definitions for these beyond that listed in Section 8.1.9 (p. 34 of the FOA). With the data we have collected thus far for Year 7, we feel the companies are not answering these questions correctly and data may be skewed. Could you better explain?

ANSWER: As defined in the Client Report, jobs created/retained is the sum of all employment gains from an ESBC expanding its establishment as a result of engaging in a STEP supported activity occurring during this 2-year award performance period. If

your state has a different methodology for obtaining this information, please express this to your assigned Program Manger for approval (and our records) on how you derived at the reported number.

QUESTION 15:

- Please confirm that the statutorily approved export activity of “design marketing media” (listed as an allowable cost on page 31 of the FOA) must be approved by SBA prior to an ESBC performing this activity. Does all design of marketing media need to be approved in advance by SBA?
- Design of Marketing Media & export conference.... There is a statement about ...” commensurate with STEP’s statutory objectives deemed appropriate and approved in advance by SBA. Does this mean that every time an ESBC has this expense SBA will need to approve it prior to production?

ANSWER: No. “Design of Marketing Media” is defined on page 6 of the FOA. So long as the activity or cost conforms to that definition, prior approval will no longer be required, as recently decided by the STEP Team.

QUESTION 16: Under the allowable costs listed on page 31 of the FOA, “Website translation into foreign languages [...]” is included. However, translation of company/product literature is not. Does that mean that translation services are NOT an allowable cost? Or would this fall under “Design of marketing media,” which is also listed as an allowable cost on page 31?

ANSWER: STEP allows website translation into a foreign language (capped at \$3,000). The translation of company's product literature may be listed as an “other #9 milestone goal” item for consideration (see page 7 of the FOA). You may also consider using Design of Marketing Media of the product, but printing of the literature is not permitted.

QUESTION 17: Is it possible to include clarifying language in the NOFA regarding shipping samples (listed as an allowable cost on page 31 of the FOA) and what is truly allowable? Can an ESBC ship a sample of its product to foreign markets instead of traveling there and hold conference calls to discuss? Or does shipping of samples really only apply to shipping of samples to a trade show attended?

ANSWER: Shipping of samples does not apply only to shipping of samples to trade show attended. Shipping of samples for export marketing and sales purposes would also be permitted.

QUESTION 18:

- For the 2016 Grant, SBA capped STEP funding for certain certifications, i.e., ISO9001. One of the items we are considering is once again including certain number of certifications including ISO & AS certifications (e.g., AS 9100 and ISO 9001 and others) which help our companies compete for international work. Are you aware if there will be a cap on such certifications once again or can we extend the amount on our end? As noted, we were able to get ISO-9001 (first time application) approved by SBA although it took a lengthy process to get reviewed/approved.
- Compliance testing is an eligible expense for ESBCs (capped at \$3,000). What tests do SBA define as eligible under this category?
- I see that the cost associated with CE mark were not included this time on page 32 of the FOA as an unallowable cost. Does this mean that it is an allowable expense in the FY 19 year only?

ANSWER: STEP allows compliance testing a product into an international market for entry. A part of compliance testing in some cases is acquiring a country's certification marks for entry. STEP will support the required marking as part of our allowable compliance testing at a cap of \$3000 per ESBC per year for each country of entry.

QUESTION 19:

- Please provide further guidance on the 51% content requirement (described on page 32 of the FOA) beyond the "Amended Guidance on Domestic Origin 9-28-18." The CFR listed for additional guidance is very difficult for us and our companies to follow.
 - Do you have recommendations of guidance to use that other federal agencies use (e.g., the Department of Commerce Commercial Service or Export-Import Bank) that provide actual methods for determining eligibility?
 - Please define the U.S. content/51%.
- FOA pg. 32 – Guidance for Manufacturing of Goods and Services
It is required that companies be export-ready US companies seeking to export goods and services of US origin or have at least 51% US content. (This language is included in the Self-Representation form). How does the SBA define 51% content and how does SBA define the calculation of this figure?

ANSWER: At this time, you should use guidance from the Department of Commerce Commercial Service. The SBA anticipates providing further guidance at a future date.

QUESTION 20: On p. 32, the FOA states that the following costs are not eligible: “Printing material for an ‘eligible small business concern’.” I understand that this includes things like not allowing the printing of brochures, printing collateral, but if the printing is in conjunction with an approved activity, like a trade show, would printing be an eligible cost? For example, the printing of a banner or sign to display at a trade show? In this example, would printing be allowed?

ANSWER: No. The use of STEP funds for printing material is not eligible.

QUESTION 21: Printing is listed on page 32 as a cost that is not allowable under the program. Can you explain why printing is not an allowable cost under this program?

ANSWER: Printing of materials is not a mandatory cost to participating in export activities. It is considered an ordinary cost of running a business and not an appropriate use of STEP funds.

QUESTION 22: Can you please include the costs of software and apps in the unallowable section on page 32 of the FOA?

ANSWER: At this time, certain changes cannot be made to the FOA.

QUESTION 23:

- The attachment numbering, file names, and format structure for attachments listed in the Application Instructions (p. 12 of the FOA) do not reflect those listed on the Application Checklist (p. 41 of the FOA) on page provided. Some templates for attachments are available at: <https://www.sba.gov/document/information-notice--state-trade-expansion-program-step-funding-opportunity-announcement-faq> but not for:
 - Attachment 7 - Budget Narrative;
 - Attachment 10 – SBA Form 1623 [I assume we can use the same form we used last year for our STEP clients.]

When will they be updated and ready?

- The application checklist document is still slightly incorrect on naming standards. Should we follow naming standards as listed in the FOA?
- I had already reviewed and compared the checklist to the instructions and changed my copy of the checklist to reflect the numbering and file names in the instructions. While the numbering has been corrected on the checklist you provided, a few file names are still not consistent with those listed in the application instructions.

ANSWER: An email updating the attachment numbering was sent to all potential states/territories on Wednesday, May 8th at 12:47 pm EST. If you do not have it, please feel free to contact your STEP Program Manager to have it resent to you.

Note: The checklist is a 'scaled down' version of FOA. The names must be truncated in the file name due to size requirements.

QUESTION 24: I just noticed that Column S has last year's formula. With the new Non-Federal Award Expenses Planned in Column P, the ROI formula needs to be updated. In Column S, if the Q is changed to R it fixes everything.

ANSWER: Return on Investment (ROI) is calculated based on Federal award expense planned divided by total export sales planned. However, non-federal expense is not used in the ROI calculation.

QUESTION 25: We are going to allow certain partners (i.e., Oklahoma Manufacturing Alliance (OMA)/ExportTech) to submit for projects/services once again. Similar to 2016, we would use a review committee made up of some of these same partners (USDOC, OMA, for example) to review applications submitted by ESBCs. Would there be any conflict of interest of doing this should some of these organizations put in proposals which we in the end would approve?

ANSWER: Yes, allowing a member of the review committee to review and make decisions regarding their application and those of other applicants (their competitors) is a conflict of interest.

QUESTION 26: Will there be any extension of the closing date of May 31st at 11:59pm EST due to time lost due to document issues?

ANSWER: At the time of the drafting of these answers, an extension is under consideration.