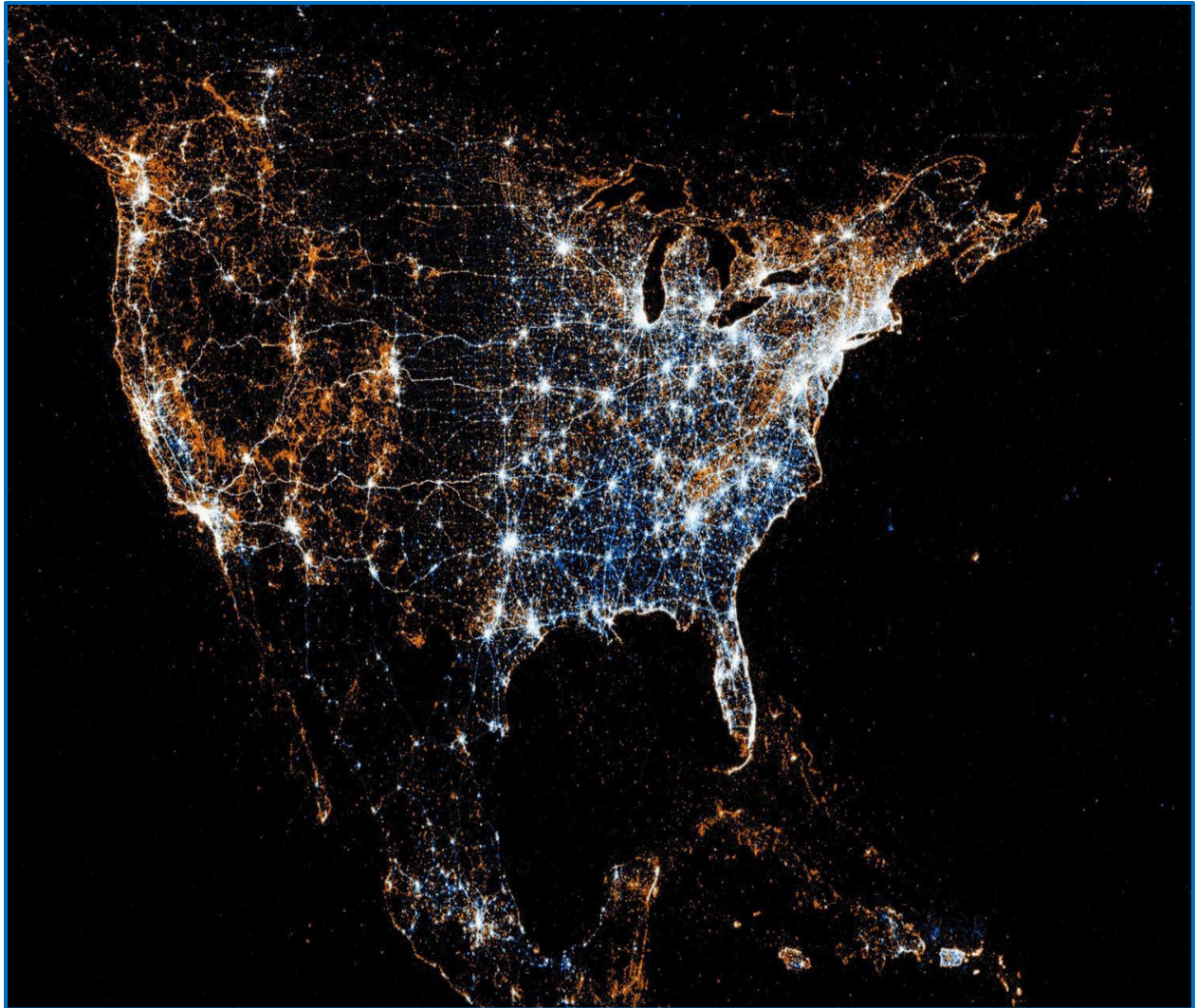




U.S. Small Business
Administration

STATE TRADE EXPANSION PROGRAM ANNUAL REPORT TO CONGRESS

2022



U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INTERNATIONAL TRADE

Table of Contents

Table of Contents ii

List of Tables iv

List of Figures iv

1. Introduction **1**

 1.1. *Small Business Resilience Through International Trade* 1

 1.2. *STEP Background* 1

 1.3. *STEP Objectives* 1

 1.4. *STEP Funding* 1

 1.5. *STEP Annual Report to Congress* 2

Figure 1: Annual Congressional Reporting Requirements for STEP 2

2. The Number and Amount of Grants Made Under STEP During the Preceding Year **2**

 2.1. *Awarded Grants* 2

Table 1: Number and Amount of Grants Awarded for STEP 7 (2018), STEP 8 (2019) and STEP 9 (2020) 3

3. States and Activities **4**

 3.1. *STEP Activities by Award* 4

Table 2: Allowable Export Activities under STEP (Allowable Export Activities and Allowable Award Expenses) 4

 3.2. *STEP Activity Data* 6

Table 3: STEP 7 Q9-Q12, STEP 8 Q5-Q8 & STEP 9 Q1-Q4 - Number and Type of Activities Performed by ESBCs 6

 3.3. *STEP Utilization Rates* 8

4. Effects on ESBCs **8**

 4.1. *Overall Program Reach* 8

Figure 2. Total Unique Clients, FY 2021 8

Figure 3. Total Clients by Demographic Characteristics, FY 2021 9

Table 4. Total Clients by STEP Grantee 9

Figure 4: Total Clients by Industry Type, FY 2021..... 11

4.2. *Export Sales Figures* 11

5. Return on Investment..... **12**

Figure 5: Annual Sales Reported to STEP Grants Awarded 12

Table 5. ROI by Grantee, STEP 8, Q1 - Q8..... 13

6. Best Practices **13**

6.1. *Independent Evaluation Findings* 13

List of Tables

Table 1: Number and Amount of Grants Awarded for STEP 7 (2018), STEP 8 (2019) and STEP 9 (2020) 3

Table 2: Allowable Export Activities under STEP (Allowable Export Activities and Allowable Award Expenses)..... 4

Table 3: STEP 7 Q9-Q12, STEP 8 Q5-Q8 & STEP 9 Q1-Q4 - Number and Type of Activities Performed by ESBCs..... 6

Table 4. Total Clients by STEP Grantee 9

Table 5. ROI by Grantee, STEP 8, Q1 - Q8..... 13

List of Figures

Figure 1: Annual Congressional Reporting Requirements for STEP 2

Figure 2. Total Unique Clients, FY 2021 8

Figure 3. Total Clients by Demographic Characteristics, FY 2021 9

Figure 4: Total Clients by Industry Type, FY 2021..... 11

Figure 5: Annual Sales Reported to STEP Grants Awarded 12

1. Introduction

1.1. Small Business Resilience Through International Trade

U.S. small businesses that trade internationally are key to our nation's economic competitiveness, and during the pandemic, their contribution to U.S. resilience and recovery was invaluable. Nearly 98 percent of U.S. exporters are small businesses, and they represent a third of the U.S.'s \$3 trillion export value. The benefits of exporting are significant. Small business exporters grow faster, are more financially stable, and create higher paying jobs than non-exporters. Moreover, exporting helps these businesses to stabilize their sales and stay in business longer as they are not dependent upon a single market.

Yet too often, U.S. small businesses overlook the opportunity of global sales. Entering a new market can be expensive for firms. Information about these markets can be costly for businesses to gather on their own. Nevertheless, advancements in virtual tools, eCommerce platforms, digital marketing, and online resources are removing barriers to make exporting more accessible and profitable and to help small businesses reach the 95 percent of the world's consumers living outside of the U.S.

1.2. STEP Background

The State Trade Expansion Program (STEP), originally authorized under the Small Business Jobs Act of 2010, was created to allow eligible small business concerns (ESBCs) to “enter and succeed in the international marketplace.”¹ The program, managed at the federal level by the U.S. Small Business Administration (SBA), offers competitive grants to all 50 states; the District of Columbia; and the Territories of Puerto Rico, the U.S. Virgin Islands, the Commonwealth of the Northern Mariana Islands, Guam, and American Samoa. STEP supports small business export development, including participation in trade missions and foreign market sales trips, export trade shows, international marketing efforts, and export training.

1.3. STEP Objectives

STEP has the following primary objectives: 1) To increase the number of small businesses that are exporting; 2) To increase the value of exports for small businesses that are currently exporting; and 3) To increase the number of U.S. small businesses exploring significant new trade opportunities. To achieve these objectives, SBA provides state-level grantees with funding for nine export-related activities, including participation in foreign trade missions, export training, international marketing efforts and trade show exhibitions.

1.4. STEP Funding

By law, the ratio of federal to state matching funds is 75 percent to 25 percent, except for high exporting states, for which the ratio is 65 percent to 35 percent. Matching funds requirements are waived for the Virgin Islands, Guam, Commonwealth of the Northern Mariana Islands, and American Samoa. This structure is by design: SBA requires states with large export value to contribute more funding to STEP. The states that are considered high exporting are the top three

¹ [State Trade Expansion Program: 10 Years of Success \(sba.gov\)](https://www.sba.gov/state-trade-expansion-program-10-years-of-success)

states by export sales based on census data (California, New York and Texas).

1.5. STEP Annual Report to Congress

This 2022 STEP (Year 9) Annual Report to Congress outlines the SBA’s Office of International Trade’s approach to respond as required by statute per Section 22(1)(7)(B) of the Small Business Act. This report covers the FY21 reporting period (October 1, 2020 through September 30, 2021).

Figure 1: Annual Congressional Reporting Requirements for STEP

Reporting Requirement	Description of Requirement
Number and amount	The number and amount of grants made under the program during the preceding year.
States and activities	A list of States receiving a grant under the program during the preceding year, including the activities being performed with each grant.
Effects on ESBCs	The effect of each grant on the Eligible Small Business Concerns (ESBCs) in the State receiving the grant.
Total return on investment	A total return on investment for each State.
Best practices	A description of best practices by States that showed high returns on investment and significant progress in helping more Eligible Small Business Concerns.

2. The Number and Amount of Grants Made Under STEP During the Preceding Year

2.1. Awarded Grants

This report covers the time period of FY2021 (October 1, 2020 to September 30, 2021), when the Office of International Trade was overseeing the management of three separate STEP awards: STEP 7, 8 and 9. Because of the COVID-19 pandemic, the 47 STEP 7 grants were continued for a third year of performance. Forty-one STEP 8 grants were in their second year of performance. SBA awarded STEP 9 grants through a competitive process² to 47 States³ for a total of \$18,988,973 (FY 2020 funds). This constituted 99.94 percent of the appropriation for the STEP program.

² The STEP grants were awarded through a competitive process initiated by Funding Opportunity Announcement (FOA) OIT-STEP-2018-01, OIT-STEP-2019-01, OIT-STEP-2020-01.

³ The Trade Facilitation and Trade Enforcement Act of 2015 provides that STEP grants may be awarded only to "States," meaning any of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, the Commonwealth of Northern Mariana Islands, and American Samoa. Therefore, only non-Federal entities that met this definition were eligible for an award under the program. For the purposes of the program, an "eligible non-federal entity" means a state agency or other entity that, prior to the date of application for the program, has been officially designated by the state governor, or equivalent thereof (e.g., mayor of the District of Columbia), as the sole applicant and lead entity for conducting the state's trade and export activities.

Table 1: Number and Amount of Grants Awarded for STEP 7 (2018), STEP 8 (2019) and STEP 9 (2020)

No	State	Total Amount of Grants Awarded for STEP 7 = \$18,000,000		Total Amount of Grants Awarded for STEP 8 = \$18,000,000		Total Amount of Grants Awarded for STEP 9 = \$19,000,000	
		Amount of Grant	Percent of Total Amount	Amount of Grant	Percent of Total Amount	Amount of Grant	Percent of Total Amount
1	Alabama	\$151,857	0.84%	\$154,924	0.86%	\$170,879	0.91%
2	Alaska	\$0	No Award	\$0	No Award	\$0	No Award
3	American Samoa	\$0	No Award	\$0	No Award	\$0	No Award
4	Arizona	\$300,057	1.67%	\$303,442	1.69%	\$178,710	0.95%
5	Arkansas	\$150,000	0.83%	\$200,000	1.11%	\$124,722	0.66%
6	California	\$650,000	3.61%	\$600,000	3.33%	\$900,000	4.77%
7	Colorado	\$324,804	1.80%	\$480,000	2.67%	\$700,000	3.71%
8	CNMI	\$150,000	0.83%	\$0	No Award	\$135,783	0.57%
9	Connecticut	\$300,000	1.67%	\$300,000	1.67%	\$300,000	1.59%
10	Delaware	\$268,096	1.49%	\$268,096	1.49%	\$50,000	0.27%
11	District of Columbia	\$0	No Award	\$0	No Award	\$0	No Award
12	Florida	\$0	No Award	\$0	No Award	\$0	No Award
13	Georgia	\$0	No Award	\$0	No Award	\$162,488	0.86%
14	Guam	\$150,000	0.83%	\$0	No Award	\$0	0.00%
15	Hawaii	\$450,000	2.50%	\$511,786	2.84%	\$528,076	2.80%
16	Idaho	\$600,000	3.33%	\$400,000	2.22%	\$207,945	1.10%
17	Illinois	\$700,000	3.89%	\$700,000	3.89%	\$900,000	4.77%
18	Indiana	\$0	No Award	\$495,000	2.75%	\$0	No Award
19	Iowa	\$200,000	1.11%	\$200,000	1.11%	\$100,000	0.53%
20	Kansas	\$200,000	1.11%	\$0	0.00%	\$127,440	0.68%
21	Kentucky	\$400,000	2.22%	\$300,000	1.67%	\$300,000	1.59%
22	Louisiana	\$200,000	1.11%	\$200,000	1.11%	\$225,000	1.19%
23	Maine	\$344,500	1.91%	\$344,500	1.91%	\$461,000	2.44%
24	Maryland	\$550,000	3.06%	\$550,000	3.06%	\$349,000	1.85%
25	Massachusetts	\$500,000	2.78%	\$500,000	2.78%	\$405,702	2.15%
26	Michigan	\$800,000	4.44%	\$900,000	5.00%	\$1,350,000	7.16%
27	Minnesota	\$144,750	0.80%	\$0	0.00%	\$154,495	0.82%
28	Mississippi	\$540,000	3.00%	\$683,550	3.80%	\$683,550	3.62%
29	Missouri	\$350,000	1.94%	\$480,000	2.67%	\$480,000	2.55%
30	Montana	\$325,000	1.81%	\$499,488	2.77%	\$525,814	2.79%
31	Nebraska	\$500,000	2.78%	\$0	0.00%	\$262,675	1.39%
32	Nevada	\$150,000	0.83%	\$257,914	1.43%	\$249,500	1.32%
33	New Hampshire	\$250,000	1.39%	\$241,233	1.34%	\$225,427	1.20%

34	New Jersey	\$700,000	3.89%	\$900,000	5.00%	\$1,000,000	5.30%
35	New Mexico	\$200,000	1.11%	\$200,000	1.11%	\$90,000	0.48%
36	New York	\$700,000	3.89%	\$700,000	3.89%	\$250,000	1.33%
37	North Carolina	\$700,000	3.89%	\$774,514	4.30%	\$618,640	3.28%
38	North Dakota	\$247,614	1.38%	\$326,865	1.82%	\$83,375	0.44%
39	Ohio	\$700,000	3.89%	\$457,786	2.54%	\$871,733	4.62%
40	Oklahoma	\$0	No Award	\$299,000	1.66%	\$326,800	1.73%
41	Oregon	\$562,500	3.13%	\$562,500	3.13%	\$206,250	1.09%
42	Pennsylvania	\$500,000	2.78%	\$500,000	2.78%	\$620,000	3.29%
43	Puerto Rico	\$300,000	1.67%	\$300,000	1.67%	\$384,930	2.04%
44	Rhode Island	\$374,002	2.08%	\$374,002	2.08%	\$305,894	1.62%
45	South Carolina	\$360,400	2.00%	\$360,400	2.00%	\$171,200	0.91%
46	South Dakota	\$0	No Award	\$0	No Award	\$0	No Award
47	Tennessee	\$150,000	0.83%	\$0	No Award	\$0	No Award
48	Texas	\$600,000	3.33%	\$500,000	2.78%	\$440,707	2.34%
49	Utah	\$300,000	1.67%	\$500,000	2.78%	\$641,000	3.40%
50	Vermont	\$306,420	1.70%	\$300,000	1.67%	\$300,000	1.59%
51	Virgin Islands	\$150,000	0.83%	\$0	No Award	\$0	No Award
52	Virginia	\$200,000	1.11%	\$200,000	1.11%	\$216,000	1.15%
53	Washington	\$750,000	4.17%	\$900,000	5.00%	\$1,350,000	7.16%
54	West Virginia	\$250,000	1.39%	0\$0	No Award	\$250,000	0.80%
55	Wisconsin	\$300,000	1.67%	\$275,000	1.53%	\$459,113	2.43%
56	Wyoming	\$0	No Award	\$0	No Award	\$145,125	0.77%
Total Sum of Grant		\$18,000,000	100%	\$18,000,000	100%	\$18,988,973	100%
Number of Grants		47		41		47	

*CNMI refers to Commonwealth of Northern Mariana Islands

3. States and Activities

3.1. STEP Activities by Award

STEP allows grantees to award funds to eligible small businesses for approved activities. STEP activities are managed and provided at the local level by organizations designated by the state or territory. Grantees vary in the array of strategies they employ to advance trade among small businesses in their states. The underlying premise of STEP is to supplement non-federal entities’ funds for export activities, not to use federal funds to cover costs that grantees would otherwise cover. The following nine activity types are allowed by STEP:

Table 2: Allowable Export Activities under STEP (Allowable Export Activities and Allowable Award Expenses)

Activity	Description
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Activity 1: Foreign Trade Mission	Eligible small business travel, with more than one person traveling together with similar accommodations to the same location in a foreign country, that will enable them to explore or expand international business opportunities.
Activity 2: Reverse Trade Mission	Bringing buyers to the U.S. to meet with potential suppliers of U.S. manufactured goods and services.
Activity 3: Commerce Subscription Service	Utilization of services available from the U.S. Commercial Service, the trade promotion arm of the U.S. Department of Commerce's International Trade Administration, to assist eligible small business with entering or expanding their markets.
Activity 4: Website Translation, SEO, Localization	This activity includes translation of websites into foreign languages, localization for foreign markets, and Search Engine Optimization (SEO) for eligible small businesses
Activity 5: International Marketing Media	Marketing media includes the following: brochures, social media platforms, websites, billboards, newspapers, branding and advertising, posters, and advertisements in international magazines.
Activity 6: Trade Show Exhibition	An exhibition for eligible small businesses to showcase and demonstrate their products and services. This exhibition includes both foreign and domestic trade shows.
Activity 7: Export Training Workshops	Workshops and courses that directly benefit and assist eligible small businesses in gaining credible knowledge of export policies, regulations, and/or best practices.
Activity 8: Export Consultancy Services	Only allowable after eligible small business consults with the U.S. Department of Commerce to avoid duplication of services.
Activity 9: Other Export Initiative	Must be determined appropriate by SBA's Office of International Trade. Foreign market sales trips are an appropriate use of funds under this activity.

	STEP 7	STEP 8	STEP 9
Allowable Activities	Total Amount of Grants Awarded	Total Amount of Grants Awarded	Total Amount of Grants Awarded
6, Trade Show Exhibition	\$7,248,184 (40.0%)	\$8,067,613 (45.0%)	\$7,573,152 (39.0%)
9, Other Export Initiative	\$4,324,713 (24.0%)	\$4,358,709 (24.0%)	\$5,752,682 (30.0%)
1, Foreign Trade Mission	\$3,329,762 (18.0%)	\$2,502,259 (14.0%)	\$2,633,382 (14.0%)
5, International Marketing Media Design	\$1,750,075 (10.0%)	\$842,502 (5.0%)	\$962,128 (5.0%)
7, Export Training Workshops	\$377,058 (2.0%)	\$740,623 (4.0%)	\$703,635 (4.0%)
3, Commerce Subscription Service	\$527,933 (3.0%)	\$517,364 (3.0%)	\$664,524 (3.0%)
4, Website Translation, SEO, Localization	\$252,142 (1.0%)	\$472,774 (3.0%)	\$827,422 (4.0%)
8, Export Consultancy Service	\$93,144 (1.0%)	\$231,482 (1.0%)	\$251,300 (1.0%)
2, Reverse Trade Mission	\$31,000 (0.0%)	\$79,666 (0.0%)	\$31,000 (0.0%)
Non-Activity Related Expenses	\$65,990 (0.0%)	\$187,009 (1.0%)	\$100,776 (1.0%)

Total Federal Award Expense	\$18,000,000 (100.0%)	\$18,000,000 (100.0%)	\$19,000,000 (100.0%)
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Table 2 states the amount of total grants awarded by activity type in all the three STEP grants in decreasing order. Trade Show Exhibitions have the highest amount of allowable funds in all STEP program of FY 2018, 2019 and 2020. It comprises of around 40 percent of the total grant for all the three STEP programs. Other Export Initiatives ranks second and Foreign Trade mission ranks third in the amount of funds allowed for all STEP grants.

3.2. STEP Activity Data

Tables 3 shows the number and type of activities participated by businesses by each grantee during the last year of STEP 7 (Q9-Q12), last year of STEP 8 (Q5-Q8) grants, and first year of STEP 9 base (Q1-Q4). In FY 2021, STEP awardees reported that a total of 8,189 businesses' activities were supported, with 4,660 (57 percent) of the businesses participated were more focused on Market Expansion (ME), and the rest 3,510 (43 percent) businesses were New to Export (NTE) during FY2021. These businesses can participate in more than one activity so that the numbers reported here are always more that the unique number of unique ESBCs benefited from these three STEP grants.

Having the largest number of firms participating in the activities refers to grantees with higher rates of participation from businesses as well as more frequent activities. For example, the five states with the highest total firms participated in the activities in FY 2021 are: 1) New Jersey (2,992); Washington (488); Maine (473); Montana (340); and Michigan (315). The five states with the highest ME business activities in FY 2021 are the same five, in a slightly different order: 1) New Jersey (1,187); 2) Washington (313); 3) Maine (305); 4) Michigan (212); and Montana (187).

Table 3: STEP 7 Q9-Q12, STEP 8 Q5-Q8 & STEP 9 Q1-Q4 - Number and Type of Activities Performed by ESBCs

State	STEP 7, Q9-Q12		STEP 8 Q5-Q8		STEP 9 Q1-Q4		FY2021		
	Total Firms	Distinct List of Activities	Total Firms	Distinct List of Activities	Total Firms	Distinct List of Activities	NTE Firms	ME Firms	Total Firms
Alabama	0	1,6,9	40	1,6,9	9	1,4,6	16	33	49
Alaska	0	0	0	0	0	0	0	0	0
American Samoa	0	0	0	0	0	0	0	0	0
Arizona	10	5,3,9,2,1,6	77	6,9	61	1,3,4,6,7,9	54	94	148
Arkansas	3	6,1,7	26	1,4,5,6	0	1,4,5,6,7,9	12	17	29
California	93	1,6,9,7	66	1,6,7,9	81	1,6,9	68	172	240
CNMI	2	9,7,3,6	0	0	0	3,6,7,9	4	0	2
Colorado	0	6,9	136	5,9	58	6,9	102	92	194
Connecticut	9	6,3,4,5	44	1,3,4,5,6,7	0	1,3,4,5,6,7	9	44	53
Delaware	0	7,9,1	56	1,7,9	15	1,7,9	18	53	71
DC	0	0	0	0	0	0	0	0	0
Florida	0	0	0	0	0	0	0	0	0
Georgia	0	0	0	0	5	3,4,5,6,7	0	5	5

Guam	127	6,5,9,4,3	0	0	0	0	101	26	127
Hawaii	0	7,9,6	42	6,7,9	87	5,6,7,9	37	92	129
Idaho	0	6,9,7	0	0	65	1,6,7,9	21	44	65
Illinois	3	7,1,9,4	70	1,4,7,9	12	1,4,7,9	28	57	85
Indiana	0	0	42	4,6,9	0	0	20	22	42
Iowa	2	6,1	50	4,5,6,7	2	7,9	8	46	54
Kansas	8	7,6,3,1	0	0	4	3,6,7	3	9	12
Kentucky	19	6,1,9,3,7,4,8	72	3,4,5,6,7,9	33	3,4,5,6,7,9	14	110	124
Louisiana	18	5,6,1	73	1,2,6,7,9	3	1,2,3,4,6,7,9	41	53	94
Maine	66	9,7,5,2,8,6	378	4,7,9	29	4,5,6,7,8,9	168	305	473
Maryland	0	6,9,3	46	3,6,9	0	3,6,9	19	27	46
Massachusetts	2	6,3,4,5,9	37	1,3,4,5,6,9	6	1,3,4,5,6,9	1	0	45
Michigan	0	5,6,9	8	1,4,5,6,7,9	307	1,4,5,6,7,9	94	221	315
Minnesota	1	5	0	0	0	0	1	0	1
Mississippi	0	9,1,8,4,7	124	1,4,8	1	1,4,7,8	15	110	125
Missouri	0	7,4,5,6	10	3,4,5,6,7	4	3,4,5,6,7	2	12	14
Montana	0	7,8,3,5,6,9	25	1,3,4,5,6,7,8,9	315	1,3,5,9	153	187	340
Nebraska	35	6,3,4,9	0	0	0	3,4,5,6,7,9	6	29	35
Nevada	0	6,9,1	25	1,6,9	31	1,4,5,6,7,9	23	33	56
New Hampshire	0	9,7	3	3,6,7,9	39	7,9	12	30	42
New Jersey	0	2,3,6,7,1,4	1503	1,3,4,6,7	1489	1,2,3,4,6,7	1835	1187	2992
New Mexico	13	1,6,7,4	24	3,4,6	0	0	8	28	37
New York	9	1,9,3,4,5,7,6	78	3,5,6,7,9	5	3,4,5,6,7,9	12	80	92
North Carolina	0	6,1,9,7	86	6,7,8,9	127	6,7,9	28	185	213
North Dakota	0	9,6,1	42	1,5,6,8,9	6	3,4,5,6,9	19	29	48
Ohio	12	9	121	9	57	9	23	167	190
Oklahoma	0	0	60	1,4,6,7	0	1,3,6,7	16	44	60
Oregon	0	6,1	38	1,9	0	1,7	6	32	38
Pennsylvania	0	9	36	9	78	7,9	14	100	114
Puerto Rico	19	1,7,2,9	34	9	0	0	27	26	53
Rhode Island	0	1,6,7,4,3,5,8,9	52	3,6,7,8	3	1,3,4,5,6,7,8	10	45	55
South Carolina	45	6,1,3,7,4,5	89	1,3,4,5,6,7	12	6	65	81	146
South Dakota	0	0	0	0	0	0	0	0	0
Tennessee	0	6	0	0	0	0	0	0	0
Texas	36	9,6,1	99	9	67	9	66	136	202
Utah	0	6,1,9,7	12	6,7,9	231	1,2,6,7,9	79	164	243
Vermont	0	6,7,1,9	29	1,6,7,9	5	1,6,7,9	5	29	34
Virgin Islands	0	3,6	0	0	0	0	0	0	0
Virginia	0	1	42	1,5	47	1,5	55	34	89
Washington	0	6,9,7,1,2	28	9	460	1,6,7,8,9	175	313	488
West Virginia	3	9,1,4,3,5	0	0	16	3,4,6,9	3	16	19

Wisconsin	0	1,6	41	1,6,9	14	1	14	41	55
Wyoming	0	0	0	0	6	6,8,9	0	0	6
Total	535	0	3864	0	3790	0	3510	4660	8189

3.3. STEP Utilization Rates

Not all funds that are awarded to grantees each year are expended because grantees have two years to spend their funds. This was an improvement made by SBA to provide grantees with more time to expend the full amount of funding provided, beginning in STEP 6 (FY 2017).

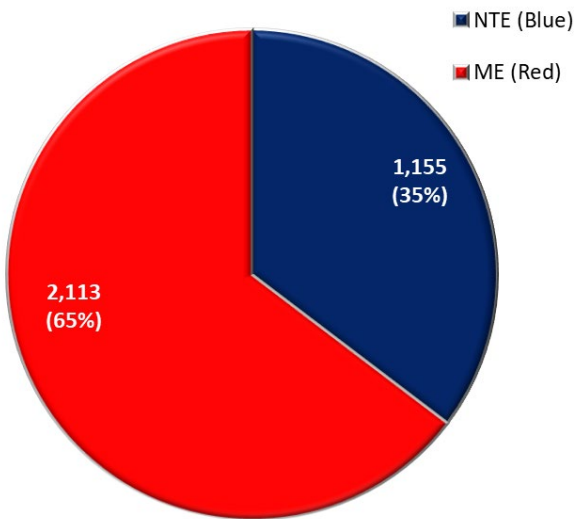
STEP 7 was the only grant extended for an additional third year by the CARES Act due to the pandemic. FY 2021 was the last grant year for both STEP 7 (FY2018 funds) and STEP 8 (FY2019 funds) and they have benefited many ESBCs. As of the end of FY 2021, 96.39 percent of STEP 7 funding (\$17,349,672.96 of \$18,000,000) was utilized and 89.40 percent of STEP 8 (\$16,091,537.34 of \$18,000,000) was utilized.

4. Effects on ESBCs

4.1. Overall Program Reach

The total number of clients assisted in FY 2021 was 3,268. As shown in Figure 2 below, 35 percent (1,155) were NTE firms (in Blue Black) and 65 percent (2,113) were ME firms (in Red).

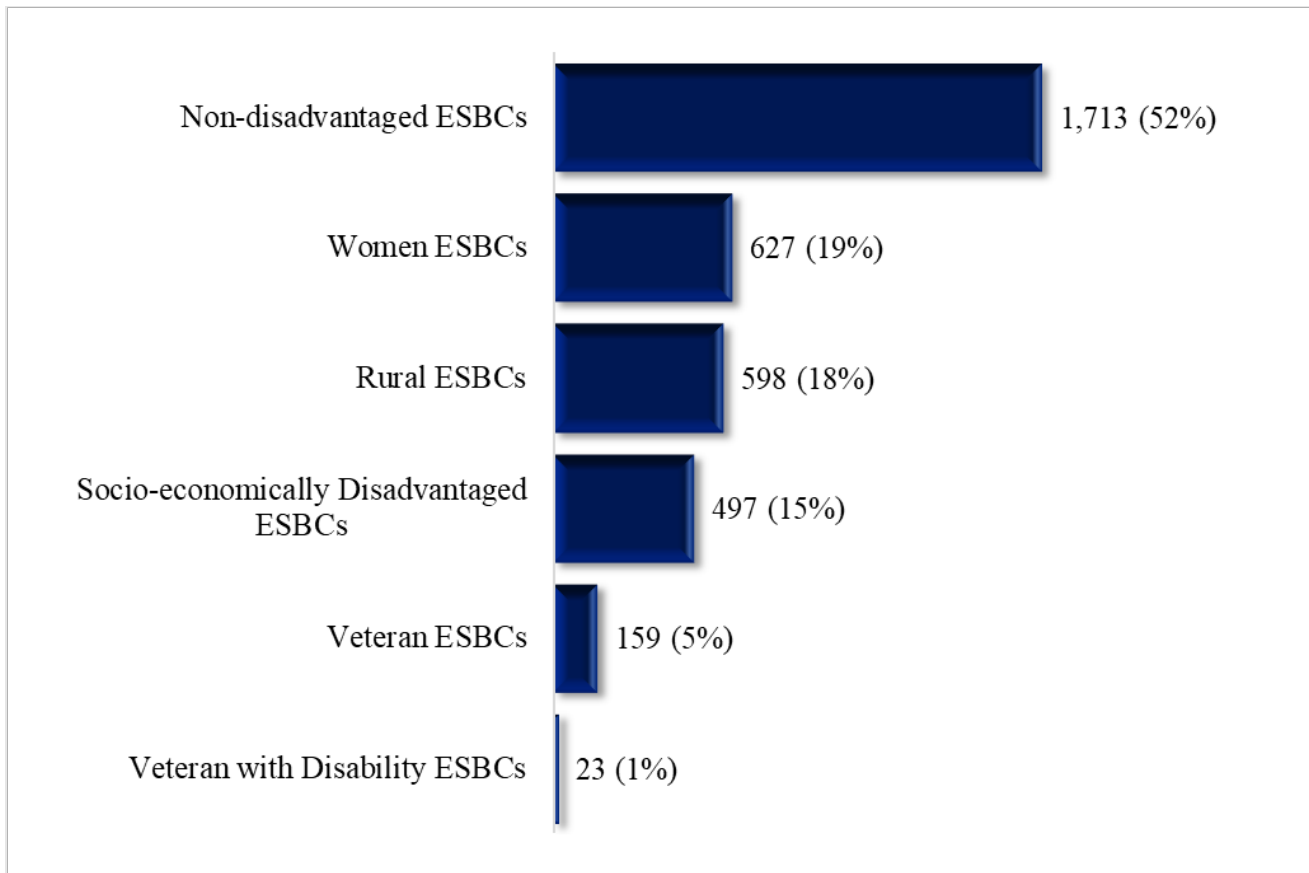
Figure 2. Total Unique Clients, FY 2021



Of these total clients assisted in FY 2021, 52 percent constitute the non-disadvantaged businesses and the rest are underserved businesses who have been using STEP awards to reinforce their export market. These underserved businesses include 19 percent of the total ESBCs being women-owned (627), 18 percent were rural (598), 15 percent were socio-economically disadvantaged ESBCs (497),

and 5 percent were veteran-owned (159), as noted in Figure 3 below⁴.

Figure 3. Total Clients by Demographic Characteristics, FY 2021



During the reporting period, 1,555, or 48 percent of total ESBCs were defined as underserved. The underserved ESBCs include women owned, rural, socio-economically disadvantaged, and veteran businesses. Table 4 below details the total number of clients assisted by STEP grantee from the highest number assisted (Washington) to the lowest three reporting no clients assisted (Minnesota, South Dakota, and Tennessee). The others with no businesses data did not receive grants during the reporting period.

Table 4. Total Clients by STEP Grantee

No	State	NTEs Firms	MEs Firms	Total
1	Washington	93	182	275
2	California	80	166	246
3	Michigan	62	145	207
4	Montana	110	68	178
5	Utah	55	97	152
6	Ohio	19	129	148
7	Maine	88	53	141
8	Colorado	68	69	137
9	North Carolina	20	103	123

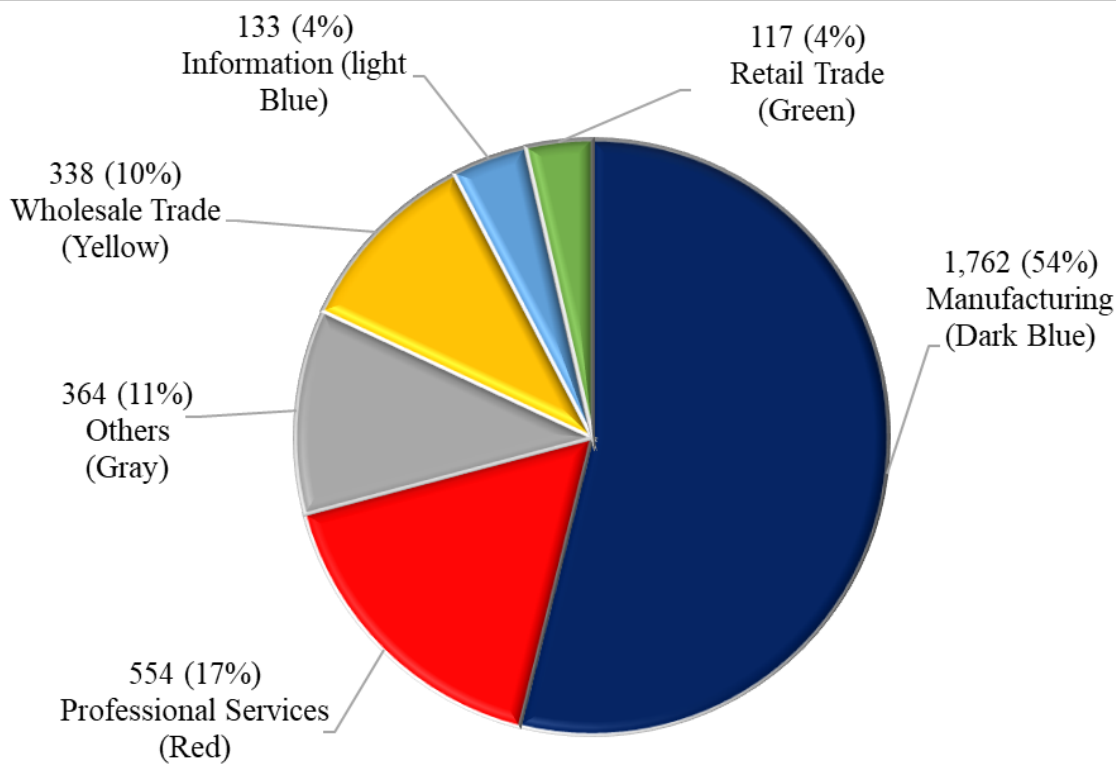
⁴ Clients may report multiple demographic characteristics, e.g. women-owned rural business.

10	Pennsylvania	16	100	116
11	South Carolina	54	57	111
12	New Jersey	25	82	107
13	Virginia	69	35	104
14	Texas	21	82	103
15	Hawaii	43	58	101
16	Arizona	38	53	91
17	Maryland	19	49	68
18	Puerto Rico	29	38	67
19	Louisiana	36	30	66
20	New York	11	42	53
21	Illinois	19	33	52
22	Wisconsin	12	39	51
23	Kentucky	8	36	44
24	Delaware	15	25	40
25	Iowa	5	35	40
26	Mississippi	13	25	38
27	Idaho	11	26	37
28	Alabama	14	21	35
29	New Hampshire	11	24	35
30	New Mexico	9	21	30
31	Oklahoma	7	22	29
32	Nevada	8	20	28
33	Indiana	9	16	25
34	Oregon	5	18	23
35	Rhode Island	7	15	22
36	North Dakota	7	12	19
37	Connecticut	6	13	19
38	West Virginia	3	16	19
39	Missouri	0	19	19
40	Arkansas	8	7	15
41	Vermont	1	11	12
42	Kansas	2	8	10
43	Massachusetts	6	3	9
44	Guam	4	2	6
45	CNMI	5	0	5
46	Wyoming	4	1	5
47	Georgia	0	3	3
48	Virgin Island	0	3	3
49	Nebraska	0	1	1
50	Alaska	0	0	0
51	American Samoa	0	0	0
52	District of Columbia	0	0	0
53	Florida	0	0	0
54	Minnesota	0	0	0
55	South Dakota	0	0	0
56	Tennessee	0	0	0
	Total	1155	2113	3268

The five states with the highest total clients in FY 2021 were: 1) Washington (275); 2) California (246); 3) Michigan (207); 4) Montana (178); and 5) Utah (152). The five states with the highest NTE Clients in FY 2021 are: 1) Montana (110); 2) Washington (93); 3) Maine (88); 4) California (80); and 5) Virginia (69).

Figure 4 shows that, of the total clients assisted in FY 2021, 54 percent were manufacturers, 17 percent were professional, scientific, and technical service providers, 10 percent were wholesale traders, four percent were retail traders, and four percent were information-related clients. There were also many other industries (11 percent) who used the STEP grant to strengthen their exports in the international markets.

Figure 4: Total Clients by Industry Type, FY 2021



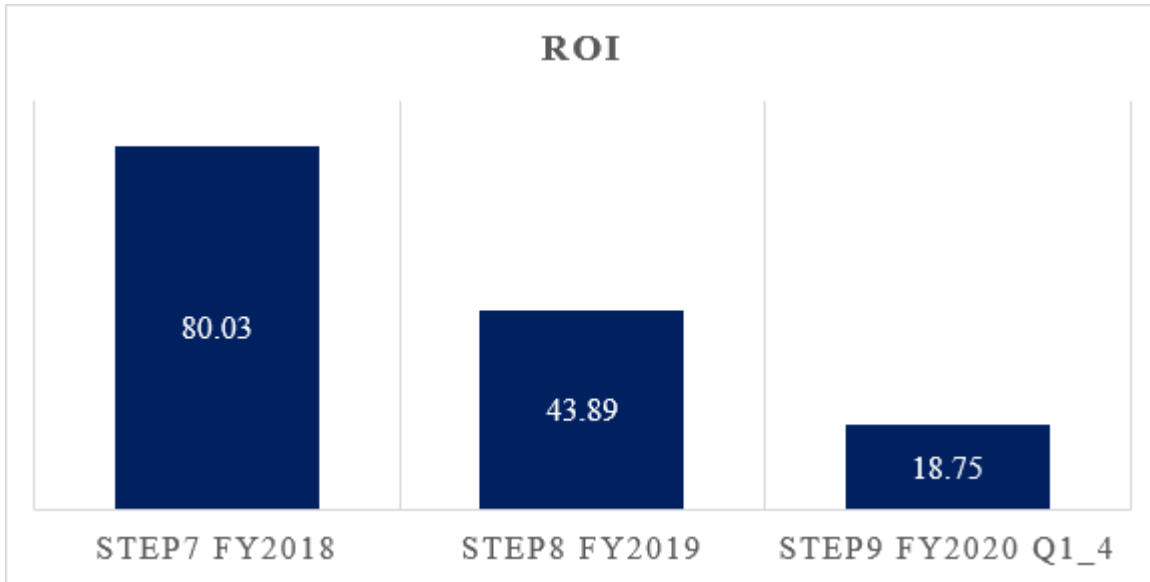
4.2. Export Sales Figures

Effects on ESBCs are measured with actual export sales self-reported by ESBCs in the state receiving the grant. STEP grantees generated a total of \$851.5 million in export sales from the \$19.44 million awarded to them in STEP 9, as of Q4. We have seen a reduction in export sales due to COVID-19 related cancellations of trade missions and trade shows.

5. Return on Investment

Overall return on investment (ROI) for STEP is calculated by exports over appropriations. Figure 5 details the ROI by STEP grant cycle. The data for these three grant cycles represent STEP 7 at 80.03 (overall), STEP 8 at 43.89 (overall), and STEP 9 (Q1-4) is 18.75 which is lower as predicted due COVID-19. Moreover, the ROI for STEP 9 (Q1-4), because it was only for the program’s first four quarters, was calculated by dividing the (Q1-4) export sales by the (Q1-4) expenditures.

Figure 5: Annual Sales Reported to STEP Grants Awarded



SBA also calculates the ROI for each state. Each grantee receives an award for a particular amount, along with a period of time to use the funds. During that time the grantees are responsible for reporting export sales associated with those resources. Thus, the ROI for *each* grantee is calculated by dividing the state's self-reported actual export sales by total funds awarded for the most recent appropriated grants which are STEP 7⁵, STEP 8, and STEP 9.

Table 5 details the ROI by STEP8 grantees from the highest ROI (Michigan) to the lowest three reporting none (New Mexico, Massachusetts, and Idaho). The other states listed below with zero did not have a STEP award that year.

As shown in Table 5, among STEP grantees, Michigan’s ROI of \$328 far exceeds the other grantees. Alabama ranks second with \$147, Connecticut third with \$145, the fourth state was Virginia with \$104, and North Dakota was fifth with \$97. To increase the ROIs for lower ranked grantees, SBA will continue to promote the adoption of best practices of the higher ranked grantees through evaluations, information sharing and data analysis, such as the information outlined below.

⁵ Extended for an additional year due to the pandemic via the CARES Act.

Table 5. ROI by Grantee, STEP 8, Q1 - Q8

No	States and Territories	ROI	No	States and Territories	ROI
1	Michigan	328	29	Oregon	10
2	Alabama	147	30	Puerto Rico	8
3	Connecticut	145	31	Washington	6
4	Virginia	104	32	Rhode Island	5
5	North Dakota	97	33	Arizona	5
6	Arkansas	76	34	Colorado	5
7	New Hampshire	66	35	New York	5
8	North Carolina	59	36	Mississippi	5
9	New Jersey	53	37	MAINE	3
10	Nevada	50	38	Hawaii	1
11	Wisconsin	48	39	Idaho	0
12	Vermont	47	40	Massachusetts	0
13	Illinois	43	41	New Mexico	0
14	Texas	40	42	Alaska	N/A
15	South Carolina	38	43	American Samoa	N/A
16	Ohio	36	44	CNMI	N/A
17	Delaware	35	45	District of Columbia	N/A
18	Maryland	30	46	Florida	N/A
19	Utah	24	47	Georgia	N/A
20	Indiana	24	48	Guam	N/A
21	Pennsylvania	23	49	Kansas	N/A
22	Missouri	23	50	Minnesota	N/A
23	Iowa	19	51	Nebraska	N/A
24	Louisiana	19	52	South Dakota	N/A
25	California	18	53	Tennessee	N/A
26	Kentucky	13	54	Virgin Islands	N/A
27	Oklahoma	13	55	West Virginia	N/A
28	Montana	11	56	Wyoming	N/A

6. Best Practices

6.1. Independent Evaluation Findings

The SBA conducted an evaluation of the STEP Program in 2021 that found that states that participated more years in the STEP program had higher performance (higher exports reported). Best practices reported in the evaluation included having a well-established state infrastructure to support the program, including, for example, an office that manages STEP and also deals with international trade and economic development and leverages partnerships with other state, regional and local agencies. Other best practices included strong marketing and outreach efforts,

particularly personalized guidance, word-of-mouth referrals, and partnership with other agencies to “get the word out” about STEP funding. Finally, grantee efforts to fully utilize available funds was considered a best practice in that funding activities ultimately results in better client outcomes. SBA leaders stated that working closely with and monitoring grantees helps ensure that awarded funds are fully expended.

Other best practices include tracking metrics of success including utilization rates and ROI, maintaining close grant manager/grantee relationships, and clear and consistent communication at all levels (STEP program, grantees, small businesses, state and local partners).

In order to better track STEP data, the SBA developed a web-based reporting system called A-STEP that STEP grantees will use quarterly to submit data. This system will allow the states to input progress report data that can be calculated and reviewed in a better, more secure way. The system will be developed and tested by a working group of states that have been in the program and can provide feedback for the reporting system.

Additionally, the STEP program partnered with the State International Development Organizations, Inc. (SIDO) to provide more technical training for STEP grantees. This partnership has allowed the states a platform to review and implement best practices to reporting on the STEP grant.

Based on state feedback, SBA populated a shared resource portal on called the Box.com that contains all relevant STEP memos, training slides conducted by the STEP program managers, STEP monthly director calls, PowerPoint slides, and forms necessary to perform the functions of the STEP program. The Box.com site also has the financial reporting web-based data system training slides for GrantSolutions, SBA’s shared service provider that supports SBA throughout the grants lifecycle.

In order to encourage best practices, the SBA hosts monthly STEP Directors meetings to share information and lessons learned from high-performing states. The SBA has made efforts to increase marketing opportunities for the STEP program by conducting more speaking engagements with other Federal Government agencies along with private sector outreach that has allowed for more underserved small businesses to know what STEP has to offer. The STEP program has taken steps to update the allowable cost sheet so small businesses can take advantage of more trade opportunities. Additional allowable costs take the burden off of the small business as they travel to business-to-business meetings and trade shows.