

U.S. Small Business Administration

FY 2017 CONGRESSIONAL BUDGET JUSTIFICATION

AND

FY 2015 ANNUAL PERFORMANCE REPORT



PERFORMANCE BUDGET — PERFORMANCE REPORT

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FY 2014 – FY 2018 Strategic Plan Goals and Objectives

Strategic Goal One – Growing Businesses and Creating Jobs

Strategic Goal One has six Strategic Objectives:

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

Strategic Goal Two – Serving as the Voice for Small Business

Strategic Goal Two has three Strategic Objectives:

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

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

Strategic Goal Three has three Strategic Objectives:

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



Overview of Budget Request

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

The FY 2017 budget submission supports SBA's efforts to provide smart, bold, and accessible services to entrepreneurs through strategic efforts to modernize the Agency, enhance customer service, broaden access to affordable financing, and ensure a strong return on the U.S. taxpayers' investment. This budget submission builds on SBA's progress to provide access to capital, high quality consultation, federal contracting opportunities to small businesses, and disaster assistance to disaster survivors. It delivers smart solutions through modern technology, streamlined processes, and a dedicated workforce. It focuses on creating a more inclusive SBA by making services more accessible and delivering expert assistance at every stage of the small business life cycle.

Small businesses and entrepreneurs drive American competitiveness and help grow the economy. The SBA and its resource partners have the tools and experience to help expand the entrepreneurial playing field to more regions, more communities, and more industries. SBA's FY 2017 budget will build on the strong foundation already in place by focusing on several key priorities that support American competitiveness and job creation. These include:

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

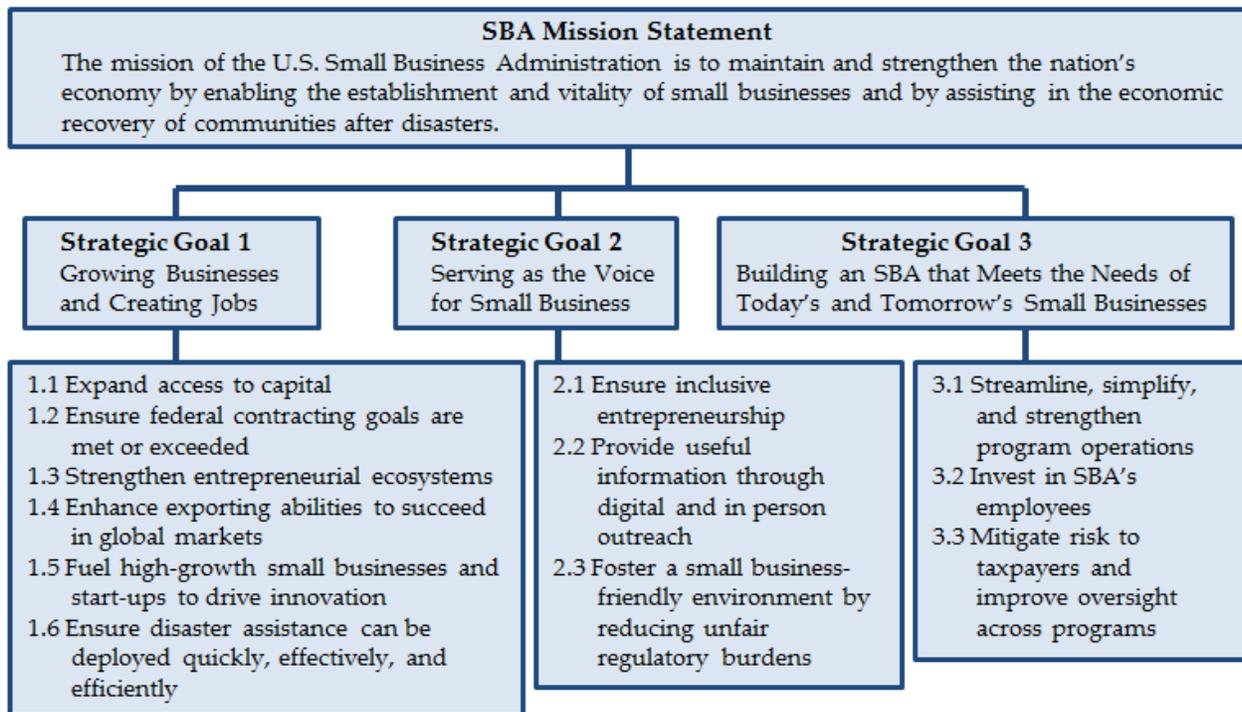
SBA's total budget request for FY 2017 is \$719 million. Of this amount, \$157 million is for business loan administration and subsidy and \$231 million is for entrepreneurial development programs. Beyond this total, an additional \$159 million is requested for disaster loan administration of Stafford Act disasters under the disaster relief cap adjustment authorized in the Budget Control Act. The Budget also proposes

a \$55 million cancellation of prior year unobligated balances related to business loan subsidy for programs that are now zero subsidy.

Under the FY 2017 budget, the SBA will have the capacity to:

- support more than \$42 billion in small business financing;
- deploy nearly \$4 billion in long-term investment capital;
- support more than \$1 billion in loans to disaster victims;
- facilitate access to more than \$90 billion in federal contracting;
- provide advising, mentoring, and training services to more than one million small business owners through a nationwide network of resource partners;
- increase support for exporters, start-ups, and veterans, and expand supply chain initiatives;
- expand the Impact Investment initiative to include investment into innovative manufacturing businesses; and
- if given the mandatory authority, generate \$10 billion (over a five-year period) in matching public-private investment activity for use in scaling up advanced manufacturing technologies.

The FY 2017 budget submission is crafted around the Agency’s *FY 2014-2018 Strategic Plan* that contains SBA’s mission and three strategic goals to guide the Agency’s work in the years ahead:



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

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

Strategic Goal One – Growing Businesses and Creating Jobs

Strategic Objective 1.1 – Capital

Expand access to capital through SBA's extensive lending network

Access to capital is critical to the long-term success of America's small businesses. The top priority at the SBA is to get lending flowing to small businesses. As the economy continues to improve, the SBA is working to ensure that remaining gaps in the commercial markets are filled and that small businesses across the country are well positioned to take advantage of opportunities to grow and expand. The SBA continues to streamline and simplify its loan programs to make its products more attractive and accessible to lenders and borrowers.

In FY 2017, the Agency will support \$42 billion in small business financing through the 7(a) and 504 loan guaranty programs. Due to continued improvement in performance in the loan portfolio, the SBA is not requesting credit subsidy funds for the 7(a) and 504 loan programs. For the 7(a) loan guaranty program, the SBA requests authority to support a program level of \$27 billion. Consistent with other federal credit agencies, the SBA is requesting authority be given to the Administrator to increase lending authority by 15 percent when subsidy is zero and appropriate notice provided to Congress. For 504 loans, the SBA requests authority to support a program level of \$7.5 billion and an additional \$7.5 billion for the 504 Debt Refinancing program.

The SBA has conducted extensive outreach with lenders and borrowers to address the challenges in today's small business lending market. This outreach has focused on concrete ways to reduce barriers, attract new lenders, grow loan volumes of existing lenders, and improve access to capital for small businesses and entrepreneurs. The SBA continues to make technology enhancements, including the implementation of SBAOne and LINC, to better support small business lending.

Strategic Objective 1.2 – Contracting

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

Small business contracting is one of the most important federal programs to help America's small businesses grow and create jobs. The federal government gets to work with some of the most innovative small businesses in America, and small businesses get critical revenue through contracts with federal agencies to build and scale their operations. SBA's goal is to ensure that all federal agencies meet or exceed their targets for federal prime contracting dollars to small businesses, resulting in contract awards that exceed \$90 billion each year. To accomplish this goal, the SBA is improving coordination and communication across the federal government, facilitating matchmaking events, increasing online trainings, and holding senior agency officials accountable for meeting their agencies' small business goals. The Agency continues to simplify access to federal contracting opportunities and to educate small businesses on the contracting opportunities available to them. The SBA is also improving the 8(a) and HUBZone certification processes and data for federal contracting, and continues to work aggressively to reduce fraud, waste, and abuse in small business contracting.

Strategic Objective 1.3 – Entrepreneurship

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

Entrepreneurs and small business owners who receive SBA training, mentoring, and/or advising services increase sales, create more jobs, and have greater economic impacts on their communities. SBA's resource partner network – including 63 small business development centers (SBDC) with more than 900 outreach locations, more than 100 women's business centers (WBC), and more than 11,000 SCORE volunteer business experts nationwide – assists more than one million business owners and entrepreneurs each year, providing valuable advice and mentoring for every stage of business growth and development. To continue supporting this core work, in FY 2017 the Agency requests \$115 million for SBDCs, \$16.7 million for WBCs, and \$10.3 million for SCORE.

The SBA will continue to lead and build partnerships with other agencies and organizations to provide services and foster the growth of entrepreneurial ecosystems across the country. To enhance data collection and evaluation efforts, the SBA seeks to establish unique identifiers for each business supported to better understand relationships between SBA programs and small business success.

To better serve diverse entrepreneur populations across the country, the SBA also supports several initiatives. Regional Innovation Clusters bring small businesses and entrepreneurs together with venture capitalists, universities, and regional industry leaders to leverage a region's unique assets to transform entrepreneurial ideas into sustainable, high-growth small businesses. In FY 2017, the SBA requests \$6 million for Regional Innovation Clusters, which includes funds to conduct program evaluations. The SBA also requests \$10 million to support Entrepreneurship Education initiatives, including Emerging Leaders and ScaleUp.

Strategic Objective 1.4 – Exports

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

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

Expanding the base of small business exporters is a key free trade agreement component of the National Export initiative. To accomplish this initiative, the SBA continues to partner with the Department of Commerce and others on the Trade Promotion Coordination Committee to promote exporting opportunities and trade shows, expand access to trade financing through initiatives such as U.S. Global Business Solutions, and train business counselors and banks on exporting services. The SBA, as part of the Export Promotion Cabinet, is collaborating with other federal agencies to meet the goal of supporting 50,000 new small business exporters by FY 2017.

To further expand exports, the SBA requests \$15 million for the State Trade and Export Promotion (STEP) program. The STEP program awards federal dollars to states and territories to fund eligible small business export development efforts, export trading, and export trade shows.

Strategic Objective 1.5 – High-Growth and Startups

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

High-growth businesses create new, high paying jobs in today's economy. Through longer-term patient capital, regional innovation clusters, federal research and development grants, and export assistance, the SBA plays a critical role in the ongoing success of high-growth small businesses, providing the opportunities that help them create jobs and sustain the cycle of American entrepreneurship and innovation.

Through its Small Business Investment Company (SBIC) Debenture program, the SBA is currently authorized to support up to \$4 billion annually, making the Agency one of the larger players in funding high-growth businesses. To better serve these businesses, the SBA promotes the Impact Investment initiative, which is focused on economically distressed regions, and the Early Stage Fund. Both strategies use the existing SBIC platform and are designed to fill gaps in the current market. SBICs use private capital plus funds borrowed with an SBA guaranty to make investments in qualifying small businesses. As of FY 2015, more than 300 SBICs have in excess of \$24 billion in capital under management.

Manufacturing also plays a central role in realizing the benefits of technological innovation and overall growth of the U.S. economy. To continue growing the economy and supporting innovation, the SBA requests mandatory authority in FY 2017 for \$1.25 billion in subsidy to be spread across five years to create the ScaleUp Manufacturing Investment Company (SUMIC) program. SUMIC will be designed to support innovative advanced manufacturing technologies by financing their growth from prototypes to commercial-scale facilities in the U.S. The program will generate \$10 billion in investment activity across five years, using \$5 billion in loan guaranties and a matching amount of private funds, to bridge a significant portion of the financing gap for small advanced manufacturing startups.

In addition, SBA's Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs continue to have an extraordinary impact on the ability of small businesses to commercialize promising research and development.

The SBA also requests an investment of \$5 million in funding to support the growth accelerators initiative. Through this investment, the SBA will provide funds to either scale existing successful growth accelerators or provide funds to university and private sector accelerators to start a new accelerator program or entrepreneurship ecosystem.

Strategic Objective 1.6 – Disaster Assistance

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

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

Following a disaster, the SBA works closely with its resource partners to provide technical assistance and counseling to small businesses, and to ensure small businesses receive increased opportunities to access federal and local contracting opportunities. The FY 2017 budget request supports a disaster loan volume of \$1.1 billion in direct lending, which is approximately the Agency’s 10-year average based upon normalized activity. The SBA requests \$159 million for administrative expenses resulting from major disasters declared pursuant to a determination of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. This funding will be designated as being for disaster relief under the cap adjustment in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. The Agency requests an additional \$27 million to cover administrative costs of non-Stafford Act or other declared disasters.

Strategic Goal Two – Serving as the Voice for Small Business

Strategic Objective 2.1 – Inclusive Entrepreneurship

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

Underserved communities have difficulty accessing capital, counseling, and federal contracting opportunities as market gaps remain. SBA’s unique products, services, and programs provide a path to business ownership for underserved communities that suffer from disproportionately high levels of unemployment. The FY 2017 budget will support ongoing efforts to ensure that its programs remain accessible to underserved communities. The SBA will continue to work collaboratively with community development partners, credit unions, minority associations, and others to meet underserved market needs. For management and technical assistance programs that serve these communities, the Agency requests \$2 million for Native American outreach, \$12.3 million for veterans business outreach, \$2.8 million for the 7(j) program, and \$3 million for the HUBZone contracting assistance program.

To spur lending in underserved markets in FY 2017, the SBA will continue to waive 100 percent of up-front fees on 7(a) loans up to \$150,000, waive 50 percent of up-front fees on all non-SBA Express loans to qualified veteran-owned businesses up to \$500,000, and waive 100 percent of up-front fees on SBA Express (up to \$350,000) loans to qualified veteran-owned businesses.

The SBA supports key lending programs to underserved markets through the Microloan program, the Community Advantage (CA) pilot program, and the Intermediary Lending pilot program. For the Microloan program, the SBA requests \$4.3 million in credit subsidy to support a program level of \$44

million in loans and \$31 million in technical assistance. With this level of program support, \$63 million of microloans can be made to microborrowers.

Strategic Objective 2.2 – Outreach

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

In an increasingly tech-driven economy, the SBA has taken significant steps to upgrade and enhance its Internet presence to better meet the needs of small businesses and to give entrepreneurs more ways to access the Agency’s tools and resources. Of note, average monthly site visits to SBA.gov exceeded 2 million in FY 2015. In the spirit of Web 2.0 and the Open Government initiative, SBA.gov has been streamlined and simplified to be a user-centric experience with transparency, participation, and collaboration guiding the platform’s development.

The SBA works to ensure that entrepreneurs and small business owners can effectively access and navigate small business programs across the federal government. The Business USA initiative, launched in FY 2012 provides small businesses with an easy to use consolidated web site and toll free telephone number for many government small business resources found in ten federal agencies. The FY 2017 budget continues to support Business USA.

In addition to SBA.gov, the SBA uses its network of field staff and counselors to reach lenders and the small business community. Outreach activities also allow the SBA to connect with other key external stakeholders. The SBA expects to continue efforts with Encore Entrepreneurs and export training. Outreach will continue to be offered to congressional offices, SBA resource partners, and other local, state, and federal partners.

Strategic Objective 2.3 – Reduce Regulatory Burdens

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

The SBA plays a critical role in the Administration’s ongoing efforts to reduce regulatory barriers to entrepreneurship, innovation, and U.S. competitiveness. Through the Office of the National Ombudsman, the SBA helps small businesses understand regulatory burdens and challenges that result from federal agency processes. The SBA collaborates with other federal agencies through outreach events to identify and help address small business regulatory issues.

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

To support intensive business research and analysis, the SBA funds SBDCNet, a national centralized resource within the small business development center network. It produces a broad range of financial, market, and demographic research reports customized to a client’s industry and geographic location for entrepreneurs working with an SBDC business advisor. The SBA also supports the National Women’s Business Council, an independent office within the Agency that produces research on women-owned business and requests \$1.5 million to continue outreach and education.

SBA's Office of Advocacy also serves as an independent voice for small business within the federal government. It represents the interests of small businesses, small organizations, and small governmental jurisdictions. Economic research, policy analyses, and small business outreach help identify issues of concern. The Office of Advocacy provides a separate budget submission that includes descriptions of its strategic goals, accomplishments, performance plan, and budget justification.

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

Strategic Objective 3.1 – Program Operations

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

The SBA works to continuously strengthen and streamline its programs to meet the needs of America's entrepreneurs. For example, the SBA has improved processes for preventing fraud, waste, and abuse and made strategic investments in its physical and IT infrastructure. These ongoing efforts have contributed to improved delivery of services and more efficient processes. The Agency has improved the security of information systems by implementing priority cybersecurity capabilities that include improvements in access credentials, continuous monitoring of information systems, and risk mitigation planning.

The SBA also continues to move from paper-based processes to electronic platforms and to reduce overhead through its efforts to promote effective and efficient operations including reducing travel expenses, consolidating real estate, improving fleet management, and reducing redundancies in IT functions.

The SBA also ensures that it maintains strong financial and performance management standards through its Office the Chief Financial Officer. The Agency promotes effective financial management activities for the SBA including budget, credit subsidy, financial operations, financial systems, internal controls, strategic planning and performance management, and acquisitions.

Strategic Objective 3.2 – Employees

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

The SBA is committed to building a high quality, high performing, and appropriately shaped workforce equipped with the capabilities to effectively service the current and future needs of America's small businesses. The SBA workforce must meet the demands of the future strategic environment in alignment with the Agency's strategic vision and priorities. Ensuring that the SBA workforce is prepared to adapt to the evolving needs of America's small business community requires a focused, sustained, and collaborative effort among the Agency's Office of Human Resources Solutions, program offices, small businesses, and external partners. The SBA will focus its efforts along four primary lines: (1) recruiting a high quality, diverse workforce; (2) developing leaders who can adapt to the dynamic U.S. and global small business environment; (3) realizing SBA's potential to be regarded as one of the best places to work in the federal government; and (4) adopting a human resources information technology infrastructure that will optimize the effectiveness and efficiency of human resource operations.

Strategic Objective 3.3 – Risk Mitigation

Mitigate risk to taxpayers and improve oversight across SBA programs

Taxpayers, including entrepreneurs and small business owners, expect that their tax dollars are being used wisely. SBA programs give taxpayers a strong return on investment and the Agency will continue to find ways to mitigate risk while ensuring that small businesses have access to and fully benefit from the Agency's programs. With an outstanding loan portfolio of nearly \$119 billion, administrative oversight for the government-wide small business contracting program, a network of hundreds of grantee partners delivering consultation services and training to more than a million clients a year, the SBA has an extraordinary responsibility to taxpayers to mitigate risk and conduct oversight of its programs.

The SBA manages risk and improves oversight through robust certification processes to reduce fraud in contracting programs, targeted reviews of financial and counseling partners, and a highly-skilled staff dedicated to sound financial and program management. The SBA takes a zero tolerance stance on fraud, waste, and abuse in its programs. The Agency continues to engage in an extensive review and redesign of both its government contracting and lender oversight activities.

Success Stories



A Taste of Mexico in the Midwest

Melina's Mexican Salsa, LLC
Gretna, Nebraska

The idea for **Elia Rivera's** small business, Melina's Mexican Salsa and Chips, came from her godmother who made homemade salsa. In her first year of business, Elia started making homemade salsa for colleagues but soon outgrew her home kitchen. She then participated in a SCORE pre-business workshop and, through the Women's Business Development Center, found a co-packer to manufacture the salsa in large batches. The product continued to grow in popularity and is now being distributed to grocery stores in Nebraska, Iowa, Illinois, and Indiana. As her business grew, she received a \$5,000 SBA Express loan and today, Elia's business sells nearly \$500,000 in products each year.



New Son of Invention: Doing it Right

intelliPaper LLC
Spokane, Washington

Andrew DePaula is the founder of intelliPaper, the first business in the world to embed digital flash memory inside printing paper. The disposable drive is lightweight, low-cost, and recyclable. An engineer by training, DePaula kept his day job while pursuing his dreams. Through Washington State University's Innovation Assessment Center, he test marketed his business concept which validated his idea. DePaula contacted SBA's Washington State Small Business Development Center to determine how to fund and grow his business using a nonprofit community development financial institution that provides loans to entrepreneurs who have been unable to get capital from traditional lenders. The company employs fewer than ten full-time workers, including DePaula, who says he hopes to grow to 30-35 employees in the future. "My relationship with the WSBDC has been one of the most tangible experiences that I have had," he said.

Marine Training Leads to Lifelong Career



Green Mountain Avionics
Middlebury, Vermont

When **Bill Hanf** was in the U.S. Marine Corps, he received training in avionics, the electronic components of a plane's navigation, communications, weather, and radar systems. After leaving the service, Hanf used his training to work in the private sector and eventually decided to start his own business. From the start, he received counseling and training from the SBA Vermont Small Business Development Center and, in 2011 he started Green Mount Avionics at Middlebury Airport. Hanf secured three SBA-guaranteed 7(a) loans for business start-up, leasing, and equipment and inventory purchasing. Today, the business is growing and projects are booked months in advance. Green Mountain Avionics is the *SBA 2015 Vermont Veteran-Owned Business of the Year*.

Understanding the Budget Tables

This budget request is being submitted in accordance with the FY 2017 budget guidance memoranda from the Office of Management and Budget.

Table 1 – Summary of New Budget Authority

This table shows the actual obligations for funding appropriated by Congress for FY 2015, the FY 2016 enacted budget, and the requested funding for FY 2017. New budget authority is different from total funding in that it does not include funds carried over from year to year and other sources of funding, such as fees and reimbursable expenses.

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

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

Tables 2 - 5 – Salaries and Expenses Budget

The top portion of Table 2 shows the sources of funds for the Salaries and Expenses Budget first by appropriation from Table 1 and then supplemented by all other sources. The bottom portion of Table 2 identifies the major expenditures of the Salaries and Expenses Budget. The following are the major categories:

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

Summary of Changes in the Agency Operating Budget (Table 5) is a reconciliation of the amounts needed for the Salaries and Expenses operating budget shown in Table 2. The Summary of Changes section shows the major reasons for a requested increase or decrease in funding.

Table 6 – Entrepreneurial Development Programs

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

Table 7 – Sources of Funds: Appropriation Detail

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

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

Table 8 – Summary of Credit Programs and Revolving Fund

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

Table 9 – Full Time Equivalent Employees

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

Table 10 – Total Cost by Program and Activity

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

Budget Tables

Table 1
FY 2017 Congressional Budget Justification
 SUMMARY OF NEW BUDGET AUTHORITY
 (Dollars in Thousands)

	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	FY 2017 Incr/Decr
Gross New Budget Authority				
Salaries and Expenses	\$ 257,000	\$ 268,000	\$ 275,033	\$ 7,033
Entrepreneurial Development Programs	\$ 220,000	\$ 231,100	\$ 230,600	\$ (500)
Business Loan Program				
<i>Administration</i>	\$ 147,726	\$ 152,726	\$ 152,726	\$ -
<i>Loan Subsidy</i>	\$ 47,500	\$ 3,338	\$ 4,338	\$ 1,000
<i>Business Loan Program - Total</i>	\$ 195,226	\$ 156,064	\$ 157,064	\$ 1,000
Disaster Loan Program ^{1\}				
<i>Administration - Stafford Act Disaster</i>	\$ 154,636	\$ 158,829	\$ 158,829	\$ -
<i>Administration - Non-Stafford Act Disaster</i>	\$ 32,222	\$ 28,029	\$ 27,148	\$ (881)
<i>Administration - Total</i>	\$ 186,858	\$ 186,858	\$ 185,977	\$ (881)
Inspector General	\$ 19,400	\$ 19,900	\$ 19,900	\$ -
Office of Advocacy	\$ 9,120	\$ 9,120	\$ 9,320	\$ 200
Surety Bond Guarantee	\$ -	\$ -	\$ -	\$ -
Total, Gross New Budget Authority, Excluding Stafford Act Disaster Funding	\$ 732,968	\$ 712,213	\$ 719,065	\$ 6,852
Total, Gross New Budget Authority, Including Stafford Act Disaster Funding	\$ 887,604	\$ 871,042	\$ 877,894	

1\ The request for Stafford Act Disaster administrative expenses is provided under the disaster relief cap adjustment authorized in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011. These funds will be used for administrative expenses resulting from major disasters pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act. While the FY 2016 appropriation bill did not show the split between Stafford and Non-Stafford, SBA displayed the breakdown for comparative purposes.

Table 2
FY 2017 Congressional Budget Justification
SALARIES & EXPENSES BUDGET
SOURCES and EXPENDITURES

(Dollars in Thousands)

	FY 2015	FY 2016	FY 2017	FY 2017
	Actual	Enacted	Request	Incr/Decr
SOURCES: Salaries & Expenses Budget				
Salaries and Expenses Appropriation	\$ 257,000	\$ 268,000	\$ 275,033	\$ 7,033
Transfer to Entrepreneurial Development Programs Appropriation	\$ (690)			
Business Loan Administration Appropriation	\$ 147,726	\$ 152,726	\$ 152,726	\$ -
Subtotal, Appropriated Funds	\$ 404,036	\$ 420,726	\$ 427,759	\$ 7,033
Transfer from Disaster Loans	\$ 9,000	\$ 9,000	\$ 9,000	\$ -
Carryover	\$ (5,338)	\$ -	\$ -	\$ -
Reimbursable Expenses	\$ 676	\$ 700	\$ 700	\$ -
Estimated Fee Income	\$ 19,275	\$ 19,100	\$ 19,100	\$ -
Recoveries and Unobligated Balances	\$ (698)	\$ -	\$ -	\$ -
Business Transfer	\$ 175	\$ 234	\$ 304	\$ 70
Total Sources of Funds	\$ 427,126	\$ 449,760	\$ 456,863	\$ 7,103
EXPENDITURES: Salaries & Expenses Budget				
Office Operating Budgets ^{1\}	\$ 123,626	\$ 100,778	\$ 100,778	\$ -
Agency-Wide Costs	\$ 50,598	\$ 63,864	\$ 67,057	\$ 3,193
Compensation and Benefits ^{1\}	\$ 252,226	\$ 284,418	\$ 288,328	\$ 3,910
Subtotal, Agency Operating Budget	\$ 426,450	\$ 449,060	\$ 456,163	\$ 7,103
Additional Operating Expenses				
Reimbursable Expenses	\$ 676	\$ 700	\$ 700	\$ -
Total Expenditures of Funds	\$ 427,126	\$ 449,760	\$ 456,863	\$ 7,103

1\ Compensation and benefits costs in FY 2015 reflect reduced staffing levels due to a VERA/VSIP executed at the end of FY 2014. This temporary reduction in staffing costs allowed the agency to make long-term investments in IT infrastructure and cybersecurity technology included in operating budgets during FY 2015.

Table 3
FY 2017 Congressional Budget Justification
OFFICE OPERATING BUDGETS
(Dollars in Thousands)

	FY 2015	FY 2016	FY 2017	FY 2017
	Actual	Enacted	Request	Incr/Decr
Executive Direction ^{1\}	\$ 23,072	\$ 22,422	\$ 24,257	\$ 1,835
Capital Access	\$ 7,919	\$ 8,114	\$ 7,429	\$ (685)
Credit Risk Management	\$ 22,190	\$ 20,992	\$ 20,722	\$ (270)
Investments & Innovation	\$ 5,549	\$ 5,550	\$ 4,423	\$ (1,127)
Gov't Contracting/Business Development	\$ 4,084	\$ 3,300	\$ 2,520	\$ (780)
Entrepreneurial Development	\$ 2,865	\$ 1,250	\$ 4,187	\$ 2,937
Chief Operating Office	\$ 10,047	\$ 8,200	\$ 7,800	\$ (400)
Chief Information Officer ^{2\}	\$ 43,320	\$ 26,000	\$ 24,700	\$ (1,300)
International Trade	\$ 903	\$ 750	\$ 750	\$ -
Regional and District Offices	\$ 3,677	\$ 4,200	\$ 3,990	\$ (210)
Total	\$ 123,626	\$ 100,778	\$ 100,778	\$ -

1\ Executive Direction includes the Office of the Administrator, Office of General Counsel, Office of Congressional & Legislative Affairs, Office of Hearings & Appeals, Office of Communications & Public Liaison, Office of the Chief Financial Officer, Office of the National Ombudsman, Office of Veterans Business Development, and Office of Intergovernmental Affairs.

2\ FY 2015 spending by the Office of the Chief Information Officer reflects long-term investments in IT infrastructure and cybersecurity technology made possible by reduced staffing costs in FY 2015 due to a VERA/VSIP executed at the close of FY 2014.

Table 4
FY 2017 Congressional Budget Justification

AGENCY-WIDE COSTS

(Dollars in Thousands)

	FY 2015	FY 2016	FY 2017	FY 2017
	Actual	Enacted	Request	Incr/Decr
Express Mail	\$ 275	\$ 496	\$ 496	\$ -
Judgment Fund	\$ 51	\$ 763	\$ 763	\$ -
Office Security	\$ 3,911	\$ 4,548	\$ 4,775	\$ 227
Performance Awards	\$ 2,045	\$ 2,912	\$ 2,912	\$ -
Postage	\$ 172	\$ 680	\$ 680	\$ -
Reasonable Accommodations	\$ 126	\$ 150	\$ 150	\$ -
Relocation	\$ 5	\$ -	\$ -	\$ -
Rent	\$ 34,991	\$ 42,038	\$ 44,395	\$ 2,357
Telecommunications	\$ 5,634	\$ 6,551	\$ 6,879	\$ 328
Transit Subsidy	\$ 1,259	\$ 2,812	\$ 3,093	\$ 281
Unemployment Compensation	\$ 327	\$ 814	\$ 814	\$ -
Workers Compensation	\$ 1,802	\$ 2,100	\$ 2,100	\$ -
Total	\$ 50,598	\$ 63,864	\$ 67,057	\$ 3,193

Table 5
FY 2017 Congressional Budget Justification
SUMMARY OF CHANGES - Agency Operating Budget
(Dollars in Thousands)

Agency Operating Budget	
FY 2016 Enacted	\$ 449,060
FY 2017 Request	<u>\$ 456,163</u>
Change - Increase/(Decrease)	<u>\$ 7,103</u>
 Summary of Changes:	
Mandatory salary and other pay adjustments	\$ 3,910
Increase in Agency-wide costs	\$ 3,193
 Total Change - Increase/(Decrease)	 <u>\$ 7,103</u>

Table 6
FY 2017 Congressional Budget Justification
Entrepreneurial Development Programs
(Dollars in Thousands)

	FY 2015	FY 2016	FY 2017	FY 2017
	Actual	Enacted	Request	Incr/Decr
7(j) Technical Assistance Program	\$ 2,441	\$ 2,800	\$ 2,800	\$ -
Entrepreneurship Education	\$ 6,711	\$ 10,000	\$ 10,000	\$ -
Growth Accelerators	\$ 3,950	\$ 1,000	\$ 5,000	\$ 4,000
HUBZone Program	\$ 2,561	\$ 3,000	\$ 3,000	\$ -
Microloan Technical Assistance	\$ 22,247	\$ 25,000	\$ 31,000	\$ 6,000
National Women's Business Council	\$ 958	\$ 1,500	\$ 1,500	\$ -
Native American Outreach	\$ 1,924	\$ 2,000	\$ 2,000	\$ -
PRIME Technical Assistance	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Regional Innovation Clusters	\$ 5,936	\$ 6,000	\$ 6,000	\$ -
SCORE	\$ 8,000	\$ 10,500	\$ 10,300	\$ (200)
Small Business Development Centers (SBDC)	\$ 114,895	\$ 117,000	\$ 115,000	\$ (2,000)
State Trade & Export Promotion (STEP)	\$ 17,400	\$ 18,000	\$ 15,000	\$ (3,000)
Veterans Outreach ^{1\}	\$ 10,733	\$ 12,300	\$ 12,300	\$ -
Women's Business Centers (WBC)	\$ 14,500	\$ 17,000	\$ 16,700	\$ (300)
 Total, Entrepreneurial Development Programs	 \$ 217,256	 \$ 231,100	 \$ 230,600	 \$ (500)

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

Table 7
FY 2017 Congressional Budget Justification
SOURCES OF FUNDS: APPROPRIATION DETAIL
(Dollars in Thousands)

	FY 2015	FY 2016	FY 2017	FY 2017
	Actual	Enacted	Request	Incr/Decr
Salaries and Expenses Appropriation				
Net New Budget Authority	\$ 257,000	\$ 268,000	\$ 275,033	\$ 7,033
Carryover from prior year	\$ 34,550	\$ 39,888	\$ 39,888	\$ -
Carryover into next fiscal year	\$ (39,888)	\$ (39,888)	\$ (39,888)	\$ -
Transfer from Business Loans	\$ 147,726	\$ 152,726	\$ 152,726	\$ -
Transfer from Business Microloans	\$ 175	\$ 234	\$ 304	\$ 70
Transfer from Disaster Loans	\$ 9,000	\$ 9,000	\$ 9,000	\$ -
Transfer to EDPA	\$ (690)	\$ -	\$ -	\$ -
Reimbursable Expenses	\$ 676	\$ 700	\$ 700	\$ -
Estimated Fee Income	\$ 19,275	\$ 19,100	\$ 19,100	\$ -
Recoveries & Unobligated balances	\$ (698)	\$ -	\$ -	\$ -
Total Budget Authority	\$ 427,126	\$ 449,760	\$ 456,863	\$ 7,103
Entrepreneurial Development Program Appropriation				
Net New Budget Authority	\$ 220,000	\$ 231,100	\$ 230,600	\$ (500)
Transfer from Salaries & Expenses	\$ 690	\$ -	\$ -	\$ -
Carryover from prior year	\$ 3,844	\$ 7,410	\$ -	\$ (7,410)
Carryover into next fiscal year	\$ (7,410)	\$ -	\$ -	\$ -
Recoveries & Unobligated balances	\$ 132	\$ -	\$ -	\$ -
Total Budget Authority	\$ 217,256	\$ 238,510	\$ 230,600	\$ (7,910)
Business Loans Appropriation				
<i>Administrative Expenses</i>				
New Budget Authority	\$ 147,726	\$ 152,726	\$ 152,726	\$ -
Transfer to Salaries & Expenses	\$ (147,726)	\$ (152,726)	\$ (152,726)	\$ -
Total Budget Authority	\$ -	\$ -	\$ -	\$ -
<i>Loan Subsidy</i>				
New Budget Authority	\$ 47,500	\$ 3,338	\$ 4,338	\$ 1,000
Carryover from prior fiscal year	\$ 66,199	\$ 94,604	\$ 94,604	\$ -
Carryover into next fiscal year	\$ (94,604)	\$ (94,604)	\$ (39,604)	\$ 55,000
Subsidy Cancellation	\$ -	\$ -	\$ (55,000)	\$ (55,000)
Transfer to Salaries & Expenses	\$ (175)	\$ (234)	\$ (304)	\$ (70)
Recoveries, Reprogramming & Other Adjustments	\$ 10,358	\$ -	\$ -	\$ -
Total Budget Authority	\$ 29,278	\$ 3,105	\$ 4,034	\$ 930

Table 7
FY 2017 Congressional Budget Justification
SOURCES OF FUNDS: APPROPRIATION DETAIL

(Dollars in Thousands)

	FY 2015	FY 2016	FY 2017	FY 2017
	Actual	Enacted	Request	Incr/Decr
Disaster Assistance Appropriation				
<i>Administrative Expenses</i>				
New Budget Authority-Stafford Act	\$ 154,636	\$ 158,829	\$ 158,829	\$ -
New Budget Authority-Non Stafford Act	\$ 32,222	\$ 28,029	\$ 27,148	\$ (881)
New Budget Authority, Total	\$ 186,858	\$ 186,858	\$ 185,977	\$ (881)
Carryover from prior fiscal year	\$ 201,136	\$ 207,664	\$ 207,664	\$ -
Carryover into next fiscal year	\$ (207,664)	\$ (207,664)	\$ (207,664)	\$ -
Recoveries & Other Adjustments	\$ 11,791	\$ -	\$ -	\$ -
Transfer to Inspector General	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ -
Transfer to Salaries & Expenses	\$ (9,000)	\$ (9,000)	\$ (9,000)	\$ -
Total Budget Authority	\$ 182,121	\$ 176,858	\$ 175,977	\$ (881)
<i>Loan Subsidy</i>				
Carryover from prior fiscal year	\$ 738,382	\$ 705,557	\$ 587,457	\$ (118,100)
Carryover into next fiscal year	\$ (705,557)	\$ (587,457)	\$ (443,837)	\$ 143,620
Recoveries & Other Adjustments	\$ 3,594	\$ 15,000	\$ 15,000	\$ -
Total Budget Authority	\$ 36,419	\$ 133,100	\$ 158,620	\$ 25,520
Inspector General Appropriation				
New Budget Authority	\$ 19,400	\$ 19,900	\$ 19,900	\$ -
Carryover from prior fiscal year	\$ 6,603	\$ 5,769	\$ 4,623	\$ (1,146)
Carryover into next fiscal year	\$ (5,769)	\$ (4,623)	\$ (3,396)	\$ 1,227
Recoveries & Unobligated balances	\$ (1,339)	\$ -	\$ -	\$ -
Transfer from Disaster	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Total Budget Authority	\$ 19,895	\$ 22,046	\$ 22,127	\$ 81
Office of Advocacy Appropriation				
New Budget Authority	\$ 9,120	\$ 9,120	\$ 9,320	\$ 200
Carryover from prior fiscal year	\$ 817	\$ 817	\$ 817	\$ -
Carryover into next fiscal year	\$ (817)	\$ (817)	\$ (817)	\$ -
Total Budget Authority	\$ 9,120	\$ 9,120	\$ 9,320	\$ 200
Total Financing Available	\$ 921,215	\$ 1,032,498	\$ 1,057,541	\$ 25,043

Table 8
FY 2017 Congressional Budget Justification
SUMMARY OF CREDIT PROGRAMS & REVOLVING FUND
(Dollars in Millions)

	PROGRAM LEVEL			SUBSIDY AMOUNT			SUBSIDY RATE		
	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
Guarantied Business Loans									
Section 7(a) Guaranty	\$ 21,860	\$ 26,500	\$ 27,000	\$ 0.0	\$ 0.0	\$ 0.0	0.00%	0.00%	0.00%
Section 504 CDC Guaranty	4,306	7,500	7,500	25.8	0.0	0.0	0.60%	0.00%	0.00%
Section 504 Loan Refinancing	N/A	7,500	7,500	0.0	0.0	0.0	0.00%	0.00%	0.00%
SBIC - Debentures	2,553	4,000	4,000	0.0	0.0	0.0	0.00%	0.00%	0.00%
Total	\$ 28,719	\$ 45,500	\$ 46,000	\$ 25.8	\$ 0.0	\$ 0.0			
Direct Business Loans									
Microloan Direct Program	\$ 34	\$ 35	\$ 44	\$ 3.4	\$ 3.3	\$ 4.3	10.12%	8.87%	9.08%
Total Business Loans	\$ 28,753	\$ 45,535	\$ 46,044	\$ 29.2	\$ 3.3	\$ 4.3			
Secondary Market Guaranties	\$ 6,237	\$ 12,000	\$ 12,000	\$ 0.0	\$ 0.0	\$ 0.0	0.00%	0.00%	0.00%
Disaster Assistance ^{1\}	\$ 293	\$ 1,100	\$ 1,100	\$ 0.0	\$ 0.0	\$ 0.0	12.43%	12.10%	14.42%
Surety Bond Guarantee Program	\$ 1,338	\$ 6,000	\$ 6,000	\$ 0.0	\$ 0.0	\$ 0.0	N/A	N/A	N/A
Immediate Disaster Assistance ^{1\}	\$ 0	\$ 0	\$ 18	\$ 0.0	\$ 0.0	\$ 0.0	N/A	N/A	1.91%
Expedited Disaster Assistance ^{1\}	\$ 0	\$ 0	\$ 59	\$ 0.0	\$ 0.0	\$ 0.0	N/A	N/A	2.25%

1\Program level is supported by subsidy funds carried over from prior years.

Table 9
FY 2017 Congressional Budget Justification
 FULL TIME EQUIVALENT (FTE) EMPLOYEES

	FY 2015	FY 2016	FY 2017	FY 2017
	Actual	Enacted	Request	Incr/Decr
Regular Funds	1,944	2,155	2,155	-
Entrepreneurial Development Programs	22	31	31	-
Sub-Total, Regular S&E	1,966	2,186	2,186	-
Disaster Loan Making	837	800	800	-
Disaster Loan Servicing	154	170	170	-
Sub-Total, Disaster	991	970	970	-
Office of Advocacy	46	46	46	-
Inspector General	103	110	110	-
Total	3,106	3,312	3,312	-

Table 10
FY 2017 Congressional Budget Submission
TOTAL COST BY PROGRAM AND ACTIVITY
(Dollars in Thousands)

	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request	FY 2017 Incr/Decr
<u>Capital Programs</u>				
7(a) Loans				
Loan Making	\$ 37,681	\$ 39,460	\$ 39,542	\$ 82
Loan Servicing	\$ 6,012	\$ 6,296	\$ 6,309	\$ 13
Loan Liquidation	\$ 19,320	\$ 20,233	\$ 20,275	\$ 42
Subtotal	\$ 63,013	\$ 65,989	\$ 66,126	\$ 137
504 Loans				
Loan Making	\$ 23,128	\$ 24,221	\$ 24,271	\$ 50
Loan Servicing	\$ 4,241	\$ 4,442	\$ 4,451	\$ 9
Loan Liquidation	\$ 12,649	\$ 13,246	\$ 13,274	\$ 27
Subtotal	\$ 40,018	\$ 41,909	\$ 41,996	\$ 87
Microloans				
Loan Making	\$ 4,227	\$ 4,426	\$ 4,436	\$ 9
Loan Servicing	\$ 397	\$ 416	\$ 417	\$ 1
Loan Liquidation	\$ 7	\$ 7	\$ 7	\$ -
Microloan Technical Assistance	\$ 30,968	\$ 33,718	\$ 39,718	\$ 6,000
Subtotal	\$ 35,599	\$ 38,567	\$ 44,578	\$ 6,010
Prime Technical Assistance	\$ 6,931	\$ 7,259	\$ -	\$ (7,259)
Surety Bond Program	\$ 4,594	\$ 4,811	\$ 4,821	\$ 10
Intermediary Lending Pilot Program	\$ 74	\$ 74	\$ 74	\$ -
Lender Oversight	\$ 29,840	\$ 31,250	\$ 31,315	\$ 65

Table 10
FY 2017 Congressional Budget Submission
TOTAL COST BY PROGRAM AND ACTIVITY
(Dollars in Thousands)

	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request	FY 2017 Incr/Decr
<u>Contracting Programs</u>				
7(J) Program	\$ 4,444	\$ 4,654	\$ 4,664	\$ 10
8(A) Program	\$ 55,600	\$ 58,226	\$ 58,347	\$ 121
HUBzone Program	\$ 15,225	\$ 15,725	\$ 15,725	\$ -
Prime Contracting Assistance	\$ 18,011	\$ 18,862	\$ 18,901	\$ 39
Womens Business Program	\$ 1,092	\$ 1,143	\$ 1,146	\$ 2
Subcontracting Program	\$ 6,054	\$ 6,340	\$ 6,353	\$ 13
Subtotal	\$ 100,426	\$ 104,950	\$ 105,135	\$ 185
<u>Entrepreneurship Programs</u>				
SCORE	\$ 13,326	\$ 15,826	\$ 15,626	\$ (200)
Small Business Development Centers	\$ 121,627	\$ 123,627	\$ 121,627	\$ (2,000)
Native American Outreach	\$ 4,787	\$ 5,013	\$ 5,024	\$ 10
Women's Business Ownership	\$ 23,143	\$ 25,643	\$ 25,343	\$ (300)
Entrepreneurship Education	\$ 12,811	\$ 15,811	\$ 15,844	\$ 33
Subtotal	\$ 175,694	\$ 185,921	\$ 183,464	\$ (2,457)
<u>Export Programs</u>				
International Trade Promotion	\$ 9,025	\$ 9,451	\$ 9,471	\$ 20
STEP Program	\$ 19,563	\$ 20,163	\$ 17,163	\$ (3,000)
Subtotal	\$ 28,588	\$ 29,615	\$ 26,634	\$ (2,980)
<u>Investment Programs</u>				
SBIC Loans				
Loan Making	\$ 4,967	\$ 5,202	\$ 5,212	\$ 11
Loan Servicing	\$ 6,995	\$ 7,326	\$ 7,341	\$ 15
Loan Liquidation	\$ 3,947	\$ 4,134	\$ 4,143	\$ 9
Subtotal	\$ 15,910	\$ 16,661	\$ 16,696	\$ 35
Growth Accelerators	\$ 3,987	\$ 1,175	\$ 5,173	\$ 3,998
SBIR/STTR Programs	\$ 9,650	\$ 10,506	\$ 10,527	\$ 21

Table 10
FY 2017 Congressional Budget Submission
TOTAL COST BY PROGRAM AND ACTIVITY
(Dollars in Thousands)

	FY 2015	FY 2016	FY 2017	FY 2017
	Actual	Enacted	Request	Incr/Decr
<u>Disaster Assistance Program</u>				
Loan Making - Disaster	\$ 189,561	\$ 198,515	\$ 198,927	\$ 412
Loan Servicing - Disaster	\$ 36,151	\$ 37,858	\$ 37,937	\$ 79
Subtotal	\$ 225,712	\$ 236,373	\$ 236,863	\$ 490
<u>Veterans Programs</u>				
Veterans Business Development	\$ 23,366	\$ 25,166	\$ 25,219	\$ 52
<u>Executive Direction</u>				
National Womens Business Council	\$ 1,963	\$ 2,463	\$ 2,468	\$ 5
Ombudsman	\$ 1,804	\$ 1,890	\$ 1,894	\$ 4
Faith Based Initiatives	\$ 153	\$ 160	\$ 160	\$ -
Subtotal	\$ 3,920	\$ 4,512	\$ 4,522	\$ 9
<u>Regional and District Office Programs</u>				
Field Offices - Counseling	\$ 16,270	\$ 17,039	\$ 17,074	\$ 35
Field Offices - Training	\$ 31,162	\$ 32,634	\$ 32,702	\$ 68
Subtotal	\$ 47,432	\$ 49,673	\$ 49,776	\$ 103
<u>Other</u>				
Inspector General	\$ 27,661	\$ 28,161	\$ 28,220	\$ 58
Advocacy	\$ 13,103	\$ 13,722	\$ 13,750	\$ 28
Subtotal	\$ 40,764	\$ 41,883	\$ 41,970	\$ 87
Total Obligations	\$ 855,518	\$ 896,294	\$ 894,887	\$ (1,407)

FY 2017 Performance Plan and FY 2015 Performance Report

Overview

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

The SBA manages its performance through the development and analysis of executive dashboards that contain key metrics, rigorous data-driven quarterly performance reviews to discuss progress toward Priority and Performance Goals, and frequent reviews of strategies and initiatives by senior leadership. With an annual budget of \$878 million including Stafford Act disaster funding in FY 2017, the Small Business Administration will support more than \$42 billion in small business loans, help facilitate 23 percent of all federal contracting dollars to small businesses, counsel and train more than one million small business owners or potential owners, support more than \$1 billion in loans to disaster survivors, and nurture thousands of high-growth companies with up to \$4 billion in long-term capital.

FY 2015 Progress Update

The GPRA Modernization Act of 2010 requires an annual review of performance goals and strategic objectives. The SBA conducted its second annual review in FY 2015 to gauge progress against the Agency's strategic plan using performance data and other evidence to assess the progress of each strategic objective in an effort to improve program outcomes. The senior leadership team reviewed a broad range of evidence, identified key successes, challenges, risks, and opportunities, and developed a summary of findings to guide future actions.

The results of the review helped identify two strategic objectives making noteworthy progress and one strategic objective as a focus area for improvement. First, Strategic Objective 1.2 (contracting) has made noteworthy progress because of its current performance toward the Priority Goal to ensure that 23 percent of federal contract dollars are awarded to small businesses. The federal government continues to surpass its small business contracting goal and its goals for small disadvantaged businesses and service-disabled veteran-owned businesses. These successes are attributable to outreach and surveillance reviews between the SBA and other federal agencies. While some challenges remain for data integrity, the Agency continues to develop new platforms to ensure that small businesses receive their share of federal contracts.

The Agency also identified Strategic Objective 1.6 (disaster assistance) as an area of noteworthy progress. The SBA continues to improve disaster assistance by integrating user-friendly technology and streamlining the loan application process. New training has been developed to ensure consistent outreach across the country, and the customer satisfaction ratings are some of the highest across federal programs. At the same time, the Agency has implemented several process improvements to its disaster response playbook following the response to Hurricane Sandy.

The Agency identified Strategic Objective 3.1 (program operations – information technology) as an area of focused improvement. Through the strategic reviews, many program offices within the Agency

identified information technology issues as hurdles to their progress. Some offices faced limits in outdated technology or the lack of an information system to streamline processes. Integrated efforts need to be developed to ensure that all parts of the SBA have the ability to complete their work using information technology and maintain an ability to collect and retrieve accurate, quality data in a timely manner.

From the review, the SBA also identified several common successes and best practices that include continued streamlining of policies and greater automation of processes with a focus on improving customer service. The Agency continued to streamline the 7(a) and 504 loan processes, disaster loan process, and ombudsman case filing. These modifications ensured greater accountability by connecting program outcomes with the leaders of the respective strategic objectives. The SBA consulted with the Office of Management and Budget in the summer of 2015 on its strategic objective review to ensure that the assessments and improvement actions align with Administration policy and the President's Budget. A Progress Update for each strategic objective is incorporated into the FY 2017 Annual Performance Plan.

Lower Priority Programs

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

Evidence and Evaluation

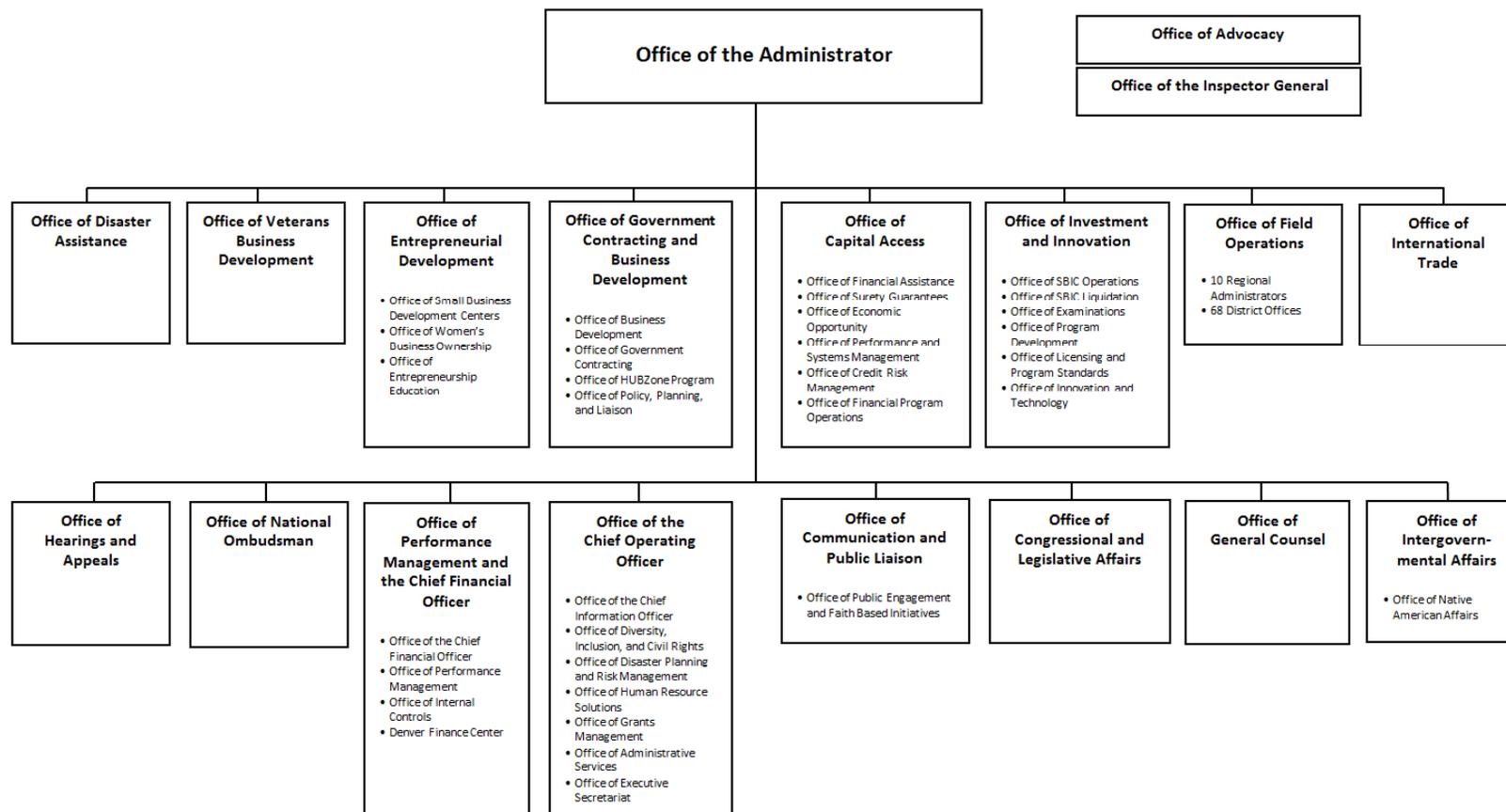
The SBA supports the use of evidence to inform policy decisions. During the past several years, the Administration has issued several memoranda regarding the use of data to support program evaluations, including an OMB-issued memorandum in early 2014 on "*Guidance for Providing and Using Administrative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

The SBA conducts several ongoing evaluations among its programs including outcomes of entrepreneurial development initiatives, customer satisfaction with disaster lending, and small business contracting. The SBA also launched new impact evaluation efforts, as part of SBA's *Impact Evaluation Working Group*. These efforts will evaluate the physical and the economic injury disaster loan programs, the Microloan program, the ScaleUp America program, veteran services, and SBICs (in partnership with the Library of Congress). Beyond these internal efforts, the SBA is an active participant in the interagency *Working Group on Evaluating Business Technical Assistance Program*, which has been convened by the Executive Office of the President through the White House Council of Economic Advisers. The SBA is leading the committee charged with outlining best practices for evaluating federal business assistance programs.

The SBA continues to face barriers gathering outcome rich evaluation data with current restrictions in collecting personal identification information (PII) and business identification information (BII). Despite these challenges, the SBA plans to further develop its analytical capacities, enhance collaboration across its programs, provide evaluation-specific trainings, and broaden the use of impact evaluations to support senior leaders and institutionalize the evidenced-based process across programs.

¹ Administrative data is defined as data that has already been collected either by the program or by a statistical agency (e.g., U.S. Census Bureau).

SBA Organization Structure



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

FY 2016 - 2017 Priority Goal: By September 30, 2017, expand access to capital for small businesses by increasing the number of active lenders in SBA's 7(a) loan program from 2,244 (FY 2014) to 2,500

Performance Goal: Support 726,900 jobs through capital assistance programs in FY 2017

Strategies:

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

Strategic Objective 1.2: Contracting..... 44

FY 2014 - 2015 Priority Goal: Maximize small business participation in federal government contracting to meet the statutory goals and reduce participation by ineligible firms

FY 2016 - 2017 Priority Goal: Through September 30, 2017, maximize small business participation in federal government contracting to meet the statutory goal of 23%, ensure subgoals are met, and reduce participation by ineligible firms

FY 2016 - 2017 Priority Goal: By September 30, 2017, support more disadvantaged small businesses by increasing the number of approved 8(a) certification applications by 5% each fiscal year

Strategies:

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

Strategic Objective 1.3: Entrepreneurship..... 55

Performance Goal: Reach 1.2 million clients with online and in-person training, mentoring, and advising in FY 2017

Strategies:

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

Strategic Objective 1.4: Exports 70

FY 2014 - 2015 Priority Goal: Expand access to export financing by increasing the number of lenders providing finance solutions from 430 to 555 and the number of small business exporters receiving financing through SBA loan programs from 1,346 to 1,480 by September 30, 2015

Performance Goal: Expand access to export financing by increasing the number of small business exporters receiving financing through SBA loan programs to 1,520 small businesses and by increasing the number of SBA core export loans to 580 in FY 2017

Strategies:

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

Strategic Objective 1.5: High-Growth and Start-Ups..... 78

Performance Goal: Issue \$2.6 billion in debenture leverage to SBICs in FY 2017

Strategies:

- 1. Grow the deployment of long-term capital via the SBIC program
- 2. Support innovative manufacturing technologies by financing their scale up from prototypes to commercial-scale facilities
- 3. Improve Small Business Innovation Research (SBIR/STTR) operations, outreach and commercialization and Small Business Technology Transfer (STTR) programs
- 4. Strengthen the accelerator network targeted at high growth startups and capital providers
- 5. Provide thought, policy, and executional leadership on crowdfunding capital raising model

Strategic Objective 1.6: Disaster Assistance 87

Performance Goal: Ensure the customer satisfaction rate for disaster loan approvals is 71% in FY 2017

Strategies:

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

Strategic Goal Two — Serving as the Voice for Small Business

Strategic Objective 2.1: Inclusive Entrepreneurship..... 94

Performance Goal: Assist 34,050 underserved small businesses through capital assistance programs and 15,550 underserved small businesses through contracting programs in FY 2017

Strategies:

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

Strategic Objective 2.2: Outreach..... 110

Performance Goal: Average 2.4 million site visits to SBA.gov each month in FY 2016 **Strategies:**

- 1. Implement a consolidated platform for businesses to access services to help them grow
- 2. Strengthen SBA's stakeholder outreach and brand

Strategic Objective 2.3: Reduce Regulatory Burdens..... 113

Performance Goal: Maintain Regional Regulatory Fairness Board membership at 90 percent or better, identify eight rules/regulations that disproportionately affect small business, and work across government to secure lasting regulatory fixes in FY 2017

Strategies:

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

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

Strategic Objective 3.1: Program Operations..... 119

Performance Goal: Ensure an IT customer satisfaction rate of 85 percent and award 72.75 percent of SBA contracts to small business, and reduce the real estate footprint by an additional 2 percent in FY 2017

Strategies:

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

Strategic Objective 3.2: Employees..... 125

Performance Goal: Ensure that the average time-to-hire will be less than 100 days in FY 2017

Strategies:

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

Strategic Objective 3.3: Risk Mitigation..... 132

Performance Goals: Perform 300 select analytical credit reviews, review 100% of 8(a) and 10 percent of HUBZone firms, and conduct 65 programmatic and financial reviews of entrepreneurial development resource partners in FY 2017

Strategies:

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

Strategic Goal One – Growing Businesses and Creating Jobs

Strategic Objective 1.1: Capital

Expand access to capital through SBA's extensive lending network

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

FY 2016 - 2017 Priority Goal: By September 30, 2017, expand access to capital for small businesses by increasing the number of active lenders in SBA's 7(a) loan program from 2,244 (FY 2014) to 2,500

Performance Goal: Support 726,900 jobs through capital assistance programs in FY 2017

Objective Lead: Associate Administrator, Office of Capital Access

Programs/Activities: 7(a) loans, 504 Certified Development Company loans, 504 Refi, Secondary Market Guaranty, Microloans, Surety Bond Guaranty, Small Business Development Centers (SBDC), Women's Business Centers (WBC), SCORE, U.S. Export Assistance Centers

Strategies:

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

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

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

Progress Update: The SBA made substantial progress toward its Priority Goal in 2015 by adding 292 new 7(a) lenders to its network. While the SBA did not meet its FY 2015 target, the 7(a) loan program increased by 23 percent from FY 2014, leading to a record year of approvals in volume and dollars. Bank mergers have impacted the number of active lending partners providing the number of 7(a) loans. This goal continued to help expand SBA's footprint to increase small business access to capital. In addition, significant progress continued to be made streamlining and simplifying the loan application process, decreasing processing time, and lowering costs to participants. The number of jobs supported from 7(a) loans, 504 loans, microloans, and surety bond guaranties has increased since 2010 with the FY 2015 results showing nearly 729,000 jobs supported.

Table 1.1a shows progress toward the FY 2014-2015 Priority Goal of bringing new lenders into the 7(a) SBA lending network and the FY 2016-2017 Priority Goal of maintaining active lenders in the 7(a) SBA lending network.

Table 1.1a: 7 (a) New and Active Lenders Priority Goals

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of New 7(a) Lenders	Target	N/A	N/A	N/A	Baseline	325	325		
	Actual	N/A	N/A	312	306	308	292		
	Variance	N/A	N/A	N/A	N/A	-5%	-10%		
Additional Information: A new 7(a) lender is any lender that has not approved a loan in the previous two fiscal years. While SBA did not meet its FY 2015 target, the 7(a) loan program increased by 23% from FY 2014, leading to a record year of approvals in volume and dollars. The FY 2016-2017 Agency Priority Goal focuses on maintaining active lenders.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Active Lending Partners providing 7(a) Loans	Target	2,800	3,000	2,700	2,800	2,850	2,850	2,400	2,500
	Actual	3,061	3,537	2,476	2,345	2,244	2,163		
	Variance	9%	18%	-8%	-16%	-21%	-24%		
Additional Information: The FY 2010 and FY 2011 results are a cumulative two year goal, so the FY 2011 actual is a two-year cumulative number. Beginning in FY 2012, the indicator is reported annually. Bank mergers have impacted the number of active lending partners providing 7(a) loans. SBA's FY 2014-2015 Priority Goal to increase new and returning 7(a) lenders has reduced the decline from FY 2012 to FY 2014. This measure will be a FY 2016-2017 Agency Priority Goal which will focus on maintaining active lenders.									

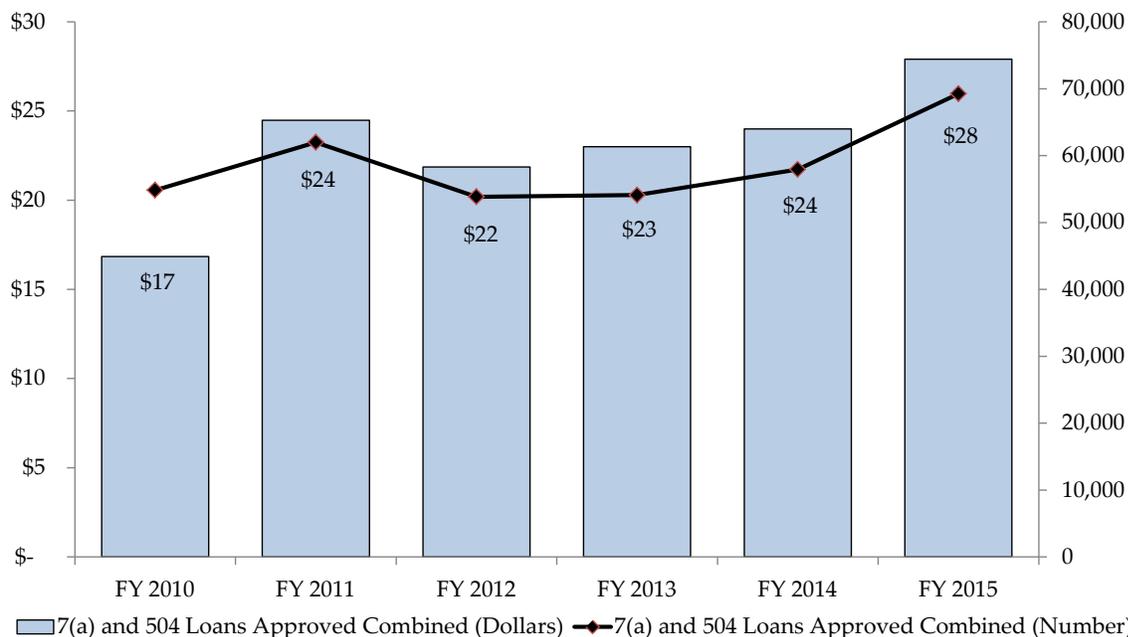
Table 1.1b provides results and targets on lending supported from combined 7(a) and 504 loans and the number of jobs supported from 7(a), 504, microloans, and surety bond guaranties.

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

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Billions of Dollars of Lending Supported by 7(a) and 504 Loans	Target	20.2	23.7	22.4	23.7	24.3	24.8	30.9	34.4
	Actual	22.4	30.5	30.3	29.6	28.7	33.3		
	Variance	11%	29%	35%	25%	18%	34%		
Additional Information: The sum of the dollars of 7(a) loans approved is equal to the dollars of lending supported. For 504 loans supported, the calculation is the sum of 504 loans approved times 2.25, which represents the additional amount of private loan capital.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Jobs Supported by 7(a), 504, Microloans and Surety Bond Guarantee	Target	777,335	641,400	574,800	654,000	674,850	688,650	711,400	726,900
	Actual	583,737	700,736	609,437	621,869	615,364	728,820		
	Variance	-25%	9%	6%	-5%	-9%	6%		
Additional Information: The SBA established this performance goal in FY 2011 and has provided historical data for context. Continuation of the streamlining process has a positive impact on jobs supported.									

Chart 1.1 shows the combined 7(a) and 504 loans approved. About 92 percent of the total number of loans processed are 7(a) loans, and 7(a) loans account for approximately 85 percent of the approved lending dollars.

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



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

SBA loan guaranty programs play a critical role ensuring access to capital for small businesses that in turn provide meaningful job growth and retention that drives the economy. When a small business is unable to obtain credit elsewhere on reasonable commercial terms, SBA’s loan guaranty programs provide adjusted terms (e.g. longer maturities) to encourage lenders to make loans.

The **7(a) Loan** program is the federal government’s primary small business loan program, assisting small businesses to obtain financing when they are unable to obtain traditional credit. The SBA guarantees a portion of each loan (ranging from 50 to 90 percent) that participating lenders make to eligible small businesses. The 7(a) loan program enables small businesses to obtain financing of up to \$5 million for various business uses with loan maturities up to 25 years. The 7(a) loan program allows small businesses with limited access to traditional capital markets to secure startup and growth funding that helps to increase employment, provide services to communities, and expand the local tax base. In support of the FY 2016-2017 Agency Priority Goal, the SBA is increasing small business access to capital by increasing the number of active lenders each fiscal year for the 7(a) loan program. Maintaining a high volume of active lenders from one fiscal year to the next will create a consistent pipeline of SBA loans for small businesses.

Table 1.1c displays the cost to administer the program. It includes direct costs from the operating budget, including contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications,

and indirect costs. The table does not include funds from the American Recovery and Reinvestment Act of 2009 and Small Business Jobs Act of 2010. Lender Oversight is not included in the total program cost and activities beginning in FY 2014.

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

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 95,090	\$ 88,000	\$ 93,610	\$ 75,390	\$ 66,578	\$ 63,013	\$ 65,989	\$ 66,126

Table 1.1d provides the targets and results for the 7(a) loan performance indicators.

Table 1.1d: 7(a) Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Billions of Dollars of 7(a) Loans Approved	Target	11.1	12.8	13.2	14.5	14.8	15.1	21.0	24.3
	Actual	12.4	19.6	15.2	17.9	19.2	23.6		
	Variance	12%	53%	15%	23%	30%	56%		
Additional Information: Improvements in 7(a) program delivery and reduced fees continue to make 7(a) loans program to small businesses and small business lenders.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Assisted by 7(a) Loans	Target	37,500	40,700	40,000	38,700	39,500	39,500	45,000	55,000
	Actual	41,705	46,749	39,022	40,574	45,730	55,742		
	Variance	11%	15%	-2%	5%	16%	41%		
Additional Information: 7(a) loan activity increased across all loan sizes but the streamlined processing for loans under \$350,000 was particularly effective in increasing the number of small businesses assisted by 7(a) loans.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Jobs Supported by 7(a) Loans	Target	625,500	474,100	470,000	547,200	558,100	569,300	580,100	591,000
	Actual	473,502	582,707	454,814	483,976	503,853	623,466		
	Variance	-24%	23%	-3%	-12%	-10%	10%		
Additional Information: 7(a) loan activity increased across all loan sizes but the streamlined processing for loans under \$350,000 was particularly effective in increasing the number of small businesses assisted by 7(a) loans.									

FY 2015 Accomplishments and Challenges

The SBA did not receive a credit subsidy appropriation for the 7(a) loan program, relying instead on fees to cover the cost to support \$23.6 billion in lending. This financing supported more than 620,000 jobs and assisted more than 55,000 small businesses.

Improvements in program delivery and portfolio performance resulted in a small reduction in servicing fees for lenders in FY 2015. The program is now receiving all loan applications electronically. The SBA implemented the SBA One electronic application submission in the fourth quarter of FY 2015. The format provides significantly more data on 7(a) loans with additional information that enhances program risk management, streamlines payment and reporting, improves efficiency of secondary market functions, and ensures lenders have access to real time data on their performance.

The SBA continues to support and expand full adoption of the use of credit scoring in the streamlined delivery of 7(a) small-dollar loans (\$350,000 and under). Additional traction is anticipated as the SBA identifies other best practices for delivering these products. Underserved communities and businesses represent a higher percentage of small-dollar loan recipients because of challenges in obtaining financing from traditional sources. The Agency's efforts to reach more small and underserved businesses are enhanced by streamlined loan delivery.

The SBA waived borrower (up-front) and annual fees on 7(a) loans of \$150,000 or less, resulting in 37,705 loans approved that supported nearly \$2.3 billion in lending. As part of the mission to support and increase loans to veterans, the SBA supported **Veterans Advantage**, which eliminated borrower (up-front) fees on **SBAExpress** loans to qualifying veteran-owned small businesses, and reduced fees by 50 percent on all non-express 7(a) loans greater than \$150,000 up to and including \$5,000,000. Veterans received 3,354 in 7(a) loans totaling \$1.4 billion in FY 2015. See Strategic Objective 2.1 (inclusive entrepreneurship) for more information on fee relief and veterans outreach.

In FY 2015, the SBA began accepting electronic signatures for SBA loan applications, provided that lenders and certified development companies comply with federal guidelines. The impact of streamlined processing implemented in FY 2015 for 7(a) small-dollar loans, in addition to the electronic signatures and loan applications implementation, is projected to result in increased small loan activity in FY 2017.

In July 2015, demand for 7(a) loans exceeded the authority granted by Congress, and the SBA was unable to approve new loans for a short period. Congress quickly took action to raise 7(a) authority, leading to record lending for the fiscal year. To prevent future events of this type, the SBA is requesting that the Administrator be granted authority to raise the program's lending cap by 15 percent when subsidy is zero and with 15 days' notice to Congress. The SBA will also be providing quarterly reports to Congress on lending activity.

FY 2016 and FY 2017 Planned Performance

The SBA requests no credit subsidy appropriation for the 7(a) loan program and plans to rely on fees to support lending up to \$26.5 billion in FY 2016 and \$27 billion in FY 2017. Also in FY 2017, the SBA is requesting authority be given to the Administrator to increase lending authority by not more than 15 percent when subsidy is zero and the Administrator notifies Congress in writing at least 15 days in advance of implementing an increase. In FY 2017, to continue to spur lending in underserved markets, the SBA will continue to waive 100 percent of borrower (up-front) fees on 7(a) loans up to \$150,000, waive 50 percent of borrower (up-front) fees on all non-SBAExpress loans to veterans of \$150,001 up to and including \$500,000, and waive 100 percent of borrower (up-front) fees on SBAExpress loans to veterans (up to \$350,000) as long as subsidy remains zero.

The **504 Certified Development Company** loan program is one of SBA's key economic development programs, providing "brick and mortar" and/or major equipment financing. This program statutorily mandates job creation, community development, or public policy goals to support economic development. A typical 504 project includes a loan from a private sector lender with a senior lien and an SBA-backed loan from a certified development company (CDC) in a second position. The maximum size of a 504 loan is \$5 million; however, 504 loans for small manufacturers and energy related projects can be as much as \$5.5 million.

Table 1.1e displays the cost to administer the program. It includes direct costs from the operating budget, including contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs. Lender oversight is not included in the total program cost and activities beginning in FY 2014.

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

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 36,232	\$ 38,888	\$ 39,612	\$ 40,474	\$ 39,410	\$40,018	\$41,909	\$41,996

Table 1.1f provides the targets and results for the 504 loan performance indicators.

Table 1.1f: 504 Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Billions of Dollars of 504 Loans Approved	Target	4.0	4.8	4.1	4.1	4.2	4.3	4.4	4.5
	Actual	4.4	4.8	6.7	5.2	4.2	4.3		
	Variance	10%	0%	63%	27%	0%	0%		
Additional Information: The SBA established this performance indicator in FY 2010. The number of CDCs is decreasing and the results of FY 2012 and FY 2013 demonstrate higher funding levels from the Small Business Jobs Act.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Assisted by 504 Loans	Target	5,600	8,100	6,800	6,400	6,500	6,500	6,700	6,800
	Actual	7,664	7,752	9,038	7,502	5,725	5,618		
	Variance	37%	-4%	33%	17%	-12%	-14%		
Additional Information: While the SBA did not meet the FY 2015 target, continued streamlining to the loan process and the elimination of unnecessary regulatory burdens on CDCs and loan eligibility restrictions should have a positive impact on future results.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Jobs Supported by 504 Loans	Target	133,000	88,800	75,900	79,400	81,000	82,600	84,300	86,000
	Actual	82,543	87,337	116,569	90,257	66,744	61,454		
	Variance	-38%	-2%	54%	14%	-18%	-26%		
Additional Information: While the SBA did not meet the FY 2015 target, continued streamlining to the loan process and the elimination of unnecessary regulatory burdens on CDCs and loan eligibility restrictions should have a positive impact on future results.									

FY 2015 Accomplishments and Challenges

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

The SBA supported \$4.3 billion in 504 loans through the Certified Development Company program. The pricing on debentures has been extremely beneficial to small business borrowers with historically low rates (2.46 percent for 20-year rates in 2015). The SBA anticipates an increase for FY 2016 loan

volume due to improved economic conditions and a rule to increase the number of eligible participants that became effective April 21, 2014. The overall goal is to continue to eliminate unnecessary regulatory burdens and loan eligibility restrictions.

The 504 loan program made improvements in loan policy, loan processing and servicing, liquidation and recovery, and lender oversight. The Central Servicing Agent made numerous systems improvements for portfolio management and revenue tracking. The SBA remodeled the CDC monitoring and tracking tool with the new SMART system. SMART is similar to the FDIC's CAMELS ratings; it reviews each CDC's solvency, management, asset quality, regulatory compliance, and technical issues.

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

FY 2016 and FY 2017 Planned Performance

In FY 2016 and FY 2017, the SBA requests no credit subsidy appropriation for the 504 loan program and plans to rely on fees to support up to \$7.5 billion in lending each year. In FY 2016, this financing is expected to support more than 84,000 jobs and assist 6,700 small businesses. In addition, the temporary debt refinancing program that expired on September 27, 2012 was reauthorized by Public Law 114-113, and the SBA plans to re-implement this program during FY 2016. This program would have no subsidy cost but would support an additional \$7.5 billion in lending each year. The 504 Refi loan program allows borrowers to refinance certain debt and lock in the cost of a portion of their existing debt without a business expansion component, often for substantially less than their current monthly payments.

The SBA plans to continue implementation of the revised 504 regulations and policy, specifically on affiliation and franchise review. The Agency will conduct training and provide technical assistance to CDCs for capacity building and will coordinate with federal partners, lenders, and trade associations to create opportunities for program improvements and expansion. The SBA will enhance the CDC management system tool, which tracks and provides feedback to SBA and CDCs, and will further develop SMART, which tracks corporate governance and compliance. These solutions improve program efficiency and monitoring for the 504 loan program.

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

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

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

Increased efficiency and an improved loan application submission experience are essential to growth in the quantity of small businesses assisted and attracting active lending partners. The SBA continues to increase use of technology and electronic loan applications for the 7(a) and 504 loan programs to improve quality and reduce the complexity of the lending process.

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

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

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Active Lending Partners Providing 7(a) Loans	Target	2,800	3,000	2,700	2,800	2,850	2,850	2,400	2,500
	Actual	3,061	3,537	2,476	2,345	2,244	2,163		
	Variance	9%	18%	-8%	-16%	-21%	-24%		
Additional Information: The FY 2010 and FY 2011 results are a cumulative two year goal, so the FY 2011 actual is a two-year cumulative number. Beginning in FY 2012, the indicator is reported annually. SBA One will effectively spread the cost of SBA lending across a growing network of lenders that do not need SBA experts to be participants in the 7(a) loan market. Bank mergers have impacted the number of active lending partners providing 7(a) loans. This measure will be a FY 2016-2017 Agency Priority Goal.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Active Lending Partners Providing 504 Loans	Target	267	267	267	267	267	240	240	240
	Actual	267	249	256	247	228	228		
	Variance	0%	-7%	-4%	-7%	-15%	-5%		
Additional Information: The SBA reviewed the activity levels of CDCs, and worked diligently to address underperforming CDCs in order to continue improving program delivery. The SBA continues to actively recruit new CDC candidates.									

FY 2015 Accomplishments and Challenges

The SBA continues to make enhancements and has implemented several components of SBA One. SBA One is an online lending platform for 7(a) loans, including SBAExpress. SBA One creates a one-stop shop for origination, including credit scoring, closing, and purchase and provides one dashboard to measure and evaluate portfolio trends and performance. The platform uses existing web-based lending software, which reduces the need to develop costly infrastructure and streamlines internal processes.

The SBA continued to support the transition of the Central Servicing Agent contract to address IT security and operational issues and identify innovative technology projects to improve the 504 loan program.

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

FY 2016 and FY 2017 Planned Performance

The SBA will work to increase the number of active lending partners to further expand access to capital for small businesses with the goal of achieving the participation of 2,500 active lenders in the 7(a) loan program and 240 CDCs in the 504 loan program in FY 2017.

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

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

Each year, more than one million entrepreneurs come through SBA's resource partner network of small business development centers (SBDC), women's business centers (WBC), SCORE chapters, and veterans business outreach centers (VBOC). SBDC, WBC, SCORE and VBOC business advisors help these entrepreneurs gain access to capital through traditional bank financing, SBA-guaranteed loans, equity contributions from angel investors, and venture capitalists that can help them expand their businesses. For more information on entrepreneurial development, see Strategic Objective 1.3 (entrepreneurship) and 2.1 (inclusive entrepreneurship).

FY 2015 Accomplishments and Challenges

Professional SBDC business advisors helped clients obtain more than \$4.7 billion in capital through SBA loans as well as conventional loans for their businesses. Women's business centers helped many small businesses work with microlending institutions, helping them access millions of dollars in loans. About 35 percent of WBCs are co-located with a microlending program. Consistent with the previous year, the WBC training conference focused on gaining access to capital. The WBCs are encouraged to collaborate with local lenders and microlenders as a way to help more women entrepreneurs access capital. SCORE volunteers also provided thousands of hours to help entrepreneurs gain access to capital.

FY 2016 and FY 2017 Planned Performance

The SBA will continue to make capital infusion a primary goal of the SBDC program. The SBDC network will leverage relationships with the lenders and investors to support the capital acquisition needs of entrepreneurs. The WBCs will continue working closely with new entrepreneurs and microlending institutions. It is anticipated that the WBCs will help their clients access \$65 million in loans in FY 2016 and \$75 million in loans in FY 2017. SCORE will continue to help small businesses access capital by providing mentoring and online educational training workshops on finance. Several chapters will continue to offer online courses and business workshops that explain the various sources of financing and provide information on how to assess a company's financial needs.

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

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

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

Table 1.1h displays the cost to administer the program. It includes direct costs from the operating budget, including contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

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

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 6,175	\$ 4,865	\$ 5,477	\$ 4,615	\$ 4,927	\$4,594	\$4,811	\$4,821

Table 1.1i provides the targets and results for the surety bond guarantee performance indicators.

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

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Contract Value (Billions) of Bid and Final Bonds	Target	3.50	3.32	3.70	3.70	5.70	6.50	6.75	7.10
	Actual	4.00	3.66	3.92	6.15	6.41	6.35		
	Variance	14%	10%	6%	66%	12%	-2%		
Additional Information: A new underwriting unit was formally established, which has helped to strengthen relationships with surety agents.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Bid and Final Bonds Guaranteed	Target	7,200	7,600	8,850	8,850	13,500	13,750	14,000	14,700
	Actual	8,348	8,638	9,503	12,866	12,384	11,480		
	Variance	16%	14%	7%	45%	-8%	-17%		
Additional Information: This year, the Agency produced fewer bonds but supported a larger number of jobs from these bonds.									

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Jobs Supported by SBG	Target	6,100	64,000	14,900	14,900	23,000	24,000	32,000	34,000
	Actual	14,080	17,421	24,774	32,000	28,887	27,300		
	Variance	131%	-73%	66%	115%	26%	14%		
Additional Information: The SBA developed a more precise methodology in FY 2010 to calculate the number of jobs supported. It now collects the data directly from the surety bond contracts. A new underwriting unit was formally established, which has helped strengthen relationships with surety agents. The number of jobs created and retained is greater on large contracts.									

FY 2015 Accomplishments and Challenges

The SBA guaranteed more than 11,000 bid and final (payment and performance) bonds for a combined contract value of nearly \$6.4 billion, resulting in a total of 27,300 jobs supported. The Agency continued to strengthen its relationships with agents representing participating sureties and ensure small contractors have access to a surety agent convenient to their geographical location. The application cycle time has averaged about 2 days, which is well below the goal of 4.5 days. The Agency also proposed to revise the regulations to clarify requirements for surety company participation and to address future eligibility for defaulted contractors who cause a loss to the government. By rewriting standard operating procedures, surety agents have more clear information on requirements.

FY 2016 and FY 2017 Planned Performance

The SBA will explore the implementation of electronic signature for SBG applications, which will decrease application time and expenses for participating surety companies and agents. This initiative is expected to result in increased surety bond guaranty activity.

The Agency will also focus marketing and outreach efforts on underserved communities and geographically diverse areas of the country. Efforts will continue to strengthen relationships with existing surety partners and to add participants to offer bonding to more small businesses. The Surety Bond Guarantee program will support 32,000 jobs in FY 2016 and 34,000 jobs in FY 2017.

The National Defense Authorization Act of FY 2016 increased the maximum guaranty percentage in the Preferred Surety Bond program from up to 70 percent to up to 90 percent, effective November 25, 2016. The SBA will consider how to implement the provisions of this Act during FY 2016, including how to expand program oversight with the increased guarantee percentage. Increasing surety participation will enhance bonding opportunities for more small businesses and increase the capacity to support additional jobs.

Strategic Objective 1.2: Contracting

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

FY 2014 - 2015 Priority Goal: Maximize small business participation in federal government contracting to meet the statutory goals and reduce participation by ineligible firms

FY 2016 - 2017 Priority Goal: Through September 30, 2017, maximize small business participation in federal government contracting to meet the statutory goal of 23 percent, ensure subgoals are met, and reduce participation by ineligible firms

FY 2016 - 2017 Priority Goal: By September 30, 2017, support more disadvantaged small businesses by increasing the number of approved 8(a) certification applications by 5 percent each fiscal year

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

Programs/Activities: Small Business Prime Contracting Procurement Set-Aside, Subcontracting Program Compliance, Size Standards, Certificate of Competency, 8(a) Business Development, 7(j) Technical Assistance, HUBZone, Women-Owned Small Business Federal Contracting, Service-Disabled Veteran-Owned Small Business Procurement, Procurement Assistance, and Mentor-Protégé

Strategies:

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

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

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

Progress Update²: The SBA, in consultation with OMB, has determined that the performance toward this objective is making noteworthy progress. For the second consecutive year, the federal government surpassed its statutory prime contracting goal and the SBA achieved its Priority Goal of 23 percent of

² Due to data lags in federal contracting, SBA's FY 2015 Strategic Objective 1.2 Progress Update uses FY 2014 results.

federal contracting dollars going to small businesses. As a result of government-wide focus, small businesses have been awarded \$92 billion in federal contracting dollars. The goal for service-disabled veterans surpassed its three percent target (FY 2014 result of 3.68 percent) for the third time, and small disadvantaged businesses exceeded its five percent target (FY 2014 result of 9.46 percent). Women-owned small business contracts increased from 4.32 percent in FY 2013 to 4.68 percent in FY 2014. Although the HUBZone program continues to recruit new small businesses, the portfolio has not recovered from the re-designation of HUBZone areas from the 2010 census.

Table 1.2a displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

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

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 29,300	\$ 27,136	\$ 28,126	\$ 26,226	\$ 18,529	\$18,011	\$18,862	\$18,901

Table 1.2b shows progress toward the Priority Goal of meeting the 23 percent federal prime contracting target.

Table 1.2b: Prime Contracting Priority Goal

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Federal Contract Dollars Awarded to Small Businesses	Target	23.00%	23.00%	23.00%	23.00%	23.00%	23.00%	23.00%	23.00%
	Actual	22.70%	21.70%	22.30%	23.40%	24.99%	Data Lag		
	Variance	-1%	-6%	-3%	2%	9%	N/A		
Additional Information: The data supporting the FY 2014-2015 Priority Goals are not finalized until the third quarter of FY 2016. Every two years, the SBA works with each federal agency to set their prime and subcontracting goals. SBA ensures that the sum total of all of the goals exceeds the 23% target established by law.									

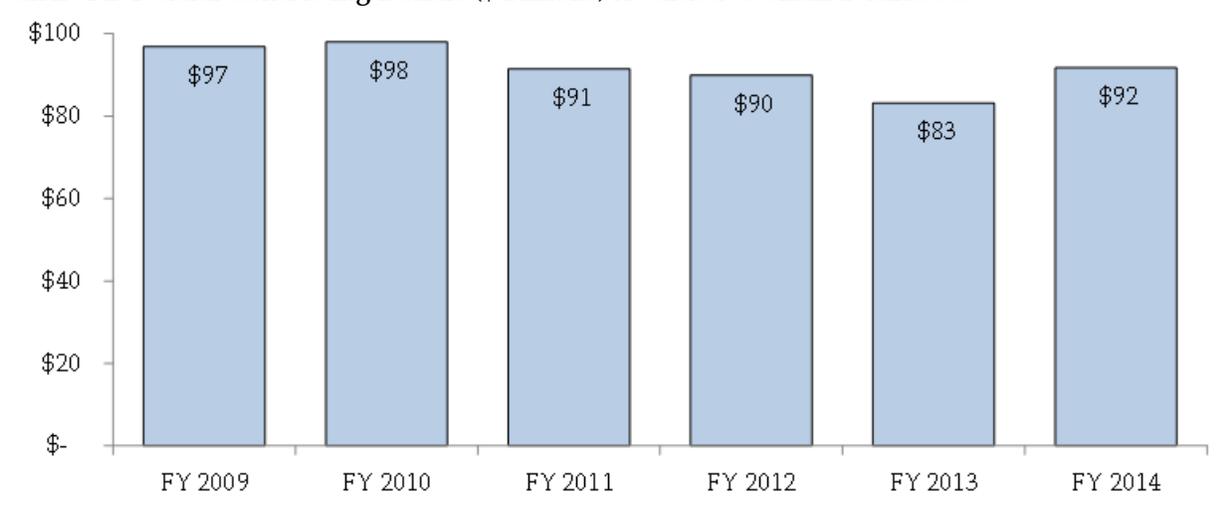
Table 1.2c shows progress toward the 8(a) Business Development Priority Goal.

Table 1.2c: 8(a) Business Development Priority Goal

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of 8(a) Approved Applications	Target	N/A	N/A	N/A	N/A	N/A	Baseline	600	600
	Actual	N/A	N/A	N/A	419	391	568		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: The goal is to increase the number of approved applications by 5% from the previous fiscal year.									

Chart 1.2 shows the total federal contract dollars awarded to small businesses. The U.S. Department of Defense had the highest dollar value in support of contracting to small businesses (\$54 billion in FY 2014). The SBA supported the highest percentage of contracting to small businesses (77 percent in FY 2014). For more information on SBA's small business contracting goal, see Strategic Objective 3.1 (program operations).

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



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

As chair of the Small Business Procurement Advisory Council (SBPAC), the SBA assists agencies in their acquisition planning efforts to help the federal government reach its 23 percent target for small business contracting. The approach includes launching new contracting initiatives, providing training, sharing best practices, publishing data on contracting, and hosting matchmaking events. Each month at the SBPAC, a different agency presents a best practice that has helped their small business contracting, briefs on upcoming outreach and training initiatives, and discusses upcoming rules impacting small business contracting.

The SBA also manages two small business certification programs, the **8(a) Business Development** program and the **HUBZone** program. The 8(a) Business Development program helps small, disadvantaged businesses compete in the marketplace through the provision of business development assistance. The HUBZone program helps small businesses in certain designated urban and rural areas gain preferential access to federal procurement opportunities.

Table 1.2d displays the targets and results for the federal contracting sub goals, the number of jobs supported from small businesses receiving federal contracts, and number of surveillance reviews.

Table 1.2d: Prime Contracting Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Federal Government Prime Contracts Awarded to Disadvantaged 8(a) Small Businesses	Target	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	Actual	7.95%	7.67%	8.00%	8.61%	9.46%	Data Lag		
	Variance	59%	53%	60%	72%	89%	N/A		
Additional Information: The data supporting the FY 2015 performance indicators are not finalized until the third quarter of FY 2016.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Federal Government Prime Contracts Awarded to Women-Owned Small Businesses	Target	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	Actual	4.04%	3.98%	4.00%	4.32%	4.68%	Data Lag		
	Variance	-19%	-20%	-20%	-14%	-6%	N/A		
Additional Information: The data supporting the FY 2015 performance indicators are not finalized until the third quarter of FY 2016. The shrinking of the gap demonstrates the efforts being made toward achieving the WOSB goal.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Federal Government Prime Contracts Awarded to Service-Disabled Veteran-Owned Small Businesses	Target	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Actual	2.50%	2.65%	3.03%	3.40%	3.68%	Data Lag		
	Variance	-17%	-12%	1%	13%	23%	N/A		
Additional Information: The data supporting the FY 2015 performance indicators are not finalized until the third quarter of FY 2016. A concerted effort to meet the SDVOSB in FY 2013 and FY 2014 resulted in this performance measure exceeding the target.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Federal Government Prime Contracts Awarded to HUBZone Small Businesses	Target	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Actual	2.77%	2.40%	2.01%	1.76%	1.82%	Data Lag		
	Variance	-8%	-20%	-33%	-41%	-39%	N/A		
Additional Information: The data supporting the FY 2015 performance indicators are not finalized until the third quarter of FY 2016. The decline in HUBZone performance continues to be a reflection of the redesignation. An analysis of industries most impacted will enable the SBA to market the program more effectively.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Jobs Supported	Target	637,000	572,000	572,000	572,000	501,113	501,113	500,000	500,000
	Actual	637,156	609,333	527,000	479,515	549,000	Data Lag		
	Variance	0%	7%	-8%	-16%	10%	N/A		
Additional Information: The data supporting the FY 2015 performance indicators are not finalized until the third quarter of FY 2016.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Surveillance Reviews Completed	Target	N/A	N/A	Baseline	30	30	30	30	30
	Actual	N/A	N/A	30	31	41	30		
	Variance	N/A	N/A	N/A	3%	37%	0%		
Additional Information: The SBA introduced this performance indicator in FY 2013 and historical data have been provided for context.									

FY 2015 Accomplishments and Challenges

Due to data lags, the SBA reports on contracting data from the prior fiscal year. In FY 2014, the federal government achieved its prime contracting target of 23 percent for the second consecutive year with a result of 24.99 percent, which amounted to \$92 billion in federal contracting dollars to small businesses. The federal government exceeded its service-disabled veterans goal of 3 percent and small disadvantaged business goal of 5 percent. More agencies reached or surpassed all of their prime contracting goals, and the SBA exceeded all its federal contracting goals. Current performance trends for FY 2015 indicate that the federal government may again exceed the 23 percent statutory requirement for the small business prime contracting goal.

To help meet these goals, SBA's highly skilled and trained analysts, procurement center representatives (PCRs), and actively engaged staff across the federal government promoted small business set-asides. PCRs reviewed requirements which are not unilaterally reserved for small business to identify whether these requirements can be set-aside for small businesses or specific small business socio-economic categories (i.e. women-owned small business, economically disadvantaged small business, service-disabled veteran-owned small business, HUBZone small business, and small and disadvantaged businesses in the 8(a) program). The PCRs assessed contracting actions from more than 2,800 buying entities from among 24 federal agencies. PCRs reviewed acquisition strategies, conducted market analysis, and reviewed policies to ensure maximum opportunities are provided to small business. PCR engagement is directly related to the recent success in attaining the statutory federal contracting goal.

Also in FY 2015, the SBA met monthly with agencies' Offices of Small and Disadvantaged Business Utilization to provide training and updates, share best practices, and discuss progress toward prime and subcontracting goals as part of the Small Business Procurement Advisory Committee. The SBA completed negotiations with each agency to set their prime and subcontracting goals for FY 2015 and FY 2016. The Annual Scorecard for both government-wide and individual agencies for FY 2014 is available online.³ The scorecards measure each agency's progress in meeting their small business and socio-economic prime contracting and subcontracting goals and provide accurate and transparent contracting data.

The Agency plans to propose revisions to HUBZone regulations that will improve program operations. The proposed rule change constitutes a comprehensive revision of Part 126 of SBA's regulations to clarify the procedures of the HUBZone program and implement new measures to reduce fraud, waste, and abuse of the program. Several regulations require clarification or revision in order to address issues identified through program implementation.

The Administration continued to implement QuickPay as a tool to attract contractors. The tool allowed small businesses that are federal prime contractors to receive payment in 15 days rather than the previous 30 days. It will also allow the Federal Acquisition Regulation (FAR) Council to solicit public input on strategies that might be used over the longer term to help maintain effective cash flow and prompt payments to small business contractors. This system also ensures compliance with proper size classification of contractors to the FAR and helps address the SBA Inspector General's Management Challenge 1 that identifies procurement flaws whereby large firms obtain small business awards.

³ The FY 2014 Scorecard is available at www.sba.gov/content/small-business-procurement-scorecards-0.

Central to federal procurement oversight is the role the SBA plays in conducting regulatory compliance reviews. The compliance reviews - known as Surveillance Reviews (for prime contracting) and Small Business Performance Compliance Reviews (for subcontracting) - enabled the Agency to evaluate the implementation of regulations across the federal government to ensure that small businesses are afforded opportunities with federal contracting. SBA's Surveillance Review program completed 30 onsite compliance reviews covering the highest risk agencies that had not met their small business goal in FY 2014. These reviews assessed the quality of a contracting agency's small business program, evaluated its impact, and recommended changes to improve small business participation in the acquisition process.

Also, the Surveillance Review program, led by SBA area office directors and supported by PCRs, instituted new follow-up reviews based upon marginal ratings or unsatisfactory ratings based on FY 2013 procurement data. These eight follow-up reviews, part of the 30 onsite compliance reviews conducted in FY 2015, increased agency attention to correcting findings that inhibit small business participation. The Small Business Performance Compliance Review program, led by SBA's commercial marketing representatives (CMR), focused on monitoring subcontracting programs, a commonly overlooked oversight area in federal acquisitions.

The Agency has collaborated with stakeholders to participate in outreach events to small businesses to increase awareness of the 8(a) Business Development program. The SBA presented numerous training sessions to diverse audiences, to promote the program. Further, the Agency significantly increased training of the federal contracting force by offering onsite sessions at 19 different agencies. As a result, more than 800 federal contracting and acquisition leaders received training.

FY 2016 and FY 2017 Planned Performance

The SBA will continue to analyze agency procurements to ensure small business set-asides and will continue to meet monthly with agencies' Offices of Small and Disadvantaged Business Utilization to provide training and updates, share best practices, and discuss progress toward prime and subcontracting goals. Of particular note for FY 2016, contracting goals will now include the overseas goaling exclusions. The SBA will work with agencies to negotiate their FY 2017 and FY 2018 goals and will issue the annual scorecard for both government-wide and individual agencies for FY 2015 (to be published in summer FY 2016). In FY 2016 and FY 2017, the Agency will annually conduct 30 surveillance reviews to assess a contracting entity's small business program, evaluate its impact, and recommend changes to improve small business participation in the acquisition process.

The SBA plans to revise HUBZone regulations to improve operations and enhance procurement opportunities for small businesses located in underserved communities. These regulations will make it easier for small businesses to team together to perform government contracts. The SBA plans to issue final regulations establishing a small business Mentor-Protégé program available to all agencies. The program, once fully implemented, will allow small businesses to team with more experienced firms to provide assistance in order to enhance their capabilities, assist in meeting their small business goals, and improve the ability of the protégés to compete for contracts. By the end of FY 2016, the SBA anticipates that the Mentor-Protégé program will be available for all small business sub-goals including service-disabled veterans, HUBZone, and women-owned-and-controlled small businesses.

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

Small businesses are more likely to engage in federal contracting when the barriers to entry are removed and the process is simplified. Initiatives like QuickPay help small businesses get the cash flow they need to more quickly fund and grow their operations. Federal contracting is complex and the risks associated with failure are high. The SBA can mitigate this risk through the Certificate of Competency (CoC) program, which provides unproven small businesses the ability to receive new federal contract opportunities. The CoC program provides these firms with the ability to develop past performance success which is vital to becoming a competitive contractor. Having sound financial stability is another key element to receive federal contracts.

Also, section 7(j) of the Small Business Act authorizes the SBA to enter into grants, cooperative agreements, or contracts with public or private organizations that can deliver management or technical assistance to eligible individuals and enterprises. This assistance is delivered to 8(a)-certified firms, small disadvantaged businesses, businesses operating in areas of high unemployment or low-income, or small businesses owned by low-income individuals. Refer to Strategic Objective 2.1 (inclusive entrepreneurship) for more information regarding federal contracting in underserved markets.

FY 2015 Accomplishments and Challenges

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

In recent years, the use of 7(j) training to assist small disadvantaged businesses (SDBs) has declined. The SBA found that historically about 250 firms were terminated or withdrew from the 8(a) Business Development program each year because they did not reap the benefits of the business development program, many of them not having been introduced to 7(j) training. These efforts, along with increased marketing of the 7(j) program, allowed the SBA to train nearly 5,000 8(a) program participants and other small disadvantaged businesses, resulting in a 30 percent increase over the previous year. In addition, more than 350 firms received individualized intensive 7(j) counseling, exceeding the annual goal by 54 percent. This training helped participating small businesses better prepare themselves for federal contracting opportunities.

To strengthen business development for 8(a) small businesses, the program increased efforts to expand the Mentor Protégé program. This initiative streamlined the mentor protégé application process and shortened response time from 45 days to 10 days, resulting in an increase in the number of agreement approvals by 25 percent from the previous year. In addition, the SBA hosted its first annual mentor-protégé conference, which increased mentor protégé team knowledge of joint ventures and rules and compliance requirements for agreements.

The Agency launched *Destination: HUB* to more fully engage the economic development community to use the HUBZone program as a tool to increase job growth and capital formation in underserved areas. Key components of this initiative include training the small business community in securing

and maintaining HUBZone certification and participating in round table discussions with members of the economic development community.

The Agency conducted outreach sessions for the small business community on a weekly basis to increase understanding of the HUBZone program as a business development tool in seeking and securing federal prime and subcontracts. Additionally, the SBA published a proposed rule to implement several provisions in accordance with the National Defense Authorization Act of 2013 (NDAA) to lower barriers to entry for contracting.

FY 2016 and FY 2017 Planned Performance

The SBA will finalize the rules implementing the NDAA contracting provisions. The Agency will continue to increase awareness of contracting opportunities and engage other agencies and external stakeholders. It will continue to improve online offerings through the Government Contracting Classroom for an approach that helps small businesses find the right opportunities for federal assistance from wherever they engage with the SBA and its partners. The SBA requests \$2.8 million for the 7(j) program in order to provide business development and contracting training to 8(a) program participants and host webinars to help small businesses learn how to apply for the 8(a) Business Development program.

The Agency will continue expanding opportunities to learn more about Mentor-Protégé program requirements and rules in FY 2016 and anticipates an increase in agreements. In addition to increasing mentoring and training through the 7(j) program, the SBA will host a matchmaking event with larger firms specifically introducing 8(a) firms interested in the Mentor Protégé program.

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

The Agency will expand *Destination: HUB* by bringing the initiative to regions not served during the FY 2015 launch. The Agency will increase its use of videoconferencing to conduct weekly outreach for small businesses in order to increase understanding of the HUBZone program as a business development tool. In future years, greater reliance will be placed on district offices in managing and conducting activities.

Strategy 3: Improve certification processes and data for federal contracting

Ensuring firms are eligible for small business contracting is paramount to the 8(a) and HUBZone programs' ability to help agencies achieve federal prime and subcontracting goals and helps firms in underserved communities access much needed capital through the federal supply chain. Refer to Strategic Objective 2.1 (inclusive entrepreneurship) for more information regarding federal contracting in underserved markets.

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

FY 2015 Accomplishments and Challenges

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

In accordance with the Small Business Jobs Act of 2010, the SBA continued reviewing size standards. Specifically, the Agency published proposed rules for NAICS Sectors 22 (Utilities) and 23 (Construction) and published proposed rules on employee-based size standards in NAICS Sectors 31-33 (Manufacturing), 42 (Wholesale Trade), 44-45 (Retail Trade), and industries in other sectors that have employee-based size standards.

Over the past several years, the number of small businesses participating in the 8(a) program has declined from 9,000 firms to fewer than 4,700 firms. Based on customer and stakeholder feedback, a contributing factor to this decline is believed to be the administratively burdensome application process.

Consequently, the Agency undertook a comprehensive review of the 8(a) program with the aim of minimizing the administrative burden for potential and current 8(a) participants and ultimately increasing small business participation. A streamlined application pilot project requiring fewer documents from small businesses proved effective so the Agency is now seeking authority to streamline its application process. Along with the effort to streamline the application process, the SBA hosted monthly outreach events and webinars to help small businesses learn how to apply for the 8(a) program.

FY 2016 and FY 2017 Planned Performance

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

The Agency will continue to streamline the 8(a) Business Development program. Efforts are underway to notify the public and secure OMB's approval of the new application forms. The SBA established a Priority Goal to increase the number of approved firms by 5 percent each fiscal year through FY 2017. In an effort to increase retention of firms through the nine-year program, the SBA plans to reduce the administrative burdens of the annual review process.

Additionally, the Women-Owned Small Business (WOSB) program requires women-owned small businesses and economically disadvantaged women-owned small businesses to document their current eligibility. The SBA is working to improve the WOSB repository functionality and other aspects of the program.

The SBA will work with the General Services Administration Integrated Award Environment to modify the Electronic Subcontracting Reporting System to improve sub-contracting data. In accordance with the Small Business Jobs Act of 2010, the SBA will review size standards for

additional sectors and, where necessary, propose amendments to the applicable standards. The SBA will also finalize the rules on monetary-based standards and employee-based size standards. The Agency will review and update its size standards methodology white paper to address National Defense Authorization Act of 2013 requirements and other outstanding policy issues. It will also update its databases for size standards analysis, especially economic census tabulations, Federal Procurement Data System-Next Generation, and the Federal System of Award Management.

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

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

FY 2015 Accomplishments and Challenges

The Agency developed proposed revisions to HUBZone regulations to improve operations and enhance procurement opportunities for small businesses located in underserved communities. As part of this process, the Agency briefed the federal contracting force via the Offices of Small and Disadvantaged Business Utilization on implications of the proposed revisions.

The SBA Government Contracting Classroom, available online, continued to grow and offered free, self-paced, online learning courses to help small businesses and other stakeholders better understand the federal contracting marketplace. The Classroom launched several new modules that focused on preparing small businesses to acquire federal government contracts.

The Agency has collaborated with stakeholders to participate in outreach events to small businesses to increase awareness of the 8(a) program. The SBA presented numerous trainings to diverse audiences to promote the program and the proper use of it. The SBA participated in a joint DOD/SBA small business training conference. In an effort to train, educate, and develop productive working relationships that benefit small businesses, the conference brought together DOD small business professionals with SBA's PCRs, CMRs, industrial specialists (conduct size determinations and certificates of competency), and 8(a) and HUBZone leaders.

FY 2016 and FY 2017 Planned Performance

The SBA will continue to increase awareness of contracting opportunities. The Agency will improve online offerings, an approach that allows small businesses to find the right opportunities for federal assistance from wherever they engage with the SBA and its partners. The Agency will continue to meet monthly with agencies' offices of small and disadvantaged business utilization to provide training and share best practices. The SBA will participate in a joint effort with the U.S. Department of Defense to provide training to SBA procurement center representatives, DOD small business specialists, and contracting officers. The training will focus on small business contracting programs and review SBA and DOD responsibilities.

The 8(a) program will conduct outreach to promote the streamlined procedures to resource partners. This approach should help increase participation in the 8(a) program and encourage more disadvantaged small businesses to participate in Federal contracting opportunities. The Agency will also continue to provide 8(a) program training to the federal contracting force. These sessions are vital for creating contract opportunities for 8(a) program participants. Additionally, the SBA will

continue to engage with staff on a joint small business training conference. Future training topics include: non-manufacturer rule waivers, protest process, limitation on subcontracting, and additional updates on changing rules.

In FY 2016, during implementation of revised regulations for the HUBZone program, the Agency will train offices of small and disadvantaged business utilization, contracting officers and program managers. The Agency will work with acquisition offices on their buying activities to improve government-wide performance against the statutory HUBZone contracting goal of three percent.

In FY 2017, the Agency will train the acquisition community in the use of the government-wide Mentor-Protégé program and the application of HUBZone price evaluation preference in full and open competition. These activities should increase participation of 8(a) and HUBZone-certified firms in the marketplace and increase the number of awards of 8(a) and HUBZone set-asides, which will support the federal acquisition community in attaining the HUBZone contracting goal.

Strategic Objective 1.3: Entrepreneurship

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

Performance Goal: Reach 1.2 million clients with online and in-person training, mentoring, and advising in FY 2017

Objective Lead: Associate Administrator, Office of Entrepreneurial Development

Programs: Small Business Development Centers (SBDC), SBDCNet, Women’s Business Centers (WBC), SCORE, SBA Learning Center, Veterans Business Outreach Centers (VBOC), Boots to Business, Regional Innovation Clusters, Entrepreneurship Education

Strategies:

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

Entrepreneurs and small business owners who receive training, mentoring, and advising services increase sales, create more jobs, and have greater economic impact on their communities. SBA’s resource partner network — including 63 small business development centers with more than 900 outreach locations, more than 100 women’s business centers, 15 veteran business outreach centers, and more than 11,000 SCORE volunteers in 800 locations – helps foster a robust national entrepreneurial ecosystem. This support, along with SBA’s Learning Center, Regional Innovation Clusters and Entrepreneurship Education initiatives assists more than one million business owners and entrepreneurs each year.

As evidence to support this effort, impact studies show a direct positive correlation between hours of business advising and related assistance a client receives and the improvement in longevity, profitability, and business growth. For this reason, SBA’s entrepreneurial development performance goal focuses on driving participation in the resource partner advising and mentoring programs and training courses.

Progress Update: The SBA continued to make progress strengthening entrepreneurial development by providing advising, mentoring, and training services to small businesses. However, the ability to capture data that does not allow unique data on small businesses and account information due to privacy concerns and statutory restrictions poses a challenge to assessing program outcomes. To better assess program progress and enhance the use of evidence, the Agency and OMB requests legislative authority to collect better data from grantees to be used for internal evaluation purposes. The SBA seeks to establish unique identifiers that will protect small businesses to the fullest extent of the law. This authority would give the SBA the ability to collect identifiable information on small businesses receiving assistance. Currently, SBDCs and WBCs record data on each business they serve but may not report certain business information to the SBA except for the limited purposes identified in the Small Business Act. Adding program evaluations and similar program assessments to the list of allowable purposes would help the SBA to better understand program effectiveness to support resource partners. The Agency is also leading an interagency working group that supports the President’s directive (OMB Memorandum M-14-06) for using administrative data for statistical purposes to understand program outcomes and economic impacts.

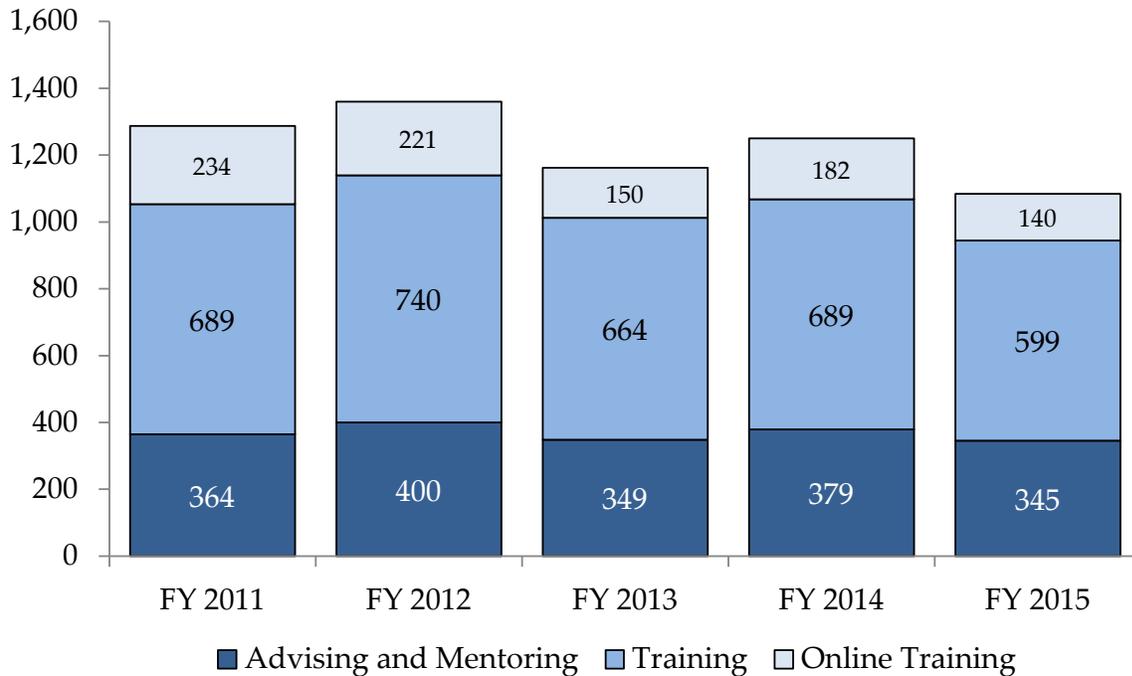
Table 1.3a shows progress toward the performance goals that track the number of clients advised, mentored, and trained by SBA’s resource partners (SBDCs, WBCs, and SCORE).

Table 1.3a: Entrepreneurial Development Performance Goals

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of SBDC, WBC, and SCORE Clients Trained	Target	N/A	N/A	Baseline	695,000	705,000	701,000	734,000	635,000
	Actual	752,588	689,114	739,616	663,525	688,688	599,990		
	Variance	N/A	N/A	N/A	-5%	-2%	-14%		
Additional Information: In FY 2015, SCORE streamlined its training curriculum condensing multi-sessions into a single session to better serve clients which explains the decrease. SBDC resources shifted to providing more counseling hours per client which resulted in fewer clients trained.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of SBDC, WBC, and SCORE Clients Advised and Mentored	Target	N/A	N/A	N/A	Baseline	373,000	402,000	424,700	368,200
	Actual	404,739	364,344	N/A	348,519	379,210	345,163		
	Variance	N/A	N/A	N/A	N/A	2%	-14%		
Additional Information: In 2015, SCORE clients engaged in repeat consultations as their business needs evolved and personal advisor relationships were cultivated, decreasing the number of total clients. However, the existing client satisfaction and business outcomes increased. SBDC counselors also saw fewer clients, however the average time spent per client increased 2.5%.									

Chart 1.3 shows entrepreneurial development advising, mentoring, and training trends. Online training numbers after FY 2011 reflect more accurate estimates of online users.

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



Strategy 1: Harness SBA’s nationwide network of resource partners

SBA resource partners educate, train, advise, and mentor locally-based and high-growth innovative small businesses with potential to expand. Partners help entrepreneurs turn ideas and concepts into new business ventures. Through its resource partners, the SBA works to develop or expand advising, mentoring, and training programs focused on key areas including underserved markets, procurement, exports, and emerging and expanding technology sectors.

To better inform the resource partners, in FY 2015 the SBA created a new SBA Partner Training Portal (PTP) that provides standardized information and training for business counselors on SBA products and services to help the partners better serve entrepreneurs. In FY 2016, the PTP will expand to include detailed information about disaster assistance and resiliency in a special initiative developed in conjunction with the Office of Disaster Assistance.

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

Table 1.3b displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

Table 1.3b: Small Business Development Center (SBDC) Budget – Total Administrative Resources (Thousands)

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 128,232	\$ 130,323	\$ 126,473	\$ 113,484	\$ 120,507	\$121,627	\$123,627	\$121,627

Table 1.3c provides the targets and results for the SBDC performance indicators.

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

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of SBDC Clients Trained	Target	N/A	N/A	Baseline	350,000	350,000	350,000	340,000	270,000
	Actual	379,794	352,290	332,421	330,781	291,366	267,420		
	Variance	N/A	N/A	N/A	-5%	-17%	-24%		
Additional Information: The SBA decreased the target for SBDC clients trained in FY 2016 and FY 2017 to place greater priority in developing its quality of services in terms of hours served and enhanced export training. In FY 2015, resources shifted to providing more counseling hours per client which resulted in fewer clients trained.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of SBDC Clients Advised	Target	N/A	N/A	Baseline	200,000	220,000	220,000	220,000	190,000
	Actual	N/A	205,408	211,091	201,596	194,121	187,478		
	Variance	N/A	N/A	N/A	1%	-12%	-15%		
Additional Information: In FY 2015, SBDC counselors saw fewer clients, however the average time spent per client increased 2.5% and business outcomes have increased per client. The SBA reduced targets in FY 2017 to place greater priority on developing its quality of services in terms of hours served.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Created by SBDC	Target	7,500	12,500	15,600	12,500	12,500	13,000	13,000	13,000
	Actual	14,065	13,664	14,357	14,201	13,415	13,123		
	Variance	88%	9%	-8%	14%	7%	1%		
Additional Information: SBA's targets for SBDC small businesses created remain static in FY 2016 and FY 2017 as SBA places greater priority in developing its quality of services in terms of hours served and enhanced export training.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Billions of Dollars of Capital Infusion from SBDC	Target	2.5	3.7	3.7	3.4	4.0	4.0	4.0	4.0
	Actual	3.8	3.6	4.0	4.5	4.7	4.7		
	Variance	52%	-3%	8%	32%	18%	18%		
Additional Information: Billions of dollars of capital infusion includes financing provided to small businesses from various sources including the SBA. As the economy improved, robust lending for small businesses helped SBDCs exceed the target.									

FY 2015 Accomplishments and Challenges

In FY 2015, SBDC professional business advisors helped clients start more than 13,000 new businesses; provided training and advising to more than 450,000 entrepreneurs including 61,000 long-term clients; helped clients obtain \$4.7 billion in capital for their businesses; and helped clients secure \$1.1 billion in federal government contracts.

This year, SBDCs across the country increased their focus on programs and services designed to help underserved markets, bringing inclusive entrepreneurship to the forefront of the already vast array of services provided to their local small business markets. This effort led to an increase in advising and training services for these individuals. The SBDCs continue to focus on export assistance given the mandate of the Small Business Jobs Act to maintain a cadre of certified trade specialists.

FY 2016 and FY 2017 Planned Performance

For FY 2016, the SBDC program anticipates providing assistance to more than 560,000 entrepreneurs including long-term advising to 55,000 clients, helping more than 13,000 entrepreneurs start new businesses, and assisting clients to obtain \$4 billion in capital for their businesses. For FY 2016, the SBA received \$117 million for SBDCs, which allows them to focus on the proven benefits of long-term advising through intensive entrepreneurial education and international trade in an increasingly global economy. The SBDC program will also deliver more resiliency-focused training and advising.

For FY 2017, the SBA requests \$115 million for SBDCs. The SBDC network will continue to focus on international trade assistance to help expand the small business export market. SBDCs will maintain current export services that are offered, and continue the current level of funding for SBDC international trade centers. The program will support the integrated strategic export promotion effort synchronized under the Administration's Export Promotion Cabinet's Trade Promotion Coordinating Committee. The program will concentrate on providing consistently high quality core services through leveraged partnerships with other resource partners and strong local partnerships with other federal programs such as U.S. Patent and Trademark Resource Centers and the U.S. Department of Commerce's National Institute of Standards and Technology's Manufacturing Extension Partnership program.

To support intensive business research and analysis, the SBA funds **SBDCNet**, a national centralized resource within the small business development center network. It produces a broad range of financial, market, and demographic research reports customized to a client's industry and geographic location for entrepreneurs working with an SBDC business advisor. SBDCNet revolutionizes the gathering and dissemination of information by expanding the ways in which the research is obtained.

FY 2015 Accomplishments and Challenges

The University of Texas at San Antonio (UTSA) received SBA support to host and run SBDCNet. UTSA's demonstrated financial and philosophical commitment strengthens SBDCNet's ability to provide high quality, cost effective service to the national SBDC network. SBDCNet responded to thousands of research requests during the year. It is a major resource for SBDC business advisors to obtain small business information on the Internet, boasting a Google page ranking in the top 5 percent of websites. SBDCNet provides the same powerful tools used by big businesses, but at no direct cost to a small businesses working with a local SBDC advisor or counselor.

FY 2016 and FY 2017 Planned Performance

SBDCNet will continue to provide valuable research to SBDC business advisors and their clients as well as promote best practices in the SBDC community. The program will save SBDC counselors 30 percent of their time, which will allow them to better serve clients. SBDCNet researchers will continue to establish a new, more extensive web-based research network. Hundreds of online sources, databases, and archived information will be identified to enable even more rapid and efficient searches by advisors and their clients. SBDCNet plans to launch BARNI 2 (Business Advisor Research and Network Information). BARNI 2 will include enhancements to the research order and delivery process used by advisors. The enhancements will provide easier access to advisor accounts and client histories. SBDCNet will also continue to provide industry snapshots which are general summaries of the most requested industry information. This information allows

the advisors to review industry-specific information related to a client’s new or existing business in a more efficient manner.

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

Table 1.3d displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

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

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 22,373	\$ 19,446	\$ 19,446	\$ 18,350	\$ 25,633	\$23,143	\$25,643	\$25,343

Table 1.3e provides the targets and results for the WBC performance indicators.

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

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of WBC Clients Trained	Target	N/A	N/A	Baseline	95,000	105,000	111,000	120,000	125,000
	Actual	135,941	115,805	114,931	114,310	119,351	120,341		
	Variance	N/A	N/A	N/A	20%	14%	8%		
Additional Information: The SBA predicts WBC clients trained levels to remain relatively static in FY 2016 and FY 2017 as SBA places greater priority in developing its quality of services in terms of hours served and enhanced export training.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of WBC Clients Advised	Target	N/A	N/A	N/A	Baseline	20,000	22,000	22,200	22,200
	Actual	24,794	23,118	22,020	19,455	20,686	20,375		
	Variance	N/A	N/A	N/A	N/A	3%	-7%		
Additional Information: The SBA predicts WBC clients advised levels to remain relatively static in FY 2016 and FY 2017 as SBA places greater priority in developing its quality of services in terms of hours served and enhanced export training.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Created by WBC	Target	618	618	590	475	600	650	730	750
	Actual	689	701	694	637	708	766		
	Variance	11%	13%	18%	34%	18%	18%		
Additional Information: The SBA predicts WBC small businesses created levels to remain relatively static in FY 2016 and FY 2017 as SBA places greater priority in developing its quality of services in terms of hours served and enhanced export training.									

FY 2015 Accomplishments and Challenges

The WBC program reached more than 140,000 small business owners and helped more than 760 entrepreneurs start businesses. This year the SBA streamlined its grant process, which helped WBCs spend more time delivering services. This approach should continue to improve program performance in FY 2016 and FY 2017, as WBCs are better able to reach more clients.

The WBC network exceeded its target for small business creation. The increase is attributed to the enhanced program management of the network both on an individual and national basis. The SBA introduced a quarterly performance tracking dashboard that allowed the WBCs to determine how they performed against their counterparts. This transparency of data provided them with a better perspective on their goals and actual performance. The SBA also worked with centers to improve their referral process, moving more clients from training to counseling to achieve better outcomes.

One of the program’s main challenges is the ability to collect consistent outcome data. In FY 2014, the SBA began developing and planning for the first WBC survey, which launched in FY 2015. The survey will collect information on outcomes such as business starts, access to capital or contracts, and job creation for all clients advised and trained.

Also, the WBC program has taken an initiative to broaden outreach to clients whose first language is not English. To meet this demand, approximately 30 percent of the WBC grantees began using the DreamBuilder online curriculum to help deliver more services in Spanish.

FY 2016 and FY 2017 Planned Performance

For FY 2016, the SBA received \$17 million for WBCs. In turn, WBCs will advise and train more than 142,000 clients and help 730 of them open new businesses. The SBA will open six new centers in order to cover more areas of the country. The Agency will also conduct a survey of WBC clients that will cover both advising and training to better understand the value and impact of WBC program services. Further, the WBCs will be better equipped to help their clients prepare for and recover after a disaster. The SBA will leverage other public and private partnerships to expand opportunities for women entrepreneurs across the country.

For FY 2017, the SBA requests \$16.7 million for WBCs. In turn, WBCs will advise and train more than 147,000 clients and help 750 of them open new businesses. The SBA will implement new performance metrics based on more robust training data. The Agency will expand programs for women entrepreneurs seeking to grow or expand their businesses and leverage public-private partnerships.

The **SCORE** program is the largest volunteer business mentoring program in the federal government. SCORE has a volunteer cadre of more than 11,000 business professionals who donate more than one million hours a year to America’s entrepreneurs through online training and in person at more than 800 locations nationwide. This national network of business volunteers leverages 1.1 million hours of professional service offered online and in-person each year. The grant to SCORE helps fund volunteer recruitment, training and support, equipment and leases, technology, management systems, evaluations, marketing materials, and course development necessary for a successful volunteer provider network. SCORE mentors provide coaching and training expertise free of charge, maintain client confidentiality, and serve entrepreneurs in a wide range of settings. They demonstrate a unique commitment to small businesses and their communities.

Table 1.3f displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

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

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 12,205	\$ 12,980	\$ 10,499	\$ 11,546	\$ 12,110	\$ 13,326	\$ 15,826	\$ 15,626

Table 1.3g provides the targets and results for the SCORE performance indicators.

Table 1.3g: SCORE Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of SCORE Clients Trained	Target	N/A	N/A	Baseline	250,000	250,000	240,000	274,000	240,000
	Actual	N/A	221,019	292,264	218,434	277,971	212,229		
	Variance	N/A	N/A	N/A	-13%	11%	-12%		
Additional Information: The SBA introduced this metric in FY 2012. In FY 2015, SCORE streamlined its training curriculum, condensing multi-sessions into a single session to better serve clients, which explains the decrease.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of SCORE Clients Mentored	Target	N/A	N/A	N/A	N/A	Baseline	160,000	182,500	156,000
	Actual	170,387	135,818	166,509	127,468	164,403	137,310		
	Variance	N/A	N/A	N/A	N/A	N/A	-14%		
Additional Information: The SBA introduced this metric in FY 2014. SCORE continues to conduct outreach using local community outreach, national partnerships, public-service announcements, and social media channels to increase the number of clients mentored. In FY 2015, SCORE mentoring clients engaged in repeat consultations as their business needs evolved and personal advisor relationships were cultivated, decreasing number of total clients while positively impacting existing client satisfaction and business outcomes.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Created by SCORE	Target	1,082	1,082	1,080	700	700	5,400	5,400	5,400
	Actual	1,077	816	828	628	5,339	Data Lag		
	Variance	0%	-25%	-23%	-10%	663%	N/A		
Additional Information: In FY 2014, SCORE revised its data collection methodology to include survey data directly reported from SCORE clients. FY 2015 data will be available in the summer 2016.									

FY 2015 Accomplishments and Challenges

SCORE mentored and trained nearly 350,000 clients and conducted an outreach campaign to attract additional mentoring clients using local community outreach, national partnerships, public service announcements, and social media channels. SCORE continued its training for veterans and communities impacted by disasters. SCORE continues its commitment to serve America’s entrepreneurs in a client-focused and cost-effective manner. Their digital services will continue to expand with online mentoring, dedicated audience portals, online learning, and business templates.

FY 2016 and FY 2017 Planned Performance

For FY 2016, the SBA received \$10.5 million for SCORE. The investment will allow SCORE to continuously serve a client base of 456,500 clients, including underserved markets. SCORE will continue to recruit business mentors with industry experience, training expertise, and a deep commitment to each client. SCORE will further support these business mentors through its national infrastructure, continued innovation in service delivery, and constant engagement with financial, procurement, and startup communities.

For FY 2017, the SBA requests \$10.3 million for SCORE to mentor and train 396,000 clients, recruit high-quality business mentors, and support their services with robust information management tools and curricula. These mentors work to support on-going client needs and engage new prospects. Individual chapters will deploy workshops based on region-specific and industry trends.

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

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

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

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

Table 1.3h shows Regional Innovation Cluster performance indicators.

Table 1.3h: Regional Innovation Cluster (RIC) Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of RIC Participants Obtaining an Innovation Milestone	Target	N/A	N/A	N/A	N/A	N/A	Baseline	50%	52%
	Actual	N/A	N/A	N/A	N/A	N/A	Data Lag		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: The SBA introduced this metric in FY 2016. FY 2015 data will be available in fall 2016.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of RIC Participants Obtaining Revenue Growth	Target	N/A	N/A	N/A	N/A	N/A	Baseline	60%	62%
	Actual	N/A	63%	52%	52%	57%	Data Lag		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: The SBA introduced this metric in FY 2016. FY 2015 data will be available in fall 2016.									

FY 2015 Accomplishments and Challenges

The SBA oversaw eleven Regional Innovation Clusters and released a solicitation for three more awards. In alignment with the multi-agency Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) initiative, one new cluster supports communities in Appalachia affected by the coal economy.

The SBA continued to fund an evaluation to examine cluster initiatives, including their various stakeholder participants and the services and activities provided by the clusters, with a focus on small business participants. To investigate the ongoing implementation of the initiative and its impacts, the evaluation examined cluster developments during the fourth year of the initiative. The report demonstrated that cluster-related economic activity has been robust. Measured growth in employment, revenue, and payroll across small business participants has exceeded growth rates in corresponding datasets used to benchmark small business growth. Employment growth clusters also exceeded corresponding benchmark rates in those regions individually. Annualized revenue growth of 18 percent per year between September 2012 and September 2014 across clusters exceeded the 4.6 percent growth rate measured overall in the comparable Dun & Bradstreet sample. Using the same time period, average growth in employment in cluster small businesses grew at an annualized rate of 10.9 percent per year, outpacing the corresponding overall regional benchmark of 2.2 percent.

FY 2016 and FY 2017 Planned Performance

For FY 2017, the SBA requests \$6 million to support Regional Innovation Clusters. Specifically, \$5.5 million will be used to continue SBA cluster efforts, and \$500,000 will be used in partnership with other federal agencies to fund interagency clusters under the POWER initiative. Ongoing evaluation of the initiative will continue. Regional Innovation Clusters will support business development, intellectual property, exports, finance, marketing, commercialization of new technology, and federal and private sector supply chain.

The **Encore Entrepreneurship** initiative, in partnership with AARP, focuses on skills building, management and leadership capabilities, business acumen, and experiential learning. Effective workforce development involves skills training for existing and older workers, ages 50 and older, who are transitioning to new positions or taking on new duties at their current jobs. For many of these mid-

career and late-career members of America’s workforce, entrepreneurship training empowers them to take their skills and become job creators.

FY 2015 Accomplishments and Challenges

The SBA supported multiple activities throughout its training network for Encore Entrepreneurs. The Agency reached more than 170,000 clients during its Encore Entrepreneurship campaign, including the National Summer of Encore Mentoring activities. During this series, SBA district offices hosted more than 100 local session/workshops and ten nationally broadcast webinars that featured subject matter experts, industry professionals, successful entrepreneurs, and business coaches.

FY 2016 and FY 2017 Planned Performance

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

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

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

SBA’s primary online training service, the **SBA Learning Center**, offers free online assessment tools and business courses on business planning, marketing, government contracting, green technology, and social media. Hundreds of thousands of aspiring or current business owners use these free online courses and tools each year.

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

Table 1.3i: Entrepreneurial Development Performance Indicator

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Clients Trained Online	Target	N/A	N/A	N/A	500,000	225,000	250,000	220,000	200,000
	Actual	480,000	234,000	220,596	150,355	182,002	139,719		
	Variance	N/A	N/A	N/A	-70%	-19%	-44%		
Additional Information: The number of clients trained online includes clients trained through the SBA Learning Center. The SBA did not reach its FY 2015 goal due to focusing on training quality over quantity. In addition, after improving its data collection process in FY 2014, the SBA has adjusted its targets going forward to reflect the more realistic assessment of outreach.									

FY 2015 Accomplishments and Challenges

The SBA initiated an intensive review of online learner needs, performance metrics, usability, and digital assets to develop a clear vision to maximize the Agency’s impact. The site registered nearly 140,000 users who accessed nearly 60 free courses. User feedback demonstrated high satisfaction and

interest in new content. Standardization of course deployment helped reduce costs, ensured consistent learner experiences, and supported new content partnerships. Specialized content for audiences continued to support outreach campaigns and rapid learning for new audiences.

FY 2016 and FY 2017 Planned Performance

The SBA Learning Center will continue to produce training content and deploy course-sharing partnerships. Learners will have the opportunity to consume education on multiple platforms, thereby decreasing their time to locate business training. This model will expand SBA training awareness on non-business topics and provide specialized content on dedicated portals. The Agency anticipates reaching at least 220,000 clients through multiple tools offered on the SBA Learning Center through FY 2016. In FY 2017, the learning center will reach 200,000 clients.

The **Entrepreneurship Education** initiative offers high-growth small businesses in underserved communities an opportunity to grow through two unique initiatives, Emerging Leaders and ScaleUp. Emerging Leaders is a seven month executive development initiative that elevates a business’s growth trajectory, creates jobs, and contributes to the economic well-being of communities. Participants of the Emerging Leaders executive series receive more than 100 hours of specialized training, technical support, a professional networking system, and other resources to strengthen their business model and promote economic development. At the conclusion of the training, participants produce a three-year strategic growth action plan. Each year for three years after completing the training curriculum, participants complete an evaluation that collects key outcomes. Additionally, short assessments are conducted at the end of each module throughout the training delivery period to ensure quality and continuous improvement for both the instructors and curriculum.

Further, the longitudinal study of graduates has shown demonstrable economic impact and customer satisfaction. For example, during the past seven years, graduate businesses have created more than 6,800 full-time jobs; secured more than \$1.9 billion in state, local, and tribal contracts; and accessed nearly \$235 million in new financing. Since inception, the SBA has graduated nearly 2,800 students, who report a 95 percent satisfaction rating. These graduates continue to be successful in business and help communities grow economically. For 2017, the SBA requests \$10 million to support Entrepreneurship Education initiatives.

Table 1.3j displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

Table 1.3j: Entrepreneurship Education Budget – Total Administrative Resources (Thousands)

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
N/A	N/A	N/A	N/A	\$ 9,532	\$12,811	\$15,811	\$15,844

Table 1.3k shows Emerging Leader performance indicators.

Table 1.3k: Emerging Leaders Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Emerging Leaders Creating or Retaining Jobs	Target	N/A	N/A	N/A	N/A	N/A	Baseline	81%	81%
	Actual	N/A	N/A	73%	69%	81%	Data Lag		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: The SBA introduced this metric in FY 2016. Due to the nature of the initiative, SBA surveys participants each year, for three years, following completion of the initiative's curriculum. This performance indicator includes results obtained by the cohort of the indicated year and the previous two years during the indicated calendar year. FY 2015 data will be available in the summer of FY 2016.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Emerging Leaders Obtaining Revenue Growth	Target	N/A	N/A	N/A	N/A	N/A	Baseline	65%	67%
	Actual	57%	67%	62%	68%	66%	Data Lag		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: The SBA introduced this metric in FY 2016. Due to the nature of the initiative, SBA surveys participants each year, for three years, following completion of the initiative's curriculum. This performance indicator includes results obtained by the cohort of the indicated year and the previous two years during the indicated calendar year. FY 2015 data will be available in the summer of FY 2016.									

FY 2015 Accomplishments and Challenges

The SBA delivered the **Emerging Leaders** executive training series last year to 48 communities, more than doubling the number of communities hosting this series. To meet the growing demand for growth-oriented intensive entrepreneurship, the SBA strengthened local partnerships to serve active participants and recent graduates as they executed strategies for business growth. The series is now supported by more than 200 local economic development partnerships spread across the 48 communities, and active participant satisfaction rates have maintained superior scores during this rapid expansion. The FY 2015 cohort outcome indicators will be available in FY 2016 consistent with SBA’s on-going assessment.

FY 2016 and FY 2017 Planned Performance

In FY 2016 and FY 2017, Emerging Leaders aims to serve 48 communities. The SBA will continue to strengthen local partnerships to serve active participants and recent graduates as they execute strategies for business growth. Additionally, the SBA will continue assessing Emerging Leaders performance and publish reports as cohort data are made available.

The **ScaleUp America** initiative supports community efforts to deliver targeted intensive assistance to established high-potential small businesses and entrepreneurs that are primed for growth beyond the startup or early stages. The initiative provides the necessary support to help companies scale up and grow, while strengthening and enhancing local entrepreneurial ecosystems around the specific needs of growth-oriented entrepreneurs and firms, resulting in their ability to produce measurable economic impact and job growth in local communities.

Table 1.3l shows ScaleUp performance indicators.

Table 1.3I: ScaleUp Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Scale Up Participants Creating or Retaining Jobs	Target	N/A	N/A	N/A	N/A	N/A	N/A	Baseline	60%
	Actual	N/A	N/A	N/A	N/A	N/A	Data Lag		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: The SBA introduced this metric in FY 2016. FY 2015 data will be available in fall 2016.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Scale Up Participants Obtaining Revenue Growth	Target	N/A	N/A	N/A	N/A	N/A	N/A	Baseline	55%
	Actual	N/A	N/A	N/A	N/A	N/A	Data Lag		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: The SBA introduced this metric in FY 2016. FY 2015 data will be available in fall 2016.									

FY 2015 Accomplishments and Challenges

The SBA launched the ScaleUp initiative, which included two cohorts. The cohorts enrolled 108 and 116 businesses, respectively, with the first cohort starting in the spring of 2015. The Agency also released a competitive solicitation and awarded ScaleUp initiatives in seven new areas while renewing initiatives in the eight original communities. After extensive outreach to key stakeholders in the field of entrepreneurial development and a competitive solicitation process, the SBA made awards to eight ScaleUp communities across the country.

FY 2016 and FY 2017 Planned Performance

In FY 2016, the SBA will support fifteen ScaleUp communities. The first follow-up survey will be deployed in February 2016 and will measure changes in business outcomes, such as ScaleUp participants creating or retaining jobs and ScaleUp participants increasing revenue. The survey cannot be deployed earlier as businesses typically need at least six months to realize intermediate outcomes (such as changes in revenue) from this type of program. The independent evaluation will continue through FY 2017 and help determine the effectiveness of the initiative and inform a limited expansion and improvement strategy for FY 2017.

Strategic Objective 1.4: Exports

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

FY 2014 - 2015 Priority Goal: Expand access to export financing by increasing the number of lenders providing finance solutions from 430 to 555 and the number of small business exporters receiving financing through SBA loan programs from 1,346 to 1,480 by September 30, 2015

FY 2017 Performance Goal: Expand access to export financing by increasing the number of small business exporters receiving financing through SBA loan programs to 1,520 small businesses and by increasing the number of SBA core export loans to 580 in FY 2017

Objective Lead: Associate Administrator, Office of International Trade

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

Strategies:

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

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

Expanding the base of small business exporters and making the process as easy as possible is a key component of the National Export Initiative. To accomplish this initiative, the SBA continues to partner with the Department of Commerce and others on the Trade Promotion Coordinating Committee (TPCC) to promote exporting opportunities and trade shows, expand access to trade financing, and train business counselors and banks on exporting services.

The SBA also plays a central role in the implementation of the National Export Initiative through its chairmanship of the TPCC's Small Business Working Group (SBWG), which coordinates interagency cooperation on small business export promotion. The objectives of the SBWG are to identify potential small business exporters, connect them to export opportunities, prepare them to be successful, and support them once they find international opportunities. The SBA, as part of the Export Promotion Cabinet, is collaborating with other agencies to meet the goal of supporting 50,000 new small business exporters by FY 2017.

Progress Update: In FY 2015, the SBA guaranteed \$1.45 billion in loans to small business exporters. The Agency accomplished this result by continuing to train more than 4,300 lenders and hosting the Eighth Annual SBA Export Lenders Roundtable. The Agency participated with 514 lenders to provide financing to 1,513 small business exporters, exceeding the second goal of 1,480 small businesses financed.

Table 1.4a displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

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

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 8,016	\$ 7,681	\$ 8,943	\$ 11,224	\$ 20,048	\$9,025	\$9,451	\$9,471

Table 1.4b shows progress toward the Agency Priority Goal.

Table 1.4b: International Trade Priority Goals

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Lenders Providing Export Loans	Target	N/A	N/A	Baseline	492	523	555		
	Actual	N/A	430	497	483	513	514		
	Variance	N/A	N/A	N/A	-2%	-2%	-7%		
Additional Information: The goal tracks the sum of all lenders providing SBA-guaranteed export financing. This indicator is being discontinued in FY 2016.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Business Exporters Receiving SBA Financing	Target	950	990	990	1,349	1,415	1,480	1,520	1,520
	Actual	1,326	1,346	1,283	1,388	1,392	1,513		
	Variance	40%	36%	17%	3%	-2%	2%		
Additional Information: The metric Number of Small Business Exporters Receiving SBA Financing measures the sum of all small businesses receiving SBA-guaranteed export financing.									

Chart 1.4 shows the total dollar value and number of loans to exporters. The dollar value of export loans has more than doubled since FY 2010.

Chart 1.4: Loans to Exporters (\$ Millions and Number of Loans)

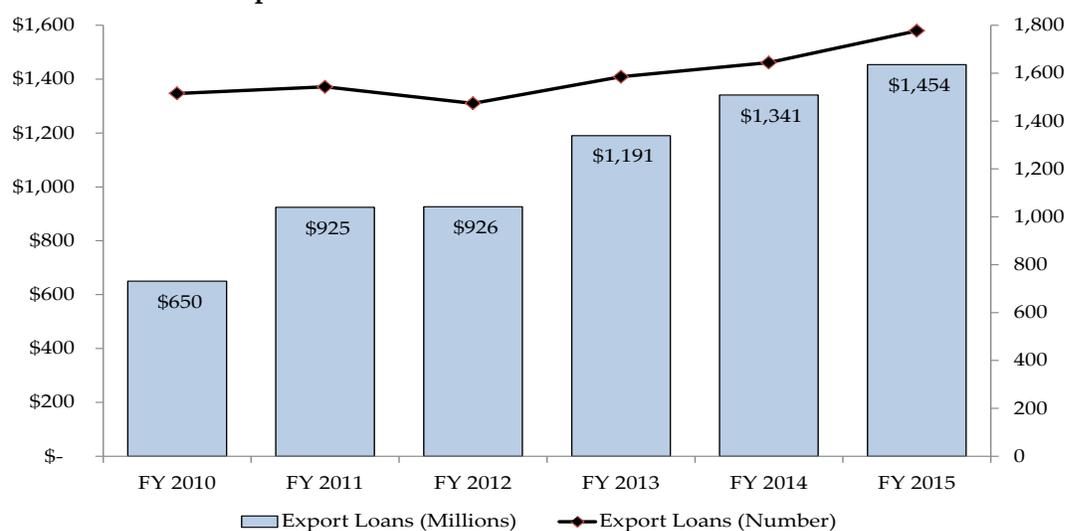


Table 1.4c shows progress toward the performance goal that tracks the number of core export loans.

Table 1.4c: International Trade Performance Goal

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Export Core Loans	Target	N/A	N/A	N/A	N/A	N/A	Baseline	560	580
	Actual	386	485	405	502	502	547		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: The Number of Export Core Loans is a new measure replacing the Number of Small Businesses Receiving Export Counseling. This metric measures the sum of core SBA-guaranteed export loans made to small businesses - Export Working Capital, International Trade, and Export Express loans.									

Strategy 1: Expand market export opportunities

Small businesses that can access the global market have the potential for substantial expansion and growth. Expanding the base of small business exporters and making the process as easy as possible for them is a key to increasing exports. To support this strategy, the **State Trade and Export Promotion (STEP)** program awards federal dollars to states and territories to fund eligible small business export development efforts, including participation in trade missions and foreign market sales trips, export trade shows, international marketing efforts, and export training. This program identifies and prepares small businesses for exporting and assists them in executing their export business plan. Table 1.4c tracks the progress of the STEP performance indicator that measures the average return on investment.

Table 1.4d displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs. Prior to FY 2013, STEP program funding is aggregated with international trade.

Table 1.4d STEP Budget – Total Administrative Resources (Thousands)

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
N/A	N/A	N/A	\$ 1,681	\$ 9,462	\$19,563	\$20,163	\$17,163

Table 1.4e tracks the progress of the STEP performance indicator that measures the average return on investment.

Table 1.4e: STEP Performance Indicator

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Average Dollar Return on Investment of STEP Cooperative Agreements	Target	N/A	N/A	N/A	N/A	N/A	N/A	Baseline	12
	Actual	N/A	11	28	N/A	Data Lag	Data Lag		
	Variance	N/A	N/A	N/A	N/A	N/A			
Additional Information: The metric Number of Small Business Exporters Receiving SBA Financing measures the sum of all small businesses receiving SBA-guaranteed export financing. STEP cooperative agreements assist small businesses enter and succeed in the international marketplace. The average return on investment is calculated by dividing the reported total dollar export sales supported by the STEP Program by the STEP funds awarded for each fiscal year. Data for FY 2014 and FY 2015 will be available in FY 2016 and FY 2017, respectively.									

FY 2015 Accomplishments and Challenges

To support export development, the SBA administered \$8 million in cooperative agreements awarded in FY 2014 using upgraded processes and automated tool improvements. The Agency prepared for and executed a competitive process to award an additional \$17.4 million in cooperative agreements, which will be administered through FY 2016. These awards have supported several export development efforts across the states.

The SBA continued to refine STEP program operational processes, such as improving the quarterly performance progress reporting by the state awardees and the automation tool (STEP 360) which processes awardee payment requests and non-payment actions more quickly and accurately. The SBA maintained STEP program oversight and completed various management activities for the remaining 24 active awardees from the third round of STEP awards.

FY 2016 and 2017 Planned Performance

In FY 2016, the SBA received \$18 million for STEP. The Agency will announce a competitive process for additional STEP awards using these funds. During FY 2016 and FY 2017, the SBA will monitor the \$8 million in cooperative agreements awarded in FY 2014 and administer the \$17.4 million awarded in FY 2015.

In FY 2017, the SBA requests \$15 million for STEP to leverage new development opportunities to further increase the number of small business exporters and export sales.

Strategy 2: Increase access to trade financing

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

FY 2015 Accomplishments and Challenges

While 7(a) and 504 loans can be used to support small business exporters, the SBA has three core export loan products targeted to support the development of small business exporters that directly support the National Export Initiative. The **Export Express** loan program is a delegated authority program with a \$500,000 maximum loan amount that is especially helpful for early stage exporters who can use the funds for a wide range of export development activities. For example, small businesses can use these loans to attend overseas trade shows and develop and enter new markets. With a 90 percent guaranty on amounts up to \$350,000 and a 75 percent guaranty on amounts up to \$500,000, the program offers lenders enhanced coverage in support of small business exporters. In FY 2015, 63 lenders made 156 Export Express loans for \$28 million to 122 small businesses.

The **Export Working Capital** loan program provides necessary financing to support an exporter's transactions, from purchase order to final payment, with a \$5 million maximum loan amount and 90 percent guaranty. The SBA trained a number of lenders on this export loan product and, as a result, the number of preferred lenders with delegated authority to approve new SBA Export Working Capital loans continued to grow in FY 2015. In FY 2015, 79 lenders guaranteed 176 Export Working Capital loans for \$307 million to 168 small businesses.

The **International Trade** loan program provides loans up to \$5 million in financing and offers a 90 percent guaranty. This loan provides financing to allow a successful export business to expand its production capacity, including those that want to bring production back from overseas or companies that have been adversely impacted by imports. In FY 2015, the SBA guaranteed 215 international trade loans for \$394 million made by 83 lenders to 199 small businesses.

FY 2016 and 2017 Planned Performance

Recognizing that U.S. small business exporters are key to the nation's economic future and job growth, the SBA will remain committed to working closely with other trade financing agencies and lenders in order to provide export trade financing solutions to small businesses in FY 2016 and 2017. The SBA will continue to collaborate with other federal agencies, state agencies, resource partners, internal partners, and other export assistance resources to expand the nation's export financial infrastructure, improve access to and delivery of export finance, and improve program delivery to small business exporters. Since trade financing support provided by the governments of competing nations, particularly in emerging markets, is a growing competitiveness issue, it is important that U.S. federal agencies work together.

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

Through its network of trade finance specialists located in 20 U.S. Export Assistance Centers throughout the country, the SBA provides training and consultation services on trade financing and U.S. government export financing programs to both lenders and small businesses. In addition to speaking at workshops on trade finance topics, SBA's trade finance specialists provide in-depth, in-bank training for lenders on U.S. government export financing programs. The Agency export field staff is a valuable resource for small business exporters, combining the international marketing expertise of Department of Commerce U.S. Commercial Service staff with the trade financing expertise of SBA staff in one location. The SBA specialist is frequently the only trade finance expert available at these locations to counsel businesses and lenders on how to get paid by foreign buyers and how to access trade financing options.

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

Table 1.4f: International Trade Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Receiving Export Training	Target	5,662	5,726	7,200	8,000	7,600	8,000	8,400	8,400
	Actual	9,151	8,717	10,598	8,244	8,273	8,120		
	Variance	62%	52%	47%	3%	9%	2%		
Additional Information: The metric tracks the sum of all small businesses that have received export training by SBA trade finance staff.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Lenders Receiving Export Training	Target	3,072	2,600	3,950	4,400	4,000	4,200	4,500	4,800
	Actual	3,708	3,518	4,119	4,868	5,097	4,329		
	Variance	21%	35%	4%	11%	27%	3%		
Additional Information: The metric tracks the sum of all lenders that have received export training by SBA trade finance staff.									

FY 2015 Accomplishments and Challenges

The SBA provided consultation services to 3,387 small businesses and trained 8,120 small businesses on export finance. The SBA provided consultation services to 3,938 lenders and trained 4,329 lenders on SBA export loan guaranty programs. The Agency also held two export roundtables.

The SBA continues to use its small business counselor training certification program in partnership with the U.S. Department of Commerce and the Trade Promotion Coordinating Committee. The certification program includes an extensive training track on international trade, which the SBA offers at the annual Association of Small Business Development Centers conference and a training and certification website (export.gov/sbcounselors). More than 600 international trade-certified counselors within the SBDC network have credentials to provide training.

The SBA also partnered with the U.S. Department of Commerce to provide trade financing experts at domestic and overseas trade shows to counsel U.S. small business exhibitors about various financing options. International trade shows take the U.S. exhibitors to foreign locations where they need to conduct business. Having trade finance expertise at the event supports businesses at events where U.S. exhibitors negotiate sales terms with foreign buyers who attend these shows. SBA export finance specialists provided counseling and training at 19 of the Department of Commerce International Buyer program (IBP) industrial shows and three international trade shows. At IBP events, small business exporters meet prospective buyers from around the world in one venue.

FY 2016 and 2017 Planned Performance

The SBA will provide in-depth lender training that includes SBA financing solutions to address specific exporter needs. In FY 2016, the SBA expects to train 4,500 lenders, and 8,400 small businesses on exporting, international methods of payments, and export financing solutions. In FY 2017, the SBA expects to train an additional 4,800 lenders and 8,400 small businesses.

The SBA will partner with the Department of Commerce to continue providing financing experts at domestic and overseas trade shows to counsel small business exhibitors about various financing options. SBA export finance specialists plan to provide counseling and training at 15 of Commerce's IBP domestic industrial shows and four international trade shows in FY 2016. In FY 2017, SBA export finance specialists plan to attend 17 of the IBP domestic industrial shows and five international trade shows.

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

The TPCC, established by Congress in 1992, is responsible for providing a unifying framework to coordinate agencies' export promotion activities and for developing a government-wide strategic plan to implement those activities. The TPCC is comprised of 20 agencies with seven core trade promotion agencies that take the lead in devising and implementing trade promotion policy and initiatives. The core agencies are the SBA, the U.S. Department of Commerce, Overseas Private Investment Corporation, U.S. Trade and Development Agency, U.S. Department of Agriculture, Export-Import Bank, and the Department of State. Currently, the TPCC, along with the EPC, is responsible for coordinating and reporting on the National Export Initiative (NEI/NEXT). The SBA Administrator chairs the TPCC's SBWG, which is primarily responsible for increasing exports by small businesses.

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

FY 2015 Accomplishments and Challenges

The SBA Administrator convened the TPCC SBWG in February where she spoke of SBA efforts to engage foreign countries, including through the Global Entrepreneurship Conference in Milan, where leaders of SBA counterparts around the world convened to discuss best practices in the entrepreneurship environment. The Agency continues to place emphasis on marketing and outreach of the NEI/NEXT pillars.

The SBA continued to provide support to the U.S. Trade Representative throughout three rounds of Transatlantic Trade and Investment Partnership negotiations in FY 2015 and the Sixth Annual U.S.-EU Small and Medium-Size Enterprises Best Practices Workshop in April.

FY 2016 and 2017 Planned Performance

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

The SBA will continue to provide support to the U.S. Trade Representative throughout the Transatlantic Trade and Investment Partnership negotiations and the Seventh and Eighth Annual U.S.-EU SME Best Practices Workshops. The SBA will continue to convene TPCC SBWG meetings to advance the Administration's trade policy agenda for small-business exporters. The SBWG will continue to implement specific programs that encourage existing small business exporters to expand into new markets and encourage more small businesses to begin exporting.

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

Strategic Objective 1.5: High-Growth and Startups

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

Performance Goal: Issue \$2.6 billion in debenture leverage to SBICs in FY 2017

Objective Lead: Associate Administrator, Office of Investment and Innovation

Programs/Activities: Small Business Investment Companies (SBIC), ScaleUp Manufacturing Investment Company (SUMIC), Small Business Innovation and Research (SBIR), Small Business Technology Transfer (STTR), Growth Accelerators

Strategies:

1. Grow the deployment of long-term capital via the SBIC program
2. Support innovative manufacturing technologies by financing their scale up from prototypes to commercial-scale facilities
3. Improve Small Business Innovation Research (SBIR/STTR) operations, outreach, and commercialization and Small Business Technology Transfer (STTR) programs
4. Strengthen the accelerator network targeted at high growth startups and capital providers
5. Provide thought, policy, and executional leadership on the crowdfunding capital raising model

High-growth businesses create new, high paying jobs in today's economy. Through longer-term "patient" capital, growth accelerators and regional innovation clusters, federal research and development grants, and export assistance, the SBA plays a critical role in the ongoing success of high-growth small businesses. These high-growth investments provide opportunities for small businesses to create jobs and sustain the cycle of American entrepreneurship and innovation.

To support job creation, the SBA is committed to growing the existing programs that serve these firms with investment, innovation and commercialization of government research and development, and targeting new initiatives that serve this critical part of the economy. Targeting \$2.6 billion in debenture leverage to SBICs will expand access to capital for these high-growth potential small businesses by giving them the means to grow rapidly, develop their ideas, and expand their product offerings and services. The efforts of the SBIR program support the President's Cross-Agency Priority Goal to increase the economic impact of federally funded research and development by accelerating and improving the transfer of new technologies from the laboratory to the commercial marketplace.

Progress Update: In FY 2015, the SBA met its goal of committing \$2.5 billion in debenture funds to SBICs. The Agency licensed 25 new SBIC funds with an average licensing time of 8.4 months and put in place a new tracking system, identifying processing times for each stage of review. This new system has allowed the program to quantify and qualify its performance with regards to customer service and to identify areas needed for improvement. To reduce licensing times, the SBA is reducing delays within its control and communicating with applicants clearly and promptly regarding actions required on their part. In addition, the SBA continued development of an SBIC web-based system to modernize the business model, encourage potential applicants, streamline processes, and reduce redundancy or duplicative efforts. SBIR is planning to build its solicitation portal and upgrade its database to support additional data collection for performance analysis. The SBIR and STTR programs' current authorization expires at the end of FY 2017. The Agency requests the reauthorization for both programs, often referred to as America's Seed Fund, be extended as they support the growth of small, high-tech businesses. The

programs have been responsible for establishing thousands of advanced technologies and providing the first funding to many now prominent large businesses.

Table 1.5a displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

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

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 24,262	\$ 26,305	\$ 23,229	\$ 19, 667	\$ 14,220	\$ 15,910	\$ 16,661	\$ 16,696

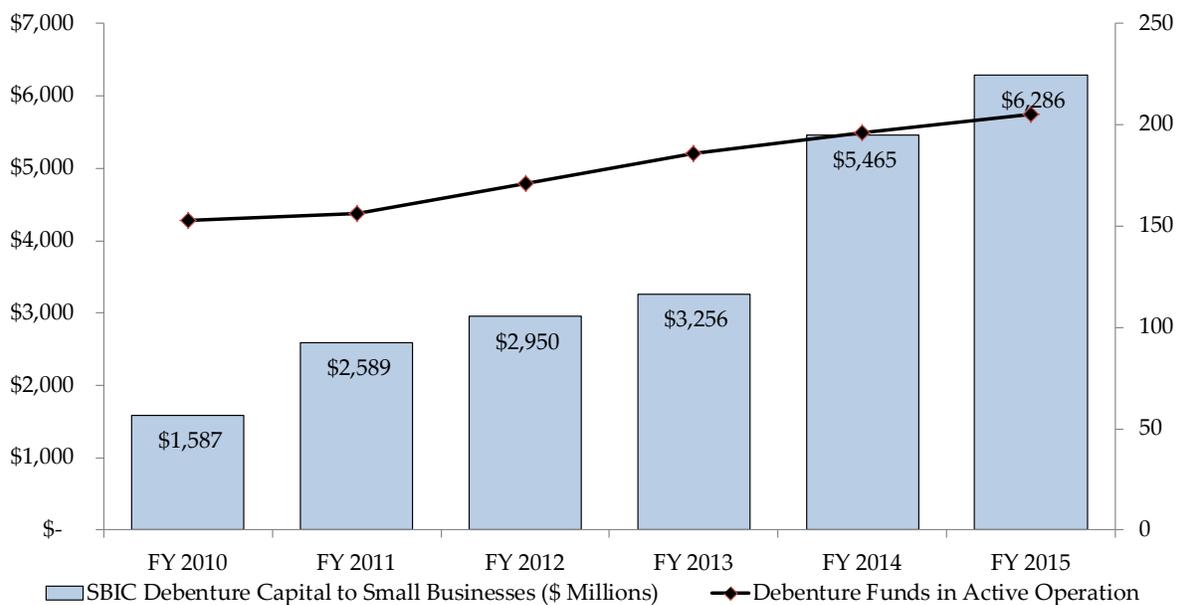
Table 1.5b shows progress toward the performance goal of SBA debenture leverage committed to SBICs.

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

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Dollars of SBA Debenture Leverage Committed to SBICs (Millions)	Target	Baseline	\$ 1,352	\$ 1,900	\$ 2,400	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,600
	Actual	\$ 1,165	\$ 1,827	\$ 1,924	\$ 2,156	\$ 2,549	\$ 2,533		
	Variance	N/A	35%	1%	-10%	2%	2%		
Additional Information: The measure tracks the dollar amount of commitments to SBIC funds.									

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

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



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

The **Small Business Investment Company** program provides long-term loans and equity capital to small businesses, especially those with potential for substantial job growth and economic impact. SBICs are privately owned and managed investment funds that are licensed and regulated by the SBA. They use private capital plus funds borrowed with an SBA guaranty to make investments in qualifying small businesses. More than 300 SBICs have more than \$24 billion of capital under management. By increasing availability of growth capital to small businesses, the SBA helps small business owners at every stage of a business’s development. This capital is generally longer term “patient” capital that is well suited to high-growth companies and is a critical tool to help these businesses expand and create jobs in their communities.

Table 1.5c shows progress toward the performance indicator that tracks the time to license SBICs. For FY 2017 the time to license target is six months.

Table 1.5c: Small Business Investment Company Performance Indicator

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Time (Months) taken to License an SBIC	Target	N/A	N/A	N/A	N/A	N/A	Baseline	6.0	6.0
	Actual	5.8	5.5	5.4	6.8	7.4	8.4		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: The measure monitors the average number of months for the internal SBIC licensing process.									

FY 2015 Accomplishments and Challenges

The Agency issued \$2.5 billion to SBICs in new debenture leverage commitments and licensed 25 new SBICs. In addition, the SBA proposed to expand the Impact Investment Initiative to include, for example, investment in SBIR/STTR companies and to make advances in the manufacturing sector.

The SBICs provided more than \$5.4 billion to support more than 1,000 small businesses. Approximately 25 percent of the small businesses financed are special opportunity gap businesses, including those located in low-to middle-income areas, minority-owned, woman-owned, and veteran-owned businesses.

The SBA continued expanding outreach to both general partners and limited partners (LP) with the focus of increasing new entrants into the SBIC program. In particular, the SBA will work with more regional and community banks to increase LP participation in the SBIC program so that these banks can take advantage of its benefits. The SBA is also focused on providing greater opportunity to women and minority fund managers.

FY 2016 and FY 2017 Planned Performance

The Agency expects to issue \$2.5 billion in FY 2016 and \$2.6 billion in FY 2017 in new debenture leverage commitments to SBICs. The Agency expects to issue 20 new licenses in FY 2016, and 15 new licenses in FY 2017. It should be noted that licensing activity has been at a historically high level in recent years. The SBA proposes to change the Early Stage Fund program to increase its participation.

The SBA will continue to expand its outreach and focus on increasing the participation of minority-led and women-led funds in the program. The Agency will continue to support the expansion of leverage available to funds under common control and would expect this opportunity to increase the number of funds seeking licensure.

Strategy 2: Support Innovative Manufacturing Technologies by Financing Their Scale Up From Prototypes to Commercial-Scale Facilities

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

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

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

FY 2015 Accomplishments and Challenges

The ScaleUp Manufacturing Investment Company (SUMIC) Act of 2015 (S. 1934 and H.R. 3468) would amend the Small Business Investment Act of 1958 to establish the SUMIC program. The bill has been introduced and is awaiting congressional action. The bill would establish a fund, administered by the Small Business Administration, to offer federal loan guaranties to investors looking to invest in novel manufacturing startups looking to make their products in the United States. The legislation builds out a proposal from the President's FY 2016 budget that was first recommended by the President's Advanced Manufacturing Partnership, a council of 19 manufacturing CEOs and university presidents co-chaired by Dow and MIT.

FY 2016 and FY 2017 Planned Performance

The SBA requests new mandatory authority for \$1.25 billion in subsidy to be spread from FY 2017 to FY 2021 to create the ScaleUp Manufacturing Investment Company program. If the authority is provided, SUMIC will generate \$10 billion in investment activity in five years to bridge a significant portion of the financing gap for small advanced manufacturing startups. The mandatory proposal estimate of budget authority and outlays used a placeholder subsidy rate of approximately 25 percent. The estimated subsidy costs associated with each application for a federal loan guaranty to

provide financing to a fund would be determined on a fund-by-fund basis using actual fund financial information.

Table 1.5d shows the projected mandatory outlays to support a \$5 billion program level in FY 2017 with subsidy costs of \$1.25 billion spread between FY 2017 to FY 2021.

Table 1.5d Projected Mandatory Outlays

FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
\$0 Million	\$155 Million	\$365 Million	\$365 Million	\$365 Million

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

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

Table 1.5e displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

Table 1.5e: SBIR/STTR Budget – Total Administrative Resources (Thousands)

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
N/A	N/A	\$3,110	\$2,430	\$9,258	\$9,650	\$10,506	\$10,527

Table 1.5f shows the performance indicator that tracks the percent of dollars awarded to SBIR proposals.

Table 1.5f: Small Business Innovation Research (SBIR) Performance Indicator

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Federal Government Dollars Awarded to SBIR Proposals	Target	N/A	N/A	N/A	N/A	N/A	Baseline	3%	3%
	Actual	2.5%	2.5%	2.6%	2.7%	2.8%	Data Lag		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: Federal agencies with extramural budgets for research or research and development in excess of \$100 million must spend at least the targeted amount on small business innovation. There is a two year data lag in reporting results.									

Table 1.5g shows the performance indicator that tracks the percent of dollars awarded to STTR proposals.

Table 1.5g: Small Business Technology Transfer (STTR) Performance Indicator

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Federal Government Dollars Awarded to STTR Proposals	Target	N/A	N/A	N/A	N/A	N/A	Baseline	0.45%	0.45%
	Actual	0.30%	0.30%	0.35%	0.35%	0.40%	Data Lag		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: Federal agencies with extramural budgets for research or research and development in excess of \$1 billion must spend at least the targeted amount on small business innovation. There is a two year data lag in reporting results.									

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

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

FY 2015 Accomplishments and Challenges

The SBA administered \$2 million in Federal and State Technology (FAST) grants. The Agency continued to use the five working groups to implement the directives in the Reauthorization Act and to support the White House’s Lab-to-Market Commercialization agenda. In addition, the SBA monitored and improved the central commercialization database to track data and perform business intelligence analysis and executed plans to further enhance the SBIR program, evaluate its metrics, and monitor results. The database provides commercialization data on the awards granted by the federal government in a central location.

FY 2016 and FY 2017 Planned Performance

In FY 2016, the SBA will implement and monitor multiple cross-agency initiatives designed to improve program effectiveness, share best practices, continue to enhance the “TechNet” database (the federal government SBIR/STTR database), and further improve SBIR.gov. The additional improvements and enhancements will ensure that SBIR.gov is the central location for small businesses to work with the federal government on research and development. The SBA will seek reauthorization for SBIR/STTR in FY 2017 as the program continue to develop to further small business growth in the federal research and development arena.

The SBA will continue to execute the 20 FAST grants awarded in FY 2015. In FY 2016, the SBA will coordinate two more promotional 20-state road tours, two national events, and a regional event.

Substantial work at improving FAST outreach through web and video exposure will be a major focus. The SBA will expand its pilot training program to the majority of states and territories.

The SBA will continue to implement initiatives designed to improve SBIR/STTR program effectiveness and enhance value to small business, and will continue to maintain and improve “TechNet” and SBIR.gov. The additional improvements and enhancements will ensure that SBIR.gov is the central location for small businesses to work with the federal government on research and development. The SBA will review feedback on the new outreach tools and modify them to improve user experience. In addition, the SBA will use its field staff and resource partners to promote SBIR.

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

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

Table 1.5h displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

Table 1.5h: Growth Accelerators Budget – Total Administrative Resources (Thousands)

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
N/A	N/A	N/A	N/A	\$2,500	\$3,987	\$1,175	\$5,173

Table 1.5i shows the performance indicator that tracks the number of applications SBA receives for the growth accelerators program.

Table 1.5i: Growth Accelerators Performance Indicator

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Applications Received for SBA Accelerators Program	Target	N/A	N/A	N/A	N/A	N/A	N/A	Baseline	450
	Actual	N/A	N/A	N/A	N/A	N/A	421		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		

FY 2015 Accomplishments and Challenges

Growth Accelerator Fund awards were given to accelerators in 30 states, Washington, D.C. and Puerto Rico. Most of these areas typically have little access to venture capital. Of the 50 winners: 7 of them were in rural areas, 9 of them were new, 38 percent were majority-owned by women, and 14 percent represented underserved populations.

The winners reported that since their collective inception, they have launched or currently house 976 and 482 startups respectively, for a total of 1,458 companies. Almost 1,000 small businesses have graduated from the accelerators. On average, each accelerator graduates about 10 small businesses per year. Further, the 482 small businesses currently being accelerated yield similar results: about 10 businesses in a given year. Each of them reported the creation or retention of nearly 4,800 jobs.

The SBA completed a second installment of the competition and awarded \$4 million to 80 accelerators in order to continue building the support structure needed to help startups become commercially viable and create more jobs. This extra infusion of capital to qualified accelerators and the burgeoning ecosystem in which they play provides resources to boot the startup and entrepreneurship communities around them in order to provide a much needed and sustainable economic impact.

FY 2016 and 2017 Planned Performance

In FY 2016, the SBA received \$1 million in funding to support an expansion of the Agency's growth accelerators initiative. Under this proposal, the SBA will scale growth accelerators via a competition among universities and private sector organizations. With an initial investment of \$22.5 million in a five-year period, this program will scale what already works best.

In FY 2017, the SBA requests \$5 million to support additional outreach efforts. This request will allow the Agency to continue its support for startups growth and commercial viability. The outcome will have a real and sustained economic impact in regions with participating small businesses.

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

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

FY 2015 Accomplishments and Challenges

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

FY 2016 and 2017 Planned Performance

SEC issued a final rule on crowdfunding November 16, 2015, to be effective May 16, 2016. In FY 2016, the SBA will continue to work with SEC's Office of Small Business Policy in the Division of Corporation Finance to expand their efforts. The SBA will host a series of events externally and internally which include meeting with small businesses to inform them how to best leverage Title III.

In FY 2017, the SBA will host webinars and other outreach events to provide education on the newly created rules regarding crowdfunding. The SBA expects to be a leading resource in educating and marketing the availability and regulations of crowdfunding to small businesses.

Strategic Objective 1.6: Disaster Assistance

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

<p>FY 2014 - 2015 Priority Goal: Increase the return rate for disaster survivor loan applications by 10 percentage points, from 24 percent to 34 percent, by September 30, 2015</p> <p>Performance Goal: Ensure the customer satisfaction rate for disaster loan approvals is 71 percent in FY 2017</p> <p>Objective Lead: Associate Administrator, Office of Disaster Assistance</p> <p>Programs/Activities: Disaster Loans, Disaster Assistance, Small Business Development Centers (SBDC), Women's Business Centers (WBC), SCORE, Field Office Outreach</p> <p>Strategies:</p> <ol style="list-style-type: none">1. Promote disaster preparedness in targeting of pre-disaster outreach by region and type of disaster2. Strengthen disaster operations to enhance effectiveness and efficiency3. Utilize SBA's nationwide infrastructure for short and long-term recovery
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Returning small businesses to normal operations and families to their homes after a disaster is critical to ensuring that local economies regain traction as quickly as possible and once again are able to create jobs. The SBA, in coordination with the Federal Emergency Management Agency (FEMA), other federal agencies, the American Red Cross, and an array of state and local entities, helps small businesses prepare for disaster and provides timely and accessible low cost, low interest loans to business owners, non-profits, homeowners, and renters who are survivors of disaster. SBA disaster assistance loans, integrated with other federal disaster assistance, increase the positive impacts on communities. The disaster loans are a critical source of economic stimulation in disaster-ravaged communities and help generate employment and stabilize tax bases by protecting jobs. Small businesses in particular are helped by a stronger customer base and revitalized communities.

In addition to providing loans for physical damage, the SBA provides working capital in the form of economic injury disaster loans (EIDL) to small businesses, small agricultural cooperatives, small aquaculture businesses, and most non-profit organizations. The Agency has an active portfolio of about \$6.5 billion in loans. The SBA will target a customer satisfaction rate for disaster loan approvals of 71 percent in FY 2017. This performance goal measures how delivery of the disaster assistance loan program is perceived by recipients. By streamlining the disaster loan application process, moving toward an electronic submission model that is user-friendly and reduces errors, and promoting disaster preparedness, the SBA is supporting the President's management agenda to deliver better, faster, and smarter services to citizens and businesses. These efforts increase quality and value in the federal government's core administrative functions, continue to enhance productivity, and achieve cost savings.

Progress Update: The SBA, in consultation with the OMB, has determined that the performance toward this objective is making noteworthy progress. The SBA exceeded its Disaster Loan Application Return Rate Priority Goal of 34 percent. By using call centers and promoting the use of electronic loan applications, the SBA enhanced program efficiency by reducing errors and processing times and improved customer service. SBA disaster loan activity was lower than average with only 33,743 applications being processed (30,084 homes, 3,659 businesses, including EIDLs). A normal year of disaster loan activity for the SBA is based on 40,000 home loan applications, 10,000 business loan

applications, and 2,000 EIDL applications processed. The SBA, in working 255 active disaster declarations across the country, approved 11,447 disaster loans for a total of \$371.7 million in assistance to disaster survivors.

Table 1.6a displays the cost to administer the program. It includes direct costs from the operating budget, including contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

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

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 248,669	\$ 253,428	\$ 253,629	\$ 337,144	\$ 246,358	\$225,712	\$236,373	\$236,863

Table 1.6b shows progress toward the Priority Goal of increasing the return rate for disaster assistance loan applications. Table 1.6c shows progress on the performance goal that tracks the customer satisfaction rate.

Table 1.6b: FY 2014-2015 Disaster Assistance Priority Goal

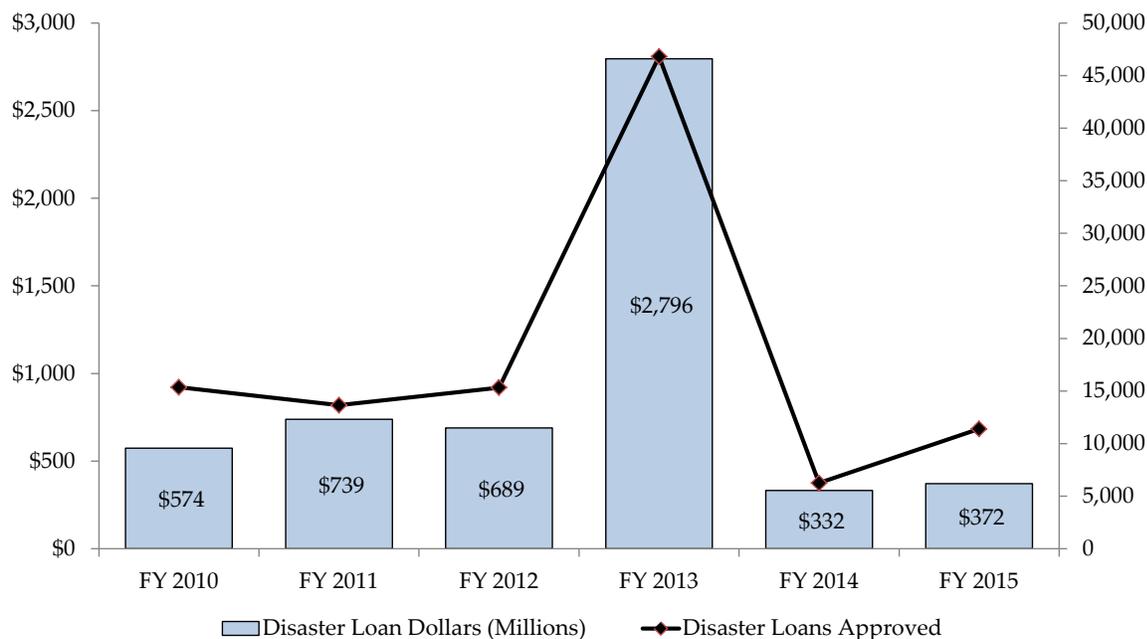
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Return Rate for Disaster Survivor Applications	Target	N/A	N/A	N/A	Baseline	29%	34%	50%	
	Actual	N/A	N/A	N/A	24%	69%	98%		
	Variance	N/A	N/A	N/A	0%	138%	188%		
Additional Information: Since implementing a new process for issuing applications to disaster survivors (i.e. using call centers to promote the use of electronic loan applications rather than automatically mailing paper copies), the return rate for applications has significantly increased, leading to quicker loan processing for disaster survivors. Due to the successful impact of SBA's strategies, this goal will be retired after FY 2016.									

Table 1.6c: Disaster Assistance Performance Goal

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Customer Satisfaction Rate for Approvals	Target	71%	71%	71%	71%	71%	71%	71%	71%
	Actual	74%	80%	80%	81%	80%	80%		
	Variance	4%	13%	13%	14%	13%	13%		
Additional Information: The SBA established this Performance Goal in FY 2010 and has provided historical data for context. The SBA conducts an annual customer satisfaction study on its Disaster Assistance program using the methodology of the American Customer Satisfaction Index (ACSI). SBA can use the survey data to identify and target areas for improvement that will have the greatest impact on customer satisfaction scores. The government-wide customer service standard is 66 percent. The new process for issuing applications to disaster survivors (i.e. using call centers to promote the use of electronic loan applications) and the use of electronic loan applications has a direct, positive impact on disaster survivors by increasing the number of interactions between the SBA and disaster survivors. This increased attention and customer service is resulting in improved customer satisfaction ratings.									

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

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



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

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

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

Table 1.6d: Disaster Assistance Performance Indicator

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Disasters Having Field Presence Within 3 Days	Target	95%	95%	95%	95%	95%	95%	95%	95%
	Actual	100%	100%	100%	100%	100%	100%		
	Variance	5%	5%	5%	5%	5%	5%		
Additional Information: Field presence is defined as getting disaster personnel to disaster sites within three days of disaster declaration.									

FY 2015 Accomplishments and Challenges

The SBA recognizes that preparedness is a shared responsibility and continued to encourage emergency readiness both at home and at work. The Agency participated in *America’s PrepareAthon!*,

a nationwide, community-based campaign for action to increase emergency preparedness and resilience. The SBA continued to partner with Agility Recovery and held free monthly business disaster preparedness webinars on PrepareMyBusiness.org.

The SBA improved its online presence and explored new ways to connect with target audiences and disaster stakeholders to achieve program objectives. The Agency also published a *Reference Guide to the SBA Disaster Loan Program* which communicates the three-step process of applying, verifying, and closing loans. It serves as a resource for disaster survivors, resource partners, and other stakeholders for the purpose of promoting disaster preparedness, assistance, and recovery.

Ensuring consistent messaging for disasters across the country can be a challenge. Since different regions of the country experience different types of disasters, relaying key messages on preparation is important. The SBA works to ensure that every part of the country is prepared for different types of disasters in order to get small businesses and communities back to normal operations.

FY 2016 and FY 2017 Planned Performance

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

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

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

The SBA will continue to encourage disaster preparedness by supporting local stakeholder outreach efforts through workshops and other events. The Agency continues to market its Disaster Assistance loan program by continuing to target audiences with an emphasis on SBA.gov and other direct links. The SBA will continue to ensure that district offices enhance messaging to disaster survivors.

Strategy 2: Strengthen disaster operations to enhance effectiveness and efficiency

The SBA is continually reviewing and implementing process improvements to enhance program delivery. The development of DisasterAssistance.gov has made disaster assistance responsive, consistent, and easy for disaster survivors to find government resources. Additionally, the SBA electronic loan application (ELA) for disaster assistance loans captures more than 80 percent of all applications, simplifying the application process and speeding delivery of assistance to disaster survivors across all eligible home or business loan applications. Response time to disaster survivors is reduced by the time saved not needing to mail the application. Furthermore, the integrity of the data used in the

underwriting process is improved because application data from the ELA uploads directly into the Disaster Credit Management System, unlike paper applications which require data entry by SBA employees. Finally, the SBA has established approximate processing time standards based on tiered levels of possible application volumes: Level I (less than 50,000 applications) has a two to three week processing goal; Level II (50,001 to 250,000 applications) has a three to four week processing goal; Level III (more than 250,000 applications) has a four-plus week processing goal; and Level IV (more than 500,000 applications) has a more than a four-plus week processing goal.

Table 1.6e shows progress toward the disaster assistance efficiency performance indicators, including the initial disbursement rates and time to process home, business, and economic injury disaster loans.

Table 1.6e: Disaster Assistance Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Loans With Initial Disbursements Within 5 Days of Loan Closing	Target	95%	95%	95%	95%	95%	95%	95%	95%
	Actual	100%	100%	100%	100%	100%	98%		
	Variance	5%	5%	5%	5%	5%	3%		
Additional Information: Disbursement refers to the last step of a three-step disaster loan process in which a loan is closed and funds are disbursed to the customer for an approved loan amount.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Disaster Loans Processed Within Standard	Target	85%	85%	85%	85%	85%	85%	85%	85%
	Actual	100%	100%	95%	55%	100%	100%		
	Variance	18%	18%	12%	-35%	18%	18%		
Additional Information: Additional Information: The SBA introduced this composite performance indicator in FY 2015 to replace separate indicators related to home, business, and EIDL loan processing. Historical data have been provided for context. The new 2 to 3 week processing goal standard for all loan types, coupled with the 25-year low loan volume, produced the high variance.									

FY 2015 Accomplishments and Challenges

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

On July 1, 2015, the SBA released *SOP 5038, Disaster Assistance Program*, a complete re-write of its standard operating procedures (SOP) which brings a back-to-basics approach to SBA's loan making processes. The refreshed SOP is expected to improve the disaster survivor's experience when applying for disaster loan assistance in several meaningful ways, including streamlining processes to help facilitate faster loan processing and disbursements, adding more underwriting flexibility to extend disaster loan assistance to more survivors, and helping business owners and homeowners in communities rebuild and prepare for future disasters. The new SOP includes a total of 125 changes and removes redundancy in an effort to improve the overall customer experience for disaster survivors.

As part of the Agency's FY 2014-2015 Priority Goal to increase the disaster loan application return rate, the SBA simplified the disaster loan process and improved the disaster survivor experience by eliminating the mailing of paper applications to all disaster survivors referred to the SBA by FEMA. The new process improves communication to the disaster survivor rather than indiscriminately mailing applications to everyone referred by FEMA. Using automation, the disaster survivors are now contacted by the SBA to determine how they would like to apply: online, in person at a Disaster Recovery Center, or with a paper application by mail. Additionally, in FY 2015, the SBA fully implemented distinct tracks for home and business loan processing, and expedited processing for both loan types. In FY 2015, 18 percent of original loan approvals were processed using the RAPID expedited loan approval process.

As an overall challenge, disaster survivors' primary concern in the aftermath of a major disaster event may be emergency food and shelter. In these cases, long-term recovery decisions may not be their immediate concern and could impact SBA's ability to meet its goals. To mitigate this challenge, the SBA actively promotes disaster preparedness planning to targeted communities and audiences and leverages SBA's nationwide partner infrastructure which provides short-term and long-term assistance to their communities.

FY 2016 and FY 2017 Planned Performance

In FY 2016, the SBA will target an electronic loan submission rate of 45 percent. Building on the lessons learned from past disasters is routine practice and part of SBA's mission-driven culture. The Agency continues to re-evaluate and re-engineer business processes to meet the ever changing needs of the disaster survivors it serves. The continued implementation of process improvements is expected to result in a more efficient operation that responds to disaster declarations and enhances customer service.

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

In FY 2017, the SBA will modify disaster home and business loan processing procedures to establish a standard 15- and 30-year fixed term for loans. Implementing a standard 15/30-year term will streamline loan processing by eliminating the potential for requests to extend the loan term or reduce loan payments, allow more cash flow flexibility for future needs, help disaster victims replace disaster damaged property, and is consistent with SBA's disaster assistance mission to provide affordable, timely, and accessible financial assistance to homeowners, renters, and businesses. Additionally, the shift could enhance customer satisfaction because the use of fixed loan terms is consistent with both standard industry lending practices and is comparable to SBA's 7(a) lending terms, which will be easier for borrowers to understand.

In FY 2017, the SBA will target the release of a new public facing web portal where disaster survivors can obtain the status of their SBA disaster loan application and information on application processing milestones. The implementation of a secure web portal will allow survivors to access status information regarding their loan, including notifications from the SBA. In addition, it will enable

survivors to provide additional documentation and correspond with SBA staff regarding their application for assistance. The SBA plans to include the following key functions in the secure web portal: general information/questions; application/loan status check; notifications; view correspondence and download required application documents; document upload; live chat/secure messaging; electronic signature (e-Signature); and mobile application.

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

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

FY 2015 Accomplishments and Challenges

The SBA continued to leverage its "three-step process" communications strategy that provides a consistent message to the public and strengthens awareness of the disaster loan application process. Disaster survivors now have a clearer understanding of the disaster loan process in the context of three easy to follow steps: (1) applying for loan; (2) verifying property and processing loan decisions; and (3) closing and disbursing loan funds. Additionally, the SBA published a reference guide for the SBA Disaster loan program designed to summarize the program for the purpose of promoting disaster preparedness, assistance, and recovery. The guide serves as a resource for the Disaster Assistance program and how to apply for an SBA disaster loan. In addition to making the reference guide available to the public, the SBA shared the guide with its Office of Field Operations and the Office of Entrepreneurial Development to be distributed to SBA district offices and resource partners (small business development centers, SCORE, and women's business centers).

FY 2016 and FY 2017 Planned Performance

The SBA will continue its long-term outreach efforts working with its resource partners in the disaster damaged areas. The SBA also plans to continue to expand the Technical Assistance Loan Application initiative outreach in order to assist in the economic recovery of communities after a disaster.

Strategic Goal Two – Serving as the Voice for Small Business

Strategic Objective 2.1: Inclusive Entrepreneurship

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

Performance Goal: Assist 34,050 underserved small businesses through capital assistance programs and 15,550 underserved small businesses through contracting programs in FY 2017

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

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

Strategies:

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

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

Progress Update: The Administrator has made inclusiveness a key commitment, and the SBA continues to make progress toward this objective. In FY 2015, the SBA assisted more than 50,000 small businesses in underserved markets through loan and contracting programs. This year, veterans received more than 3,000 loans totaling \$1.4 billion. The SBA has made a commitment to supporting veterans returning from the wars in Iraq and Afghanistan and providing them with the resources they need to be successful entrepreneurs, particularly as the unemployment rate for veterans is higher than the national average. This year, the SBA developed Boots to Business: Reboot (B2B|R), an initiative to extend the entrepreneurship track of the Transition Assistance Program to veterans who have already transitioned to civilian life, and trained approximately 850 veterans and spouses in 58 B2B|R courses around the country.

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

Table 2.1a: Underserved Markets Performance Goals

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses in Underserved Markets Assisted by 7(a), 504, and Microloans	Target	32,846	34,200	31,800	31,000	31,550	32,250	32,250	34,050
	Actual	34,115	36,933	33,449	33,428	35,014	35,845		
	Variance	4%	8%	5%	8%	11%	11%		
Additional Information: The definition for underserved markets (USM) includes specific underserved populations (i.e., veterans, women, and minorities) and underserved places (HUBZone, low-moderate income, and Empowerment Zones). Streamlined processing for loans under \$350,000 and fee relief were particularly effective in increasing the number of small businesses assisted.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses in Underserved Markets Assisted by 8(a), 7(j), and HUBZone	Target	15,857	17,007	21,925	18,325	18,025	18,025	18,050	15,550
	Actual	18,327	17,165	18,532	17,071	17,163	20,324		
	Variance	16%	1%	-15%	-7%	-5%	13%		
Additional Information: The definition for underserved markets (USM) includes specific underserved populations (i.e., veterans, women, and minorities) and underserved places (HUBZone, low-moderate income, and Empowerment Zones). The SBA continues to see fewer designated 8(a) firms and HUBZone firms, although both programs have recently launched program improvements to reverse this pattern. Program improvements will take time to implement due to the regulatory nature of some needed improvements. Consequently, increases in performance are not anticipated until after FY 2017.									

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

Small businesses in underserved markets have more difficulty than other businesses accessing and qualifying for credit. Since SBA programs help lenders expand the credit spectrum, they are especially critical in reaching underserved markets. In general, SBA programs over-index underserved markets when compared to similarly sized conventional loans. Typically, more than 20 percent of 7(a) loans go to minority-owned businesses. Similar to the 7(a) loan program, a higher share of 504 loans go to underserved markets compared with conventional owner-occupied commercial mortgages.

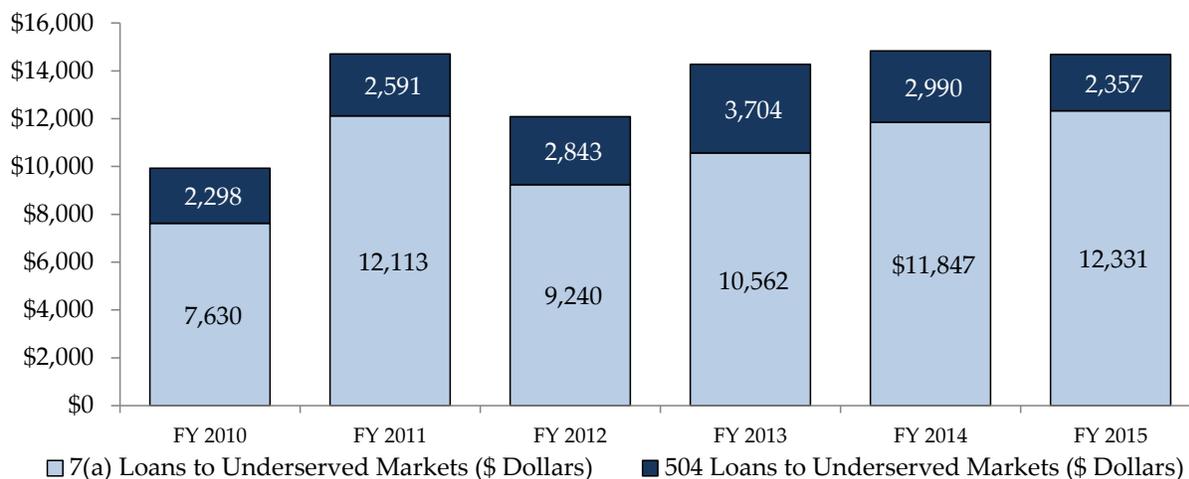
Table 2.1b shows results and targets of SBA assistance to underserved markets through 7(a) and 504 loans.

Table 2.1b: Underserved Markets Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses in Underserved Markets Assisted by 7(a) loans	Target	25,500	24,800	24,400	23,600	24,100	24,600	24,600	25,850
	Actual	25,679	28,386	23,846	24,225	27,778	29,369		
	Variance	1%	14%	-2%	3%	15%	19%		
Additional Information: The definition for underserved markets (USM) includes specific underserved populations (i.e., veterans, women, and minorities) and underserved places (HUBZone, low-moderate income, and Empowerment Zones). 7(a) loan activity increased across all loan sizes but the streamlined processing for loans under \$350,000 and fee relief were particularly effective in increasing the number of small businesses assisted by 7(a) loans.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses in Underserved Markets Assisted by 504 Loans	Target	3,500	4,800	4,000	3,800	3,800	4,000	4,000	4,200
	Actual	4,384	4,548	5,379	4,361	3,319	2,782		
	Variance	25%	-5%	34%	15%	-13%	-30%		
Additional Information: The definition for underserved markets (USM) includes specific underserved populations (i.e., veterans, women, and minorities) and underserved places (HUBZone, low-moderate income, and Empowerment Zones). The 504 loan program experienced a decline in number of loans and an increase in loan dollars in FY 2015. The SBA anticipates an increase for FY 2016 loan volume due to the final rule that became effective April 21, 2014 that eliminated unnecessary regulatory burdens on CDCs and loan eligibility restrictions (personal resources test).									

Chart 2.1 shows the volume of loan dollars in 7(a) and 504 loans that have gone to underserved markets. The volume of loans has increased by 48 percent since FY 2010.

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



FY 2015 Accomplishments and Challenges

Small dollar loans greatly benefit underserved markets, women-owned businesses, and startups. Through fee waivers and program improvements, the number of 7(a) loans under \$150,000 increased 6 percent compared to FY 2014. The waivers and program improvements greatly expanded small business’s ability to access needed capital, particularly in underserved markets.

FY 2016 and FY 2017 Planned Performance

In FY 2017, to continue to spur lending in underserved markets, the SBA will continue to waive 100 percent of borrower (up-front) fees on 7(a) loans up to \$150,000, waive 50 percent of borrower (up-front) fees on all non-SBAExpress loans to veterans of \$150,001 up to and including \$500,000, and waive 100 percent of borrower (up-front) fees on SBAExpress loans to veterans up to \$350,000 as long as subsidy remains zero.

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

In order to bring greater unity, focus, and effectiveness to support inclusive entrepreneurship, the SBA created the Office of Economic Opportunity with the express mission to expand access to capital for small business and entrepreneurs in underserved communities, thus helping to drive economic growth and job creation. Key SBA programs under its purview include the Microloan program, the Program for Investment in Microentrepreneurs (PRIME), the Community Advantage loan pilot program, and the Intermediary Lending pilot program.

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

The **PRIME** grant program provides training and technical assistance to disadvantaged entrepreneurs and microenterprise development organizations and programs. It also aids in research and development of best practices for microenterprise and technical assistance programs for disadvantaged entrepreneurs. The grants require a 50 percent match of each dollar awarded. In FY 2016, the SBA will continue to collect data to track small business assisted and to develop performance measures.

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

Table 2.1c displays the cost to administer the Microloan program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

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

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 33,686	\$ 38,729	\$ 29,971	\$ 23,865	\$ 35,098	\$35,599	\$38,567	\$44,578

Table 2.1d shows progress toward the microloan performance indicators.

Table 2.1d: Microloan Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Assisted by Microloans	Target	3,846	4,600	3,400	3,600	3,650	3,650	3,650	4,000
	Actual	4,052	3,999	4,224	4,842	3,917	3,694		
	Variance	5%	-13%	24%	35%	7%	1%		
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Jobs Supported by Microloans	Target	12,735	14,500	14,000	12,500	12,750	12,750	15,000	15,900
	Actual	13,612	13,271	13,280	15,636	15,880	16,600		
	Variance	7%	-8%	-5%	25%	25%	30%		
Additional Information: The program has been seeing a growing demand for microlending. Future year targets have been adjusted upward to reflect this increased demand.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Thousands of Dollars in Loans Approved by SBA to Microlenders	Target	N/A	Baseline	25,000	25,000	25,000	25,000	35,000	40,000
	Actual	38,129	35,479	24,606	43,286	26,465	34,987		
	Variance	N/A	N/A	-2%	73%	6%	40%		
Additional Information: The program has been seeing a growing demand for microlending. Future year targets have been adjusted upward to reflect this increased demand.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Thousands of Dollars in Loans Approved by Lenders to Microborrowers	Target	66,927	65,000	45,340	44,000	45,000	45,000	55,000	62,800
	Actual	45,046	47,453	46,107	54,850	55,478	52,080		
	Variance	-33%	-27%	2%	25%	23%	16%		
Additional Information: The program has been seeing a growing demand for microlending. Future year targets have been adjusted upward to reflect this increased demand.									

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Counseled by Microlenders	Target	15,396	6,500	13,600	14,400	14,600	14,600	14,600	15,000
	Actual	14,916	15,900	15,892	19,368	15,668	17,200		
	Variance	-3%	145%	17%	35%	7%	18%		
Additional Information: The program has been seeing a growing demand for microlending. Future year targets have been adjusted upward to reflect this increased demand.									
Indicator		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Grant-eligible Micro Lenders	Target	N/A	N/A	Baseline	135	135	135	135	140
	Actual	128	131	134	135	137	137		
	Variance	N/A	N/A	N/A	0%	1%	1%		
Additional Information: The SBA established this performance indicator in FY 2013 and has provided historical data for context.									

FY 2015 Accomplishments and Challenges

The Microloan program supported 3,694 loans to small businesses totaling more than \$52 million. These small businesses created or retained more than 16,000 jobs. The SBA also provided additional microloan support and technical assistance following the April riots in Baltimore. This additional assistance is helping the city recover by supporting small businesses after the destruction caused in the city.

In July 2015, the SBA issued a final rule to increase the pool of eligible microborrowers to include individuals who have an associate on probation or parole. The rule also increases the minimum number of loans intermediaries must make annually to remain in good standing – from four loans in FY 2015, to six loans in FY 2016, then eight loans in FY 2017, and finally ten loans in FY 2018. It also removes the requirement that the Microloan Revolving Fund and the Loan Loss Reserve Fund be held in interest-bearing deposit accounts. Finally, the rule includes technical amendments that conform the regulations to current statutory authority.

The SBA received a loan subsidy appropriation of \$2.5 million for the Microloan program to support a program level of \$35 million. The Agency requested and received approval from Congress to reprogram funds in the business loan program account to support additional microlending. For the associated microloan technical assistance grants, the SBA received \$22.3 million. The SBA awarded grants to intermediaries to provide business-based training and technical assistance to microborrowers and potential microborrowers under the program. Unlike SBA's entrepreneurial development programs, the Microloan program grant funding is closely integrated with each intermediary's lending program. Assistance provided as a result of these grants assists with business survival and mitigates risk to the taxpayer.

FY 2016 and FY 2017 Planned Performance

The SBA will continue to seek ways to improve the Microloan program and ease access to credit for America's smallest and underserved businesses. The Agency will continue upgrading the electronic reporting system in FY 2016 and FY 2017, which will improve its ability to present data and perform analytics to support decision-making.

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

In FY 2017, the SBA requests a loan subsidy of \$4.3 million to support a Microloan program level of \$44 million. Increased funding is needed to support increased lending activity and the minimum number of loans required under the rule that became effective July 15, 2015. For the associated microloan technical assistance grants, the SBA is requesting \$31 million. The requested Microloan program grant dollars will be used to provide business-based training and technical assistance to current and new microborrowers. These funds will provide greater support to the smallest of small businesses in need of capital.

The SBA also continues to request legislative changes to eliminate the 25/75 rule and the 1/55th rule from the program's statute. The governing statute currently requires that microloan intermediaries spend at least 75 percent of their technical assistance budget on training to microloan borrowers (post-loan technical assistance). The statute limits expenditures to prospective borrowers (pre-loan technical assistance) to no more than 25 percent of the grant. Microloan intermediaries need the unconstrained ability to provide both pre- and post-loan technical assistance. The SBA also requests removal of the 25 percent cap on the use of third-party contractors to provide technical assistance. This change will help increase the quality of training that can be made available by the intermediaries. The SBA also continues to request removal of the 1/55th rule. Currently, during the first six months of a fiscal year, the SBA is restricted from putting more than 1/55th of available microloan funding into any given state. This restriction effectively delays deployment of microloan funds thereby limiting the availability of capital for small businesses regardless of the size of the state or the needs of the small business community.

In addition to enhancing access to capital, the SBA also assists underserved communities by providing services and programs related to federal contracting. Federal contracting can offer a path to business growth for these populations that may suffer from disproportionately high levels of unemployment. The SBA monitors the federal government goal of awarding 5 percent of its contracting dollars to disadvantaged small businesses and women-owned small businesses, and 3 percent to small businesses located in economically distressed geographic areas called **Historically Underutilized Business Zones** (HUBZones). See Strategic Objective 1.2 (contracting) for more information on the Priority Goal and performance indicators associated with these contracting programs. Winning a federal contract can have an immense effect on job creation, economic development, and capital investment in underserved markets. Many business owners benefit from management and technical assistance in navigating the contract marketplace. SBA's **8(a) Business Development** program provides various forms of technical assistance to foster growth and development of businesses owned and controlled by socially and economically disadvantaged individuals. The SBA provides support to these individuals under the **7(j) Technical Assistance** program that allows the Agency to enter into grants, cooperative agreements, and/or contracts with public or private organizations that can deliver management and/or technical assistance.

Table 2.1e displays the cost to administer the programs. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and

telecommunications, and indirect costs. Table 2.1f shows progress toward the performance indicators tracking the number of small businesses assisted by 8(a), 7(j), and HUBZone.

Table 2.1e: 8(a), 7(j), and HUBZone Budget – Total Administrative Resources (Thousands)

Program	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
8(a)	\$ 56,817	\$ 58,274	\$60,855	\$ 51,649	\$ 53,824	\$55,600	\$58,226	\$58,347
7(j)	\$ 5,478	\$ 6,502	\$ 5,356	\$ 5,793	\$ 5,614	\$4,444	\$4,654	\$4,664
HUBZone	\$ 16,969	\$15,569	\$ 9,102	\$ 9,930	\$ 10,262	\$15,225	\$15,725	\$15,725

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

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Assisted by 8(a)	Target	9,457	9,457	8,500	8,300	8,000	8,000	8,000	5,500
	Actual	8,442	7,814	7,388	6,661	6,660	6,948		
	Variance	-11%	-17%	-13%	-20%	-17%	-13%		
Additional Information: Due to the administrative burdens of the application and certification processes, there has been a decline in the number of 8(a) participants. The program identified and began implementing various short-term and long-term improvements which should increase the number of businesses assisted in future years. However, an increase in performance is not anticipated until after FY 2017.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Assisted by 7(j)	Target	2,400	3,550	3,550	3,550	3,550	3,550	3,550	3,550
	Actual	3,480	3,550	3,272	3,913	4,104	5,360		
	Variance	45%	0%	-8%	10%	16%	51%		
Additional Information: The SBA has been able to provide a greater amount of technical assistance than expected in FY 2015.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Assisted by HUBZone	Target	4,000	4,000	9,875	6,475	6,475	6,475	6,500	6,500
	Actual	6,405	5,801	7,872	6,497	6,399	8,016		
	Variance	60%	45%	-20%	0%	-1%	24%		
Additional Information: The SBA has been able to provide a greater amount of technical assistance than expected in FY 2015.									

FY 2015 Accomplishments and Challenges

The SBA received \$2.8 million for 7(j) Technical Assistance and \$3 million for the HUBZone program. The SBA met its target by assisting 5,360 small businesses via the 7(j) program and 6,948 small businesses via the 8(a) program. The SBA met its target by assisting more than 8,000 small businesses via the HUBZone program. The HUBZone program experienced a higher number of initial applications (98 more than in FY 2014); protests (7 more than in FY 2014); and decertification actions (421 more than in FY 2014). Furthermore, more firms participated in the HUBZone program's Office Hours, an awareness building and outreach effort to small businesses, (286 more than FY 2014) and an increased number of firms were helped via the hubzone@sba.gov helpdesk (1,343 more than in FY 2014). The SBA met monthly with other agency offices of small and disadvantaged business utilization to provide training and updates and share best practices. The Agency drafted regulations

to expand the successful Mentor-Protégé program, currently used by the 8(a) program, to other programs, including the small business set-aside programs.

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

FY 2016 and FY 2017 Planned Performance

In FY 2016, the SBA received \$2.8 million for 7(j) technical assistance and \$3 million for the HUBZone program. The SBA will assist 3,550 small businesses via the 7(j) program and 8,000 small businesses via the 8(a) program.

In FY 2017, the SBA requests \$2.8 million for 7(j) Technical Assistance and \$3 million for the HUBZone program. The SBA will assist 3,550 small businesses via the 7(j) program and 5,500 small businesses via the 8(a) program. The SBA will use its broad network of district offices to raise awareness of the 8(a) program and continue using the 7(j) Technical Assistance program in innovative ways to provide disadvantaged firms with training and mentor-protégé assistance to win federal contracts. The Agency will increase the use of podcasts and web-conferencing to educate small businesses and local economic development agencies on the benefits of the HUBZone program. The Agency will also counsel and train women-owned small businesses on the eligibility requirements for WOSB set-aside contracts.

Strategy 2: Help veterans become small business owners

The SBA is dedicated to serving aspiring and existing veteran business owners. According to the latest census, veterans own 2.4 million businesses, accounting for 9 percent of all businesses nationwide. These businesses generate \$1.2 trillion in receipts, or about 4.1 percent of all business receipts nationwide, and employ nearly 5.8 million people.⁴

SBA's Office of Veteran Business Development (OVBD) promotes and supports veteran small business ownership by administering programs, formulating policy, making grants to veteran business outreach centers (VBOC) and other partners, and acting as the ombudsman to ensure all SBA technical assistance, contracting, and capital access services are accessible and available to active duty, National Guard and Reserve service members, veterans, and veteran or military spouses. The SBA provides direct assistance to veterans through the veteran business development officers in its district offices and 15 veteran business outreach centers. In addition, the SBA uses its unique co-sponsorship authority to partner with private and public sector organizations, such as the Institute for Veterans and Military Families at Syracuse University, the U.S. Chamber of Commerce Foundation, Blue Star Families, and the American Legion to support SBA's programs and conduct training and outreach activities together. To assist and advise in policy making, the SBA administers an Interagency Task Force on Veterans Business Development and an Advisory Council on Veterans Business Affairs. Additional interagency cooperation is facilitated via SBA's participation in the governance of the Department of Defense Transition Assistance Program (TAP).

⁴ 2007 Survey of Business Owners, U.S. Department of Commerce, Bureau of the Census, published in 2011.

Table 2.1g displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs. Table 2.1h shows progress toward the veterans assistance performance indicators.

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

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 6,402	\$ 8,995	\$ 9,359	\$ 9,101	\$ 19,439	\$23,366	\$25,166	\$25,219

Table 2.1h: Veteran’s Assistance Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Veterans Trained by VBOCs	Target	N/A	N/A	N/A	N/A	Baseline	33,000	48,000	50,000
	Actual	34,825	28,952	44,535	23,271	39,201	46,629		
	Variance	N/A	N/A	N/A	N/A	N/A	41%		
Additional Information: This performance indicator was introduced in FY 2015, and historical data have been provided for context. The VBOC cooperative agreement/grant award announcement occurred in the third quarter of FY 2015. Of the 15 VBOCs, five new recipients were selected and integrated into the VBOC Partner Network.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Veterans Counseled through VBOCs	Target	N/A	N/A	N/A	N/A	Baseline	31,000	31,000	31,000
	Actual	10,722	34,956	44,079	49,791	38,923	15,488		
	Variance	N/A	N/A	N/A	N/A	N/A	-50%		
Additional Information: This performance indicator was introduced in FY 2015, however, the methodology has been revised to ensure consistency among SBA's other entrepreneurial development programs. Calculations have been redone using the updated methodology and historical data have been provided for context. SBA is placing greater priority in developing its quality of services in terms of hours served per client. VBOCs anticipate sustaining the current level of service but are now tracking the average time spent per client, theorizing that increased interaction with repeat clients will improve overall client business outcomes. The VBOC cooperative agreement/grant award announcement occurred in the third quarter of FY 2015. Of the 15 VBOCs, five new recipients were selected and integrated into the VBOC Partner Network.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Boots to Business Participants Trained	Target	N/A	N/A	N/A	N/A	15,000	15,500	17,500	20,000
	Actual	N/A	N/A	N/A	N/A	14,684	12,200		
	Variance	0%	0%	0%	0%	-2%	-21%		
Additional Information: This performance indicator was introduced in FY 2015, and historical data have been provided for context.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Boots to Business Participants Eight Week Graduation Rate	Target	N/A	N/A	N/A	N/A	Baseline	50	50	50
	Actual	N/A	N/A	N/A	N/A	48	55		
	Variance	N/A	N/A	N/A	N/A	N/A	10%		
Additional Information: This performance indicator is being introduced in FY 2017, and historical data have been provided for context.									

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Formed by Boots to Business Graduates	Target	N/A	N/A	N/A	N/A	N/A	Baseline	1,320	1,200
	Actual	N/A	N/A	N/A	N/A	N/A	Data Lag		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: This performance indicator is being introduced in FY 2017. Baseline data will be available in spring 2016. Survey (OMB control #3245-0390, expiration date 12/31/2018) was distributed in January 2016. The FY 2017 target is an estimate since there is no existing outcome data on the impact of veteran entrepreneurship training on business formation.									

FY 2015 Accomplishments and Challenges

The SBA received \$10.5 million for veterans programs to expand technical assistance, federal procurement, and access to capital to the veteran population through veteran business outreach centers, Boots to Business, Boots to Business: Reboot, Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE), and Entrepreneurship Bootcamp for Veterans with Disabilities (EBV).

The SBA awarded 14 three-year agreements through its **Veteran Business Outreach Center (VBOC)** program. The VBOCs provided counseling and training to more than 62,000 veteran small business owners and entrepreneurs. The centers are unique in their ability to address veteran-specific challenges while integrating SBA services and referring clients (when appropriate) to other organizations that provide specialized and needed services. VBOCs bring together local and regional service networks that are most effective in creating small business ecosystems. They help augment SBA district office efforts.

Also, the VBOC program reviewed program performance indicators to ensure consistency with other SBA resource partners (SBDC, WBC, SCORE) and accurately reflect the interaction with the veteran community. This review standardized the counseling and training lexicon in the field, tracked customer referrals, and supported participation in Boots to Business, Boots to Business: Reboot, Hiring Our Heroes and Yellow Ribbon events. The VBOCs are improving in all aspects of collective performance reporting, providing critical data to the SBA that is used to shape program implementation and administration and formulate policy to better serve veteran small business owners and entrepreneurs.

VBOCs increased their participation and expertise in programs for service members transitioning from active duty to civilian life who aspire to be business owners. The VBOC counselors continued to develop innovative programs to assist veteran small businesses and entrepreneurs in their communities. These programs focused on rural and urban locations, women veterans, franchising, corporate contract opportunities, and the high tech community.

An enduring critical challenge for the VBOCs is the ability to provide counseling and training to veterans across their assigned coverage area. While the services that the VBOCs provide have resulted in many success stories and contributed to local economic development through business starts, approved loans, contracts awarded, and jobs created or retained, the average VBOC is responsible for service coverage in at least four states. To address this challenge, VBOCs are leveraging the support of other SBA resource partners, district offices, and non-profit, academic, and private organizations that serve veteran entrepreneurs.

The SBA continued to sustain and grow the **Boots to Business (B2B)** program, which forms the entrepreneurship track of the Department of Defense's Transition Assistance Program. More than 14,000 transitioning service members and spouses benefited from the two-day introduction to entrepreneurship course; an additional 1,173 participants benefitted from the eight-week online Foundations of Entrepreneurship course.

Through the unique, creative, cost efficient public-private partnership with Syracuse University's Institute for Veteran and Military Families, the SBA launched B2B overseas in 2014 and, in 2015, conducted 92 courses for 1,377 participants at 30 installations across Europe, Asia, and the Middle East.

The SBA continued leveraging the B2B program to implement **Boots to Business: Reboot (B2B | R)**, a co-sponsored extension of B2B that provides the introduction of entrepreneurship training to veterans of all eras and their spouses. B2B: Reboot is delivered by SBA district offices, VBOCs, and other partners, further enhancing the creation of networks or ecosystems needed to support small business development.

Women veterans and military/veteran spouses continue to be underserved populations and are an Agency priority. The premier program for the women veteran/spouse demographic is the **Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE)**. The SBA held 13 V-WISE events, where nearly 2,000 female veterans or service members, and spouses of veterans or service members, received training. V-WISE graduates also receive follow-on business mentorship and are connected to the full range of SBA programs and services. Since implementing the V-WISE specialized training program, surveys indicate 65 percent of alumnae have started or continued to grow businesses, resulting in the hiring of 1,003 employees. Additionally, 69 percent of the graduates sought continued assistance from the SBA and its resource partners. V-WISE has been instrumental in helping one out of five female veteran alumnae generate annual revenue exceeding \$100,000. To date, among all V-WISE participants, female veteran alumnae generate annual revenue exceeding \$41 million. In February 2015, V-WISE was recognized as a "Bright Idea" by Harvard University's John F. Kennedy School Innovations in American Government program.

The SBA began supporting the Veterans Institute for Procurement (VIP) program. VIP is an accelerator-like, in-residence educational training program for owners, principals and C-level executives of veteran-owned businesses that consists of a three-day comprehensive certification program instructed by professional service experts, government officials, and agency representatives. It is designed for veteran-owned businesses to increase their ability to win government contracts by establishing best business practices. To date, 496 veteran-owned businesses have graduated from the program. A survey of 184 VIP participants shows that graduates created more than 2,000 jobs and increased their revenue by an average of half within their first year of graduation

In addition to programs available to all veterans and their spouses, the SBA focused on service-disabled veteran opportunities in the key areas of entrepreneurial training, federal procurement, and **service-disabled veteran-owned small businesses (SDVOSB)**. Consistent with Executive Order 13360, the SBA continued to enhance procurement opportunities across the federal marketplace for service-disabled veteran-owned small business owners and veteran-owned small business owners. The SBA exceeded the FY 2014 SDVOSB federal prime contracting goal of 3 percent by reaching 4.47 percent and, government-wide, federal agencies exceeded the goal by reaching 3.68 percent.

The SBA consistently leverages public-private partnerships to further enable veteran entrepreneurship. The SBA Advisory Committee on Veterans Business Affairs, established by the Veterans Entrepreneurship and Small Business Development Act of 1999, serves as an independent source of advice and policy recommendations to the President, Congress, the SBA Administrator, and the associate administrator for veterans business development.

The SBA continued to host the Interagency Task Force on Veterans Small Business Development to coordinate the efforts of agencies to improve access to capital, support business development, and achieve pre-established federal contracting goals for small businesses by veterans and service-disabled veterans. Additional interagency efforts include SBA's participation in Disabled Employment Month and engagements with the Department of Veterans Affairs vocational rehabilitation and employment services to ensure VA counselors connect eligible veterans with SBA resources.

FY 2016 and FY 2017 Planned Performance

For FY 2016 the SBA received \$12.3 million and requests \$12.3 million in FY 2017 for veterans business development. These funds will help expand entrepreneurship technical assistance programs (that include VBOCs, B2B, B2B: Reboot, entrepreneurship programs for women veterans such as V-WISE, and for service-disabled veteran small businesses such as the Entrepreneurship Bootcamp for Veterans with disabilities); continue to ensure the federal government meets its procurement goals for SDVSBOS; and evaluate loan programs for their effectiveness at serving veteran-owned businesses.

The SBA is responsible for conducting comprehensive outreach to veterans (including Reserve component members of the U.S. military) for the formulation, execution, and promotion of policies and programs that provide assistance to veteran small businesses. The SBA will continue to facilitate numerous webinars with both corporate and individual support to foster national attention through social media and publications. The SBA will continue holding national outreach events since building and sustaining strategic relationships are critical to achieving successful outcomes. These relationships amplify the number of veterans who receive business development services. For example, National Veterans Small Business Week, which is held each year in November, brings together national veterans groups to promote and expand business-to-business training. During this year's third annual event, nearly 6,000 veterans received training.

The SBA will continue to rigorously develop and implement communication and outreach strategies, assess its veteran affairs-related engagement calendar, collect performance data from the field, and create informational products for stakeholder and public dissemination.

The B2B initiative will support program management and build critical technology and data sharing infrastructure required under an agreement to share data with interagency and other external partners. Data sharing will expand program outreach and impacts to include more robust marketing and engagement in field offices, reaching National Guard and reserve component members that may not be transition service eligible, and reaching veterans who transitioned prior to the start of the B2B program. In addition, the program delivers training to transitioning service members at approximately 180 installations globally. The SBA estimates that the number of veteran-owned small businesses will rise substantially.

The SBA forecasts B2B participation will grow to 20,000 service members and spouses annually by FY 2017. This target is consistent with the military life cycle model implemented across DOD as part of the TAP. Another driver of B2B growth will be an increased focus on military spouses who often serve as key decision makers in military households. The B2B program leads service members to explore self-employment opportunities through the key steps of evaluating business concepts and business plan development. The SBA continues to deliver B2B by working with its resource partners and providing funding to veteran business outreach centers, small business development centers, SCORE, and women's business centers.

In FY 2016, the first outcome assessment survey since the program launch will be conducted from a sample population of B2B participants that have graduated since the program began nationally in 2013. This survey will focus on B2B participants' intent to form businesses and on their business formation activity. The SBA seeks to understand the gestation period from intent to form a business to action for the transitioning service member, and any patterns in types of businesses formed and markets /industries pursued. Challenges remain with data sharing between SBA partners and other federal agencies and the longitudinal tracking required to measure outcomes in the entrepreneurship domain, but this first outcomes survey will establish a baseline, contribute to SBA's knowledge base, and guide future program refinements.

The Agency will continue to partner with Syracuse University's Institute for Veterans and Military Families to deliver V-WISE to women veterans and military spouses in mid-to-large-size cities across the nation. The Agency will focus on improving interagency collaboration and engagement of veteran service organizations to better integrate outreach and program offerings.

To increase the reach of the Veterans Institute for Procurement (VIP) program, the SBA will continue VIP Start to further government contracts to small businesses. Previously, VIP was only available to companies that had already secured federal procurements. However, expanding the reach of VIP and its curricula will allow new veteran-owned government contractors access to expert procurement advice and potential government clients.

The SBA expects to provide services to 250 service disabled veterans (SDVs) in the EBV consortium programs. Each consortium member agrees to hold at least one session of EBV per year with a class size of 25 participants. The Oklahoma State and Fayetteville State University programs will be available to an additional 50 veterans. The SBA will continue supporting service-disabled veteran programs while also amplifying efforts to better coordinate resources for service-disabled veteran business owners. For example, the Department of Veterans Affairs Vocational Rehabilitation and Employment program and VBOCs can work to improve client referrals and collaboration to better serve SDVs.

Strategy 3: Create entrepreneurial empowerment in Native American communities

SBA's Office of Native American Affairs ensures that American Indians, Alaska Natives, and Native Hawaiians seeking to create, develop, and expand small businesses have full access to the business development and expansion tools available through the Agency's entrepreneurial development, lending, and federal contracting programs. The SBA coordinates the development of policies specific to Native American populations and engages in outreach, technical assistance and education, and tribal consultation. It formulates and administers training programs, and coordinates entrepreneurial

development opportunities through collaboration and co-sponsorship agreements with resource partners and other federal agencies. The SBA follows the guidelines, operational policy, and statutory requirements established by the National Policy of Self-Determination for Indian Tribes, Consultation and Coordination with Indian Tribal Governments, and American Indian and Alaska Native Education.

Table 2.1i shows a newly developed Native American assistance performance indicator that tracks other SBA small business assistance programs.

Table 2.1i: Native American Assistance Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Assisted in Native American Communities	Target	N/A	N/A	N/A	N/A	N/A	N/A	Baseline	2,000
	Actual	1,711	1,684	1,713	1,943	2,107	2,209		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		

FY 2015 Accomplishments and Challenges

The SBA has provided individual and tribally-owned businesses training education through 8(a) business development workshops, webinars, online classes, and live entrepreneurial classes. The Agency conducted 21 Native American business development empowerment workshops for new and established firms and business development trainers; four incubator training workshops for business and/or economic development organizations; five financial literacy workshops for new and established firms, and nine business development workshops for Native Hawaiian-owned firms, Native Hawaiian organizations and business development trainers. This training provided operational and leadership strategies to build capacity, foster growth and expansion, and ensure sustainability of Native American community-based businesses nationwide. The SBA promoted the development of innovative and successful Native American firms that are eligible for assistance under SBA’s 7(j) management and technical assistance program. The program enabled service providers to make unique management and technical assistance services available to eligible Native American small businesses approved by the SBA.

The SBA supported a partnership between the Office of Native American Affairs and the American Supplier Initiative and collaborated on continued integration with the growth accelerator program. The Agency also launched a research initiative on the impact of Native American businesses.

FY 2016 and FY 2017 Planned Performance

In FY 2016, the SBA will continue providing the Agency’s business tools and resources to Native American entrepreneurs, tribally-owned corporations, Alaska Native Corporations, and Native Hawaiian organizations. The Agency will continue to focus on youth entrepreneurship, leadership development, economic development, and the delivery of 7(j) technical assistance to Native American communities. The SBA will work on business development by educating tribally-owned small businesses about the 8(a) program and providing technical assistance to existing tribally-owned corporations, Alaska Native Corporations, and Native Hawaiian Organizations.

In FY 2017, the SBA requests \$2 million for outreach to Native American communities. The SBA will continue to provide customized support to enhance economic growth and development by providing strategic short- and long-term community economic development planning and sector growth.

Assistance will focus on international trade, manufacturing, business and community incubators, business development training (enhanced business-sector productivity), supply chains, entrepreneurship development, innovative project financing, and community economic development strategies.

Strategic Objective 2.2: Outreach

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

<p>Performance Goal: Average 2.4 million site visits to <u>SBA.gov</u> each month in FY 2017</p> <p>Objective Leads: Associate Administrator, Office of Communications and Public Liaison; Associate Administrator, Office of Field Operations; Associate Administrator, Office of Intergovernmental Affairs</p> <p>Programs/Activities: <u>SBA.gov</u>, Field Office Outreach, U.S. Export Assistance Centers, Public Engagement and Faith-Based Initiatives</p> <p>Strategies:</p> <ol style="list-style-type: none"> 1. Implement a consolidated platform for businesses to access services to help them grow 2. Strengthen SBA's stakeholder outreach and brand

In an increasingly tech-driven economy, the SBA has taken significant steps to upgrade and enhance its website to better meet the needs of small businesses and give entrepreneurs more ways to access the Agency's tools and resources. The SBA works to ensure that entrepreneurs can effectively access and navigate small business programs across the federal government. Also, to capitalize on the efforts of SBA.gov, the Agency uses its network of field staff and counselors to reach lenders and the small business community. Outreach activities also allow the SBA to connect with other key external stakeholders that support small business. The SBA expects to continue its efforts with Boots to Business, Emerging Leaders, Encore Entrepreneurs, the Affordable Care Act, and export training. The Agency also plans continued significant outreach assisting local congressional offices and through joint efforts with SBA resource partners and other local, state, and national partners.

Progress Update: In FY 2015, SBA.gov averaged 2.2 million monthly site visits and 1.5 million unique visitors per month. As a major success, given that one in four visitors access the website from their mobile device, the SBA launched the first phase of its mobile site. The Agency also launched its Spanish language site and new content to engage a more diverse and broader audience. The SBA has a strong presence in the field with 68 district offices providing support on lending, contracting, training and consultation services, and disaster assistance.

Table 2.2a shows progress toward the Performance Goal of average monthly site visits to SBA.gov.

Table 2.2a: SBA.gov Performance Goal

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Average Monthly SBA.gov Site Visits	Target	N/A	N/A	1,200,000	2,000,000	2,400,000	2,300,000	2,300,000	2,400,000
	Actual	N/A	N/A	1,439,750	2,159,850	2,800,000	2,245,979		
	Variance	N/A	N/A	20%	8%	17%	-2%		
Additional Information: This measure is a monthly average of all site visits to SBA.gov.									

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

As the Internet increasingly becomes a primary point of contact and information for small businesses, the SBA has taken significant steps to upgrade and enhance its website to better meet the needs of small businesses. Table 2.2b shows progress toward the performance indicators tracking the number of unique visits to SBA.gov.

Table 2.2b: SBA.gov Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Average Monthly Unique Visitors to SBA.gov	Target	N/A	N/A	Baseline	1,500,000	1,500,000	1,500,000	1,400,000	1,400,000
	Actual	N/A	N/A	950,000	1,420,000	1,680,000	1,514,000		
	Variance	N/A	N/A	N/A	-5%	12%	1%		
Additional Information: This measure tracks the monthly average of unique visitors. The measure was previously titled "Number of Unique Visitors to SBA.gov ." When a new user visits SBA.gov , SBA.gov captures the data via a session cookie. As more users access the website, the number of "unique" (new) visitors will level-off and decrease overtime.									

FY 2015 Accomplishments and Challenges

Several key projects enhanced digital outreach to small businesses. The Spanish language version of SBA.gov consists of nearly 2,000 pages of content. The website helps support a diverse small business community. Furthermore, according to U.S. Census data, nearly 37 million people in America speak Spanish at home, and the Hispanic population made up 17 percent of the U.S. population in 2013 with higher projections over the next several decades. The Spanish language site provides rich opportunities to communicate SBA’s programs and services to this growing demographic.

In addition, the Agency launched English and Spanish language versions of the SBA.gov mobile site to support the increasing number of site visitors who use mobile devices. Currently, 34 percent of SBA.gov visitors access the site using a mobile device – a 40 percent increase compared to the previous year.

The SBA integrated the events calendar tool with local resource partner data to provide a one-stop tool that allows site visitors to enter their zip code and receive information on small business events and resource partners available within their area. The combination of data streamlines information requests and has proven to be a popular way for SBA.gov visitors to learn about local support and learning opportunities. The SBA also launched a new video section of its website to promote fresh content organized by small business topic. Videos are another way in which the SBA is reaching small business constituents about its programs and services.

The Agency went to production with a refreshed SBA.gov homepage that features the most popular content for the Agency’s programs, services, and small business topics. An expanded promotional box provides additional visibility to inform customers on key initiatives, small business topics, and upcoming events. Additionally, SBA’s district office websites were redesigned to support informational needs, internal and external, at the local level.

From a technical infrastructure standpoint, the SBA completed a security review of its website. This review followed the migration from a Microsoft platform to a Linux platform, which has improved internal and processing efficiencies. SBA.gov is also now HTTPS-secure across the entire site. Moreover, the SBA moved to a virtual hosting environment that is closer to a cloud implementation.

The SBA developed and promoted weekly online campaigns to support Agency strategic initiatives (women, exporting, ombudsman, veterans, National Small Business Week, disaster assistance, loans, and contracting). These campaigns include blogs, new SBA.gov content, and promotional spots. The SBA promoted each campaign via social media, exhibiting outstanding results for online traffic.

FY 2016 and 2017 Planned Performance

The SBA has included key projects on its product roadmap for FY 2016 and FY 2017 that will enhance its online digital strategy. This strategy includes an upgrade to the mobile websites, both English and Spanish; new loans section to be integrated with SBA One and LINC tools; Spanish language version of SBA.gov, phase 2; and revamp of the SBA Office of Economic Opportunity's online learning environment and sub-page template updates based on usability and customer input.

The Agency is moving forward with the plan to migrate SBA.gov to full implementation of a cloud environment and continues to work to enhance online security. Cloud migration to a FedRAMP certified environment will take place in FY 2016. During FY 2017, the SBA will enhance its online engagement based on FY 2016 focus testing and program office initiatives.

Strategy 2: Strengthen SBA's stakeholder outreach and brand

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

FY 2015 Accomplishments and Challenges

SBA's district staff conducted outreach with stakeholders and partners that included lender training, government contracting, market events in underserved areas, and events targeted to high growth entrepreneurial markets such as exporting. Key initiatives included Boots to Business outreach to transitioning members of the military, the Emerging Leaders program for small businesses that are primed for growth, Encore Entrepreneur outreach events for senior and aspiring entrepreneurs, Affordable Care Act training, and assistance to congressional offices. In addition to local outreach events, the Agency conducted outreach at the National Restaurant Association, the AARP, the National Urban League, the National Minority Supplier Development Council, the National Veterans Small Business Conference, and the Women's Business Enterprise National Council.

FY 2016 and FY 2017 Planned Performance

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

Strategic Objective 2.3: Reduce Regulatory Burdens

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

Performance Goal: Maintain Regional Regulatory Fairness Board membership at 90 percent or better and identify eight rules/regulations that disproportionately affect small business in FY 2017

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

Programs/Activities: Ombudsman, Advocacy, National Women’s Business Council

Strategies:

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

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

Progress Update: The SBA continued its progress in reducing undue regulatory burdens on the small business community. The Agency exceeded its performance targets to broaden outreach to and assist small businesses. Attention focused on three additional priority areas: (1) identification and resolution of systemic regulatory barriers to small business success and growth; (2) growing the diversity and engagement of the Regional Regulatory Fairness Boards through strategic appointments; and (3) strengthening partnerships with stakeholders. The SBA experienced a decrease in membership on the Regulatory Fairness Boards but exceeded its goal for small business outreach through events including meetings, roundtables, and hearings with small business owners in all ten SBA regions. Building on these accomplishments, the Agency will make critical improvements to its case management infrastructure to boost user experience, program capacity, and impact.

Table 2.3a displays the cost to administer the program. It includes direct costs from the operating budget, including contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs. Table 2.3b shows the results and targets of the performance goals to increase the membership rate of the Regulatory Fairness Boards and the number of rules identified that burden small businesses.

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

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 1,426	\$ 1,787	\$ 1,770	\$ 1,270	\$ 1,804	\$1,804	\$1,890	\$1,894

Table 2.3b: Ombudsman Performance Goals

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Board Membership Rate	Target	N/A	N/A	N/A	78%	85%	85%	90%	90%
	Actual	88%	98%	96%	74%	80%	74%		
	Variance	N/A	N/A	N/A	-5%	-6%	-13%		
Additional Information: The SBA undertook proactive candidate recruitment in FY 2015; however, seven new board members were still being vetted, which led to the Agency missing the target.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Rules Identified that Burden Small Businesses	Target	N/A	N/A	N/A	N/A	2	5	6	8
	Actual	N/A	N/A	N/A	N/A	6	7		
	Variance	N/A	N/A	N/A	N/A	200%	40%		
Additional Information: This measure tracks rules and recurring regulatory issues that SBA successfully identified, escalated, and addressed with agency partners on a systemic level for the benefit of the broader small business community. Further work will be completed to quantify the economic impacts of the rules identified in future years.									

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

The SBA Office of the National Ombudsman works with federal agencies and the small businesses they regulate to provide a confidential, impartial channel for small businesses to comment on enforcement activities, audits, on-site inspections, compliance assistance, or other communication. These comments, and the efforts to meaningfully address them, form the basis of the National Ombudsman’s Annual Report to Congress evaluating the responsiveness of agencies to regulatory concerns reported by small businesses. Chart 2.3 shows the number of comments received from small businesses.

Chart 2.3: SBA National Ombudsman Comments Received from Small Businesses

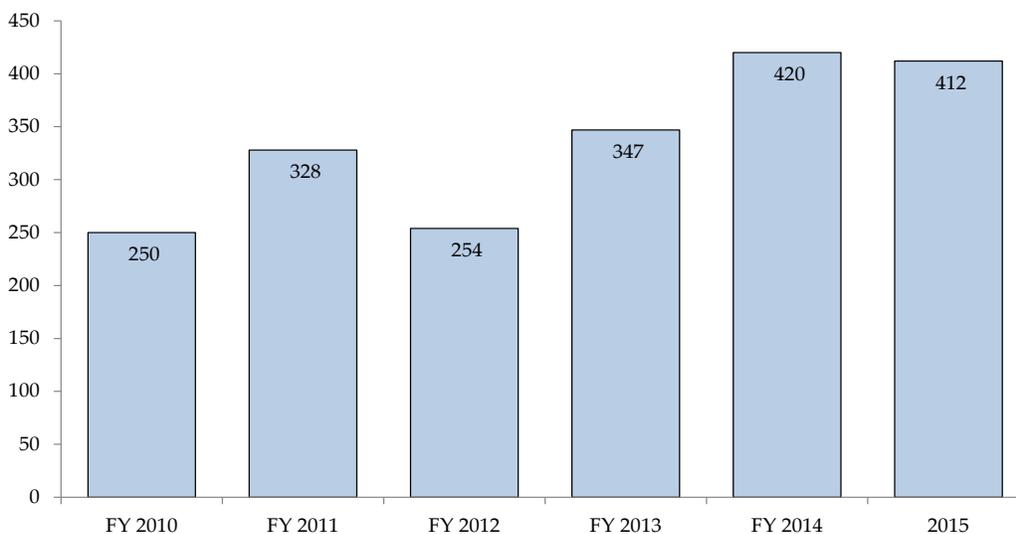


Table 2.3c shows the results and targets of the performance indicator tracking the number of outreach events of the SBA National Ombudsman.

Table 2.3c: Ombudsman Performance Indicator

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Outreach Events	Target	N/A	N/A	N/A	46	52	58	58	60
	Actual	50	56	48	48	64	66		
	Variance	N/A	N/A	N/A	4%	23%	14%		
Additional Information: Because of an aggressive outreach schedule focused on connecting directly with small business stakeholders in their communities while significantly improving awareness of the resources the office provides to small business owners, the Office of the National Ombudsman exceeded its outreach target for FY 2015.									

FY 2015 Accomplishments and Challenges

The SBA assisted more than 400 small businesses and responded to thousands of general inquiries. In addition to continuing to provide prompt case assistance to small businesses, the SBA advanced ways to track the impact of its assistance by making enhancements to the case management system. By better understanding the impacts of interventions, working with Agency partners to address systemic compliance challenges that unduly burden small businesses, and renewing engagements within the SBA and with external resource partners, the Office of the National Ombudsman continued leveraging available resources to better serve stakeholders.

The National Ombudsman strengthened and grew partnerships with sister agencies, resulting in significant improvements in agencies’ responsiveness to small business concerns. The SBA Ombudsman’s Annual Report to Congress, published most recently for FY 2014, is a key tool for promoting accountability. The report format and content underwent a complete overhaul, focused on clearly communicating the Ombudsman’s function and role supporting small business and on demonstrating the substantial impacts resulting from Ombudsman interventions.

FY 2016 and FY 2017 Planned Performance

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

The National Ombudsman will also produce, publish, and disseminate the FY 2015 and FY 2016 Annual Reports to Congress, including evaluations of federal agencies’ compliance assistance and enforcement activities pertaining to small businesses. The National Ombudsman will continue building partnerships with other agencies and undertake inter-agency collaborations to advance shared missions to benefit small businesses.

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

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

FY 2015 Accomplishments and Challenges

The National Ombudsman convened more than 80 regulatory fairness outreach events, including roundtables and four regional hearings, and a National Regulatory Fairness Hearing to highlight systemic regulatory problems that disproportionately burden the small business community. More than 75 witnesses testified at the hearings, including small business owners and representatives of national associations who testified on behalf of thousands of their members around the country. At 81 outreach events with small businesses and other representatives of the small business community, participants registered concerns regarding federal regulations and regulatory enforcement and compliance issues. Through these events targeting all segments of the small business community, SBA's National Ombudsman connected with small business owners and collected vital input on regulations that disproportionately impact the ability of small businesses to grow, create jobs, and support the economy.

The Regional Regulatory Fairness Boards experienced unprecedented board empowerment, engagement, and strategic growth this year. Seven new and diverse board members received appointments for three-year terms. However, expeditious vetting of candidates remained a continuing challenge. Because of a sustained broad recruitment effort, the boards now more fully represent the complete spectrum of America's small business community – demographically, geographically, and professionally. This diversity has deepened the expertise brought to bear by the board on the most persistent regulatory hurdles faced by small business, expertise that has focused on regulatory barriers in access to capital, government contracting, and other areas. The SBA continued to identify the best candidates for the boards and seek recommendations for potential members from stakeholder organizations, SBA district offices, and from the members of the Senate and House Small Business Committees.

FY 2016 and FY 2017 Planned Performance

The SBA will continue its work with partners developing constructive solutions to systemic regulatory problems and implementing improved channels of compliance assistance for small businesses. The Agency will support retrospective reviews under Executive Order 13563 and will continue to advocate for the right balance between important regulatory aims and practical requirements on small business.

The SBA National Ombudsman will organize and conduct a combined annual meeting of all ten Regional Regulatory Fairness Boards. The National Ombudsman will continue to expand the size, diversity, and engagement of the Regulatory Fairness Boards to maximize the impact of these critical representatives of the small business community. The National Ombudsman will evaluate the responsiveness of agencies to small business concerns and report its findings in its FY 2015 and FY

2016 Annual Report to Congress. Strategic outreach to small business communities will build upon the FY 2015 roundtables and hearings.

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

The SBA supports the **National Women's Business Council (NWBC)**, a nonpartisan federal advisory council created to serve as an independent source of advice and counsel to the President, Congress, and the SBA on issues of economic importance and impact to women business owners. The council's mission is to support and conduct research that provides insight to women business enterprises from startup to success, and to produce and promote innovative initiatives, policies, and programs designed to support women's business enterprises at all stages of development in the public and private sector.

Findings have shown that women are starting businesses at historic rates with women launching 1,288 new businesses per day in the U.S.⁵ While certain barriers persist, women who are successfully launching and scaling their businesses are doing more with less.⁶ Per the council's latest research, men start their businesses, on average, with nearly twice as much capital as women (\$135,000 vs. \$75,000). This disparity is slightly larger among firms with high-growth potential (\$320,000 vs. \$150,000). Only two percent of women's businesses scale successfully past the one million dollar revenue mark⁷ (versus 6.3 percent for men). Many reasons account for this disparity, including access to capital, markets, resources, talent, programming, and opportunities – all of which are essential to successfully start and scale a business. These trends demonstrate why more data and research are needed to better understand issues of economic impact and importance to women business owners.

FY 2015 Accomplishments and Challenges

The NWBC focused its research and outreach in pursuit of improving outcomes for women business owners as they start, grow, and scale their businesses considering access to capital, access to markets, job creation and growth, and data collection. The council then leveraged platform, experience, and convening power to engage both the private and public sectors to address the challenges that women entrepreneurs face and work together to change the outcomes.

The NWBC portfolio included the following research projects: corporate supplier diversity; data collection on women's participation in incubators and accelerators; undercapitalization as a contributing factor to business failure; women entrepreneurs' social networks; and a women's business center impact study. In addition to this contracted research, the council pursued internal research projects, including a design thinking project to understand the experiences of women in the bank loan application process; and a review of the 2014 SBA growth accelerator prize competitions.

⁵ WomenAble "The State of Women-Owned Businesses Report 1997-2014." *American Express Open* (2014): 1-73.

⁶ Coleman, Susan, and Alicia Robb. "Access to Capital by High-Growth Women-Owned Businesses." *National Women's Business Council* (2014): 1-32.

⁷ NWBC analysis of 2007 SBO data see annotated bibliography.

The council, as part of its statutory requirement, also hosted four public meetings. It published and distributed its FY 2014 Annual Report highlighting results of completed research and data-driven policy recommendations to improve the climate for women entrepreneurs by addressing financial, cultural, knowledge, network, and human capital challenges.

FY 2016 and FY 2017 Planned Performance

In FY 2016, the SBA received \$1.5 million for the NWBC. The council's FY 2016 agenda will be developed through an iterative process. The council will consider key findings of the latest research and review outstanding recommendations. It will coordinate with participating membership organizations, policymakers, women business owners, leaders of the financial community, Fortune 500 companies, academic institutions, and other stakeholders to identify research opportunities and issues that require attention.

The council has plans to complete the following projects in FY 2016: an analysis of the growth and development of women-owned enterprises high potential and high-growth women entrepreneurs; women's participation in corporate supplier diversity; women's participation in incubators and accelerators; and black women entrepreneurs.

In FY 2017, the SBA requests \$1.5 million for the NWBC. This request will allow the council to pursue relevant research projects, website upgrades, and communications support to increase the distribution and reach of the council's work. Additional areas of interest for research include: women's commercialization in STEM; women and social entrepreneurship; mentorship; women's experience with and attitudes toward bank loans; analysis of SBA programming; corporate entrée to women's entrepreneurship; demographic and industry deep dives; women's participation with exporting; and women vs. men comparisons.

The FY 2016 and FY 2017 research will build upon the previous completed projects, insights, and recognized needs. The research will deepen understanding of the factors that have a significant impact on the ability of women entrepreneurs to launch, expand, and scale their businesses, thereby driving economic growth. The council's agenda will reflect a commitment to the pursuit of research that enables data-driven policy recommendations that can ensure women entrepreneurs have the resources and environment they need to start and scale successful businesses.

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

Strategic Objective 3.1: Program Operations

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

<p>Performance Goals: Ensure an IT customer satisfaction rate of 85 percent, award 72.75 percent of SBA contracts to small business, and reduce the real estate footprint by an additional 2 percent in FY 2017</p> <p>Objective Leads: Chief Operating Officer, Office of the Chief Operating Officer; Chief Financial Officer, Office of Performance Management and the Chief Financial Officer</p> <p>Programs/Activities: Program Management and Administration</p> <p>Strategies:</p> <ol style="list-style-type: none">1. Implement process and operational improvements to simplify and speed up the delivery of SBA's programs and services and to improve customer satisfaction2. Ensure efficient and effective management of Agency financial and acquisition resources3. Implement and maintain modern, secure, and reliable information technology systems and services
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The SBA works to continuously strengthen and streamline its programs to meet the needs of small businesses. The Agency continues to improve processes for managing fraud, waste, and abuse and make strategic investments in its physical and IT infrastructure. These ongoing efforts have contributed to improved delivery of services and more efficient processes. Cutting wasteful spending reduces program overhead and allows the SBA to achieve its mission more efficiently and effectively.

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

Progress Update: The SBA, in consultation with the Office of Management and Budget, has highlighted this objective as a focus area for improvement. The overall satisfaction with information technology remains a key challenge as current infrastructures ages and requires updating. While the Agency has made strategic investments in its infrastructure and will continue to replace aging equipment, more work is needed to ensure that SBA employees have the tools and resources to serve small businesses in a timely manner. The SBA met its small business utilization goal by awarding 77.5 percent of contracts (in FY 2014) totaling \$108 million to small businesses and far exceeded its sub-goals for women-owned, small

disadvantaged, HUBZone, and service-disabled veteran-owned small businesses. The Agency continued to reduce its federal footprint and achieve greater efficiency through improved space utilization, eliminating approximately 55,000 square feet of leased space between FY 2012 and FY 2014.

Table 3.1a provides results and targets on the IT customer satisfaction rate. Table 3.1b shows progress toward SBA's small business utilization goal for prime contracts. Table 3.1c shows progress towards reducing the total amount of square feet of real estate eliminated from the Agency's inventory.

Table 3.1a: Information Technology Performance Goal

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
IT Helpdesk Customer Satisfaction Rate	Target	N/A	N/A	N/A	N/A	Baseline	85%	85%	85%
	Actual	N/A	N/A	N/A	N/A	85%	85%		
	Variance	N/A	N/A	N/A	N/A	N/A	0%		
Additional Information: The metric reports the average score on customer service surveys submitted to the Office of the Chief Information Officer.									

Table 3.1b: Acquisition Performance Goal

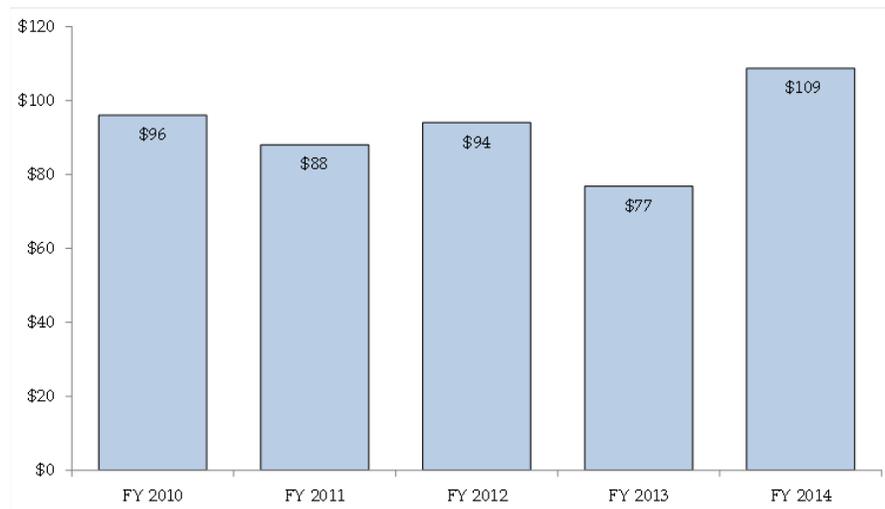
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
SBA Small Business Utilization Rate	Target	67.00%	67.00%	67.00%	67.00%	68.00%	69.00%	72.75%	TBD
	Actual	67.00%	67.00%	71.00%	72.00%	77.48%	Data Lag		
	Variance	0%	0%	6%	7%	14%	N/A		
Additional Information: The FY 2015 data will be available in the fall of FY 2016.									

Table 3.1c: Real Estate Footprint Reduction Performance Goal

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
SBA Real Estate Footprint Reduction Rate	Target	N/A	N/A	N/A	N/A	N/A	Baseline	2%	2%
	Actual	N/A	N/A	2%	2%	2%	2%		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		

Chart 3.1 shows SBA contract dollars awarded to small businesses. The number and dollar value of contracts increased substantially in FY 2014, which led to the SBA surpassing the prime small business utilization target by 14 percent. The FY 2015 small business contracting data will be available in the summer of FY 2016.

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



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

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

FY 2015 Accomplishments and Challenges

The SBA reduced the footprint by an additional 24,000 square feet through nine projects. While significant progress has been made reducing its footprint, the Agency continues to be challenged by storage requirements for numerous paper records. The lack of Agency-wide digitization or an electronic records management system requires the storage of large quantities of paper records. Also, the SBA does not currently have space standards for offices, which leads to inconsistency among sizes of offices for various uses. The Agency is developing space standards for implementation in FY 2016.

According to the GSA vehicle allocation methodology (VAM), SBA's optimal fleet is 170 vehicles. SBA's current fleet consists of 160 vehicles, which is below the ceiling created by the VAM. The Agency has 115 alternate fuel vehicles (AFVs) (95 gas/ethanol vehicles, 9 hybrid electric vehicles, and 11 low greenhouse gas vehicles) comprising 72 percent of the fleet and representing three percent increase in AFVs from FY 2014. The SBA replaced gasoline vehicles with low greenhouse gas vehicles that are more widely available than gas/ethanol vehicles and hybrids.

FY 2016 and FY 2017 Planned Performance

As leases expire for various field offices, the SBA will pursue opportunities to further reduce its real estate footprint. The Agency will continue to develop office space standardization plans and increase the use of open-office floor plans. In FY 2016, the SBA plans to reduce the square footage of an additional nine facilities by approximately 10,505 square feet.

In FY 2017, the SBA will continue to pursue opportunities to reduce its real estate footprint by examining all expiring leases. The fleet will be maintained at its current size. Also, all gas powered vehicles that retire will be replaced with AFVs.

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

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

FY 2015 Accomplishments and Challenges

The SBA continued to use performance results at both the program and Agency-wide level throughout the year to identify issues, improve programs and policies, and drive management

decisions. The SBA conducted its second strategic objective review based on the Agency's *FY 2014-2018 Strategic Plan*. These reviews foster leadership discussion across functional areas and support a review of individual office performance measures to ensure that they focus on long-term programmatic outcomes, emphasize a return on investment, and ensure that the SBA is delivering effective customer service to small businesses.

The Agency implemented new budget execution software that allows offices to track spending against their budget throughout a fiscal year at the line item level. This functionality is being piloted by the Office of Disaster Assistance in FY 2015 and will be expanded across other program offices. The budget execution software integrates real-time spending with the prior budget planning information to increase the transparency and accountability of spending government funds. SBA's Denver Finance Center also began to reduce duplicative processes and concluded a study of the current financial and accounting procedures.

The SBA will continue to make progress on the Digital Accountability and Transparency Act (DATA Act). The DATA Act requires the establishment of government-wide financial data standards for any federal funds made available to or expended by agencies and entities receiving federal dollars. The SBA began recruitment for the Agency's first Chief Data Officer and served as a pilot agency for a technology solution in coordination with the Department of Treasury and the Office of Management and Budget.

As a key success, the SBA received its final FY 2014 Procurement Scorecard grade of "A" and met its prime and sub-goal contracting targets for small disadvantaged, women-owned, HUBZone, and service-disabled veteran small businesses. The Agency awarded 77.5 percent of its contracts totaling \$108.7 million to small businesses. The SBA also conducted an independent assessment of the acquisition function according to OMB's A-123 Circular, which helps to address management challenge 10.

FY 2016 and 2017 Planned Performance

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

While building on improvements in financial management, performance reporting, data quality, and meeting all financial, performance, and budget deadlines, the SBA will pursue several priorities regarding performance. Standard operating procedures for financial management issues related to undelivered orders, internal controls, acquisitions, budget processes, and the purchase card program will be finalized and published. An acquisition action plan to resolve findings will be developed and fully implemented through FY 2017.

The SBA will continue to make progress on and implement the Digital Accountability and Transparency Act (DATA Act). The Administration places a high priority on providing high quality, transparent federal spending information to the public and using this expanded data to achieve more effective and efficient allocation of resources to improve Agency performance. The Agency will hire a Chief Data Officer and pilot more data downloads in preparation for full-scale implementation.

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

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

With the recent implementation of the Federal Information Technology Acquisition Reform Act and the recent breach within the Office of Personnel and Management (OPM), SBA’s plans are focused on modernizing infrastructure and securing overall IT posture and vulnerabilities.

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

Table 3.1d: Information Technology Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Security Incidents Reported to US CERT Within Specified Timeframes	Target	N/A	N/A	100%	100%	100%	100%	100%	100%
	Actual	N/A	N/A	100%	100%	100%	100%		
	Variance	N/A	N/A	0%	0%	0%	0%		
Additional Information: The metric reports the percentage of the total number of incidents reported within the mandatory timeframe.									

FY 2015 Accomplishments and Challenges

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

The Agency completed a project that provides SBA users with an upgrade to the Citrix environment to provide more flexibility for accessing data from anywhere on any device. The refreshing of hardware and implementation of Citrix is intended to provide a more effective and efficient user experience. The SBA has also taken a more aggressive posture with implementation of the HSPD-12 PIV cards.

Additionally, the SBA invested in a network infrastructure and laptop refresh that will increase productivity and mobility for all of SBA.

FY 2016 and 2017 Planned Performance

The SBA has used a digital services team to support Agency-wide information technology efforts and to outline best practices for effective digital services. In FY 2016 and 2017, this team will be responsible for driving the efficiency and effectiveness of the Agency's highest impact digital services, including SBA One. The SBA One portal will be a streamlined and user-friendly platform to provide exceptional customer service to the small business community.

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

In FY 2016, the SBA will also continue to improve the user experience by implementing Microsoft Office 365. This upgrade will enable users to take advantage of cloud email services and other features that will provide ease of use and increased productivity. In association with the planned implementation of Microsoft Office 365, SharePoint will be migrated to SharePoint 2013. This approach will allow users access to more advanced features of the tool and greater integration. Additionally, the SBA will continue to implement network infrastructure improvements and the refreshing of laptop equipment to increase productivity and mobility for all of SBA.

In FY 2017, the SBA will continue advancing the usage of the cloud-based technology in Microsoft Office 365. Cloud Mail applications are encrypted so that if a transmission is intercepted by unauthorized individuals, they will not be able to read it. Additionally, Cloud Mail will provide complete uptime and redundant, resilient network architecture. The Agency will continue to expand the Storage Area Network, ensuring that the current architecture has sufficient capacity to perform security incident and event management functions, which is used to identify and correlate cyber threats. The SBA will pursue the procurement of a new software tool that will provide malware identification and an eradication solution for boundary protection for the enterprise. At the same time, consolidation of data centers will continue as technology moves to a cloud-based environment.

Strategic Objective 3.2: Employees

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

Performance Goal: Ensure that the average time-to-hire will be less than 100 days in FY 2017

Objective Lead: Chief Human Capital Officer, Office of Human Resources Solutions

Lead Office: Office of Human Resources Solutions

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

Programs/Activities: Program Management and Administration

Strategies:

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

The SBA is committed to building a high quality and high performing workforce equipped with the capability to service the current and future needs of America's small businesses effectively. The Agency leverages the Office of Personnel Management (OPM) Annual Federal Employee Viewpoint Survey (FEVS) as a tool to assess the extent to which the workforce feels engaged, supported, and motivated. The Agency's Strategic Human Capital Plan takes into consideration these expectations and provides a framework for addressing the Agency's human capital management challenges effectively.

Strategic Objective 3.2 supports the President's Management Agenda Cross-Agency Priority Goal to "unlock the talent of the workforce we have and build the one we need for tomorrow." The SBA shares this bold vision and strives to create a culture of excellence and engagement to enable higher performance, build a world-class federal management team beginning with the Senior Executive Service, and hire the best talent from all segments of society.

Progress Update: The SBA Office of Human Resources Solutions (OHRS) engaged in consultation with hiring managers to clarify their mission requirements and target recruiting efforts. The applicant pools were better aligned with SBA's needs, which resulted in an average time to hire of 97 days, which is three days below the Agency's target of 100 days. Furthermore, strengthened collaboration with hiring managers concerning special hiring authorities resulted in a larger pool of highly qualified candidates. The SBA also deepened its understanding of employee perspectives by conducting themed snapshot surveys (e.g., recommending SBA as a Great Place to Work), as a continuation of OPM's FEVS. The Agency's current efforts are focused on supporting strategies to increase the Employee Engagement Index score to 67 percent by the end of FY 2017 to meet the President's employee engagement goal.

Table 3.2a provides results and targets on the average number of days to hire.

Table 3.2a: Employee Performance Goal

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Average Number of Days to Hire	Target	72	108	100	80	100	100	100	100
	Actual	97	112	154	154	85	97		
	Variance	-35%	-4%	-54%	-93%	-15%	-3%		
Additional Information: Time to hire includes the time a completed recruit action is received until the job offer is accepted.									

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

The SBA invests in the development of a comprehensive recruiting strategy and continues to enhance efforts to recruit a diverse, high-performing, and results-driven workforce. In collaboration with the SBA Office of Diversity, Inclusion and Civil Rights, OHRS developed and implemented an integrated strategy to accomplish the Agency's recruiting goals.

Table 3.2b provides results and targets on the retention rate of new hires.

Table 3.2b: Employee Performance Indicator

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Retention Rate for New Hires	Target	N/A	N/A	80%	85%	88%	93%	93%	93%
	Actual	N/A	N/A	80%	95%	91%	87%		
	Variance	N/A	N/A	0%	12%	3%	-6%		
Additional Information: The retention rate is defined as an employee remaining in a current position for a minimum of two years within the Agency.									

FY 2015 Accomplishments and Challenges

The SBA continues to refine HR Stat 2.0 metrics to measure progress in achieving efficiencies in time-to-hire, and developing high-quality, diverse applicant pools. While the actual time-to-hire results remained below the 100-day target, the recent government-wide cybersecurity incidents and resulting eQIP outages resulted in longer than anticipated delays. These unanticipated developments significantly delayed the screening and onboarding of new employees.

The SBA adopted a consultative approach to recruiting, with human resource professionals engaging in strategic conversations with hiring managers prior to posting job announcements. As a result, applicant pools are better aligned with SBA needs, which in turn have reduced the average number of days to hire. The SBA also created a Special Emphasis Hiring (SEH) program and designated an SEH program manager to educate managers on how to leverage SEH authorities to address hiring needs. The SBA became the second federal agency to provide videophone services directly to the deaf and hard of hearing. In addition, several staff members are fluent in American Sign Language. The SBA has also partnered with the Department of Veterans Affairs to hire veterans with disabilities, collaborated with the Peace Corps for outreach to returning volunteers, and made use of the Pathways programs to inspire students and recent graduates to pursue careers in public service.

The SBA continued to build its next generation of leaders through its Pathways program by leveraging the use of interns, recent graduates, and Presidential Management Fellows (PMFs). The Agency launched its first-ever PMF at-large program. The PMF program serves as a critical tool for the Agency to address succession planning challenges from an enterprise-wide perspective. Program

participants rotate through a series of program offices for two years. The rotational assignments enable the PMFs to gain exposure to many facets of SBA's mission and operations.

In addition to recruiting, the SBA trained front-line managers and supervisors on the use of tools such as HR5 and HR4U. At the start of regular management meetings, OHRS uses the first five minutes of the regular agenda to share news related to the work of the program office; this segment is called HR5. HR4U is a tracking system for customer inquiries to ensure prompt responses and to gauge customer satisfaction. OHRS has delivered outstanding customer service to the workforce by providing accurate, timely responses to employee questions.

The Agency also delivered training to the senior leadership on performance management and drove alignment between Agency goals and individual performance plans. Progressive, deliberate, and sequential leader development opportunities will be offered to employees at all levels. Interagency workgroups have been established to promote best practices, information sharing, and collaboration on human resource policy. To accelerate the learning curve of newly appointed senior executives and set the conditions for leadership success, the SBA launched *Strategic Start*, an executive onboarding program, and sponsors their attendance at the SES orientation hosted by OPM.

FY 2016 and FY 2017 Planned Performance

During the next two years, human resources staff will collaborate with SBA program offices to institute a series of ambitious hiring reforms aimed at accessing a high quality workforce with the capabilities required to set conditions for small businesses to grow and thrive. Consistent with the bold vision outlined by the Administrator, the SBA will incorporate a set of core attributes that the workforce should embody. The Agency will leverage the use of OPM-approved assessment tools to evaluate the analytical, critical thinking, and problem-solving skills of applicants during the screening process. The SBA will take a methodical approach to filling vacancies, working with program offices to build internal and external applicant pipelines and launch a toolkit to equip hiring managers with information on ways to optimize use of available hiring authorities and flexibilities.

The Agency will continue to refine its HR Stat 2.0 metrics of time-to-hire and monitor applicant flow data, reviewing demographic data provided by applicants for purposes of identifying best practices and barriers to each stage of the hiring process. The SBA will deploy upgrades to USA Staffing, rebuilding templates and assessment tools to meet new requirements.

Strategy 2: Offer high value leader development opportunities

One of the central tenets of the SBA's *FY 2014-2018 Strategic Plan* is investing in the development of its employees. SBA's senior leadership is committed to building a workforce that is prepared to confront challenges facing small businesses. It is imperative that the SBA prepares its future leaders for broadened leadership and functional responsibilities while equipping them with the skills necessary to adapt to a highly complex, uncertain environment. Approximately 25 percent of SBA employees are retirement eligible, and approximately half will be retirement eligible within five years. Knowledge transfer and succession planning are critical to SBA's ability to effectively service the needs of small businesses.

FY 2015 Accomplishments and Challenges

Building upon the success of its Leader Development Program, the SBA created opportunities for program participants to practice skills acquired through special projects and rotational assignments.

The SBA considers its SES corps to be an institutional asset. SBA senior leadership has taken a deliberate approach to assessing, utilizing, and developing the SES corps. Within the context of the SBA framework for SES career lifecycle management, senior executives were migrated to BASIC, a comprehensive program aligned with the five Executive Core Competencies. The launch of BASIC began in FY 2014 with a pilot group undertaking a 360° assessment and feedback, followed by individualized executive coaching sessions. All SES members have group coaching available to them.

The SBA also sought to enhance leadership and development across the Agency, and offered a range of professional development opportunities to its workforce. Examples of the trainings include: OPM Leadership Assessment Program, Analytics Boot Camp, Project Management Program Certification, seminars on conducting difficult conversations, and sessions on performance management. The SBA also provided opportunities for managers and supervisors to enroll in supervisory training.

The SBA deployed a Talent Management Center (TMC) Learning Management System, which provides access to online learning opportunities including course content, videos, Books 24x7, and mandatory training, such as Computer Security Awareness training. The system enables employees to select courses linked to leadership, functional, and technical competencies required for their specific positions. Training aids and reference materials are made available to employees in TMC. Also, business opportunity specialists and procurement center representatives are now able to attain job-specific certifications.

FY 2016 and FY 2017 Planned Performance

The SBA will continue to build an enterprise-wide Leader Development Strategy aimed at building competent and committed leaders equipped to make sound, ethical decisions. As part of the strategy, the SBA will expand education, training, certification, and mentoring, while broadening opportunities available to employees at all levels. These actions will build leadership capacity, improve the management of talent, and foster a culture of continuous learning.

The Agency will offer developmental opportunities to senior executives to help them perform at even higher levels and provide them with opportunities to undertake progressively broader, more complex, and cross-functional enterprise leadership responsibilities.

It is imperative that the SBA address current and potential future gaps in its mission-critical leadership and technical bench strength. The Agency must ensure that it provides a parallel path for the development of both leaders and technical experts. To address these challenges, the SBA will incorporate a blended learning strategy that combines critical skills-building activities, formal learning, and career enrichment through mentoring, coaching, and formation of communities of practice. As part of the Agency's strategic workforce planning efforts, SBA employees will have learning roadmaps based on the competencies and skills required to be effective in their respective occupational series.

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

The SBA strives to create an inclusive environment where employees are fully engaged and diversity is valued. White House Memo M-15-04 established employee engagement and organizational performance improvements as a government-wide priority. These tenets are embedded in the SBA Strategic Plan, SBA Strategic Human Capital Plan, and human resources policies. The SBA has one of the highest participation rates in telework and flexible work schedules, allowing for greater work-life balance.

Table 3.2c provides results and targets on the Federal Employee Viewpoint Survey.

Table 3.2c: Employee Performance Indicator

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Federal Employee Viewpoint Survey Job Satisfaction Rate	Target	70%	71%	71%	71%	71%	71%	64%	67%
	Actual	68%	67%	66%	66%	65%	62%		
	Variance	-4%	-5%	-7%	-7%	-8%	-13%		
Additional Information: The satisfaction rate is the Human Capital Assessment & Accountability Framework (HCAAF) Trends – Job Satisfaction Index which indicates the extent to which employees are satisfied with their jobs.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Federal Employee Viewpoint Survey Employee Engagement Index	Target	N/A	N/A	N/A	N/A	N/A	Baseline	64%	67%
	Actual	N/A	65%	64%	65%	62%	60%		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: Memorandum 15-04 establishes that Federal agencies increase engagement efforts with the goal of increasing the government-wide Engagement Index on the FY 2017 Federal Employee Viewpoint Survey to 67%. The Index is comprised of three sub-categories including Leaders Lead, Supervisors, and Intrinsic Work Experience.									

FY 2015 Accomplishments and Challenges

Nearly 63 percent of SBA employees responded to the 2015 Federal Employee Viewpoint Survey (EVS). These results are 13 percent higher than the government-wide response rate. The perceptions of employees are taken seriously. As a result, the SBA Way initiative launched in FY 2013 continues to make progress as a voice for employees. SBA Way is an employee engagement program designed to build a high performance culture, empower employees to take ownership of their environment, and promote esprit-de-corps. The SBA Way established an Executive Steering Committee comprised of eight executives to mentor 30 employees. These employees serve on an Action Planning Committee. As advisors, they review employee suggestions and lead grassroots efforts to address employee concerns. One of the most prominent SBA Way events is the annual IKE Awards ceremony, which serves as an opportunity for the Administrator to recognize outstanding employee accomplishments.

Themed snapshot surveys helped enhance understanding EVS results this year. Employees were asked to share their perceptions on particular issues raised in the EVS, provide sufficiently detailed responses, and provide actionable recommendations for addressing the issues identified. The SBA convened a workgroup comprised of volunteers from across the organization to participate in an Agency-wide employee engagement effort. The workgroup is taking a four-pronged approach to

address employee engagement across the organization: (1) individual accountability, (2) organizational performance, (3) communications, (4) and initiatives.

Additionally, the SBA and union partners formed a partnership council. Agency and union representatives engage in joint training sessions with the Federal Mediation and Conciliation Service. At the same time, the SBA issued new policies on performance management and employee development. An inclusion statement has been incorporated into all newly issued and revised human resources policies. This statement has been recognized as a best practice by the Office of Personnel Management.

FY 2016 and FY 2017 Planned Performance

The SBA will continue to encourage employee participation in the Federal Employee Viewpoint Survey and strengthen the Agency's SBA Way initiatives. The SBA Way will continue to survey, recommend, and implement employee ideas to realize employee potential and strengthen communication between senior leadership and employees.

Employees' professional development opportunities will be informed by SBA Way recommendations, mission critical occupational assessments, and trends based upon a strategic analysis of future workforce needs, and FEVS survey results.

As a proud supporter of veterans, the SBA will continue to be an active gateway for transitioning military and veterans seeking federal job opportunities. The SBA will continue to collaborate with hiring managers to leverage the use of veterans hiring flexibilities to recruit and provide developmental assignments through the U.S. Department of Veterans Affairs.

The **Office of Diversity, Inclusion, and Civil Rights** serves as the equal opportunity arm for the Agency. They champion a diverse workforce and inclusive culture by ensuring equal access and equitable treatment and provide direction and guidance in implementing the Agency's equal opportunity, diversity, and civil rights responsibilities. These efforts include administration of the statutory EEO complaint program and the civil rights compliance component, which ensures that federal programs and recipients of federal grants comply with anti-discrimination laws and regulations. Additionally, this program helps cultivate a collaborative and fair culture where employees can realize their full potential through initiatives that promote diversity, inclusion, and proactive conflict resolution.

FY 2015 Accomplishments and Challenges

The SBA reached key benchmarks for administering a model Title VII program set forth by the Equal Employment Opportunity Commission. Additionally, the SBA expanded its proactive initiatives and continued to foster a fair, cooperative, and inclusive culture. The Agency's anti-harassment policy has been strengthened and reaffirms the commitment to maintain a workplace free from harassment and other forms of discrimination. SBA employees received civil treatment training which helps staff create and maintain a civil, productive, and inclusive work environment. To help deliver this important training to more offices, seven employees went through a program to become certified instructors. The Agency hosted six special emphasis programs to celebrate the unique history and culture of employees and increase awareness of employment issues affecting women, minorities, and persons with disabilities and educated program and resource partners on disability access through the Title VI program. These programs supported sign language interpreters, video captioning service, 508-compliant webinar functionality, and other resources to access for small business owners

with disabilities. Finally, a workplace conflict resolution center has been created. It serves as a proactive resource to help employees resolve conflict at the earliest stage possible. The center helps prevent time and cost associated with formal complaints and provides a channel to resolve issues that can impact productivity, morale, and mission-achievement.

FY 2016 and FY 2017 Planned Performance

The SBA will continue to develop and implement initiatives that foster and promote diversity and inclusion, including efforts to further equip Agency leadership with the knowledge and skills to manage diversity, measure results, and refine approaches to create a more inclusive and proactive culture. Civil treatment training will be offered to more employees along with other trainings to increase conflict awareness. The Agency will continue to encourage the workplace conflict resolution center and will also institute a comprehensive, Agency-wide contract to improve access to programs and resources for limited English proficiency persons. These services will ensure that small business owners have timely access to SBA services.

Strategy 4: Modernize and integrate human resources systems

The deployment of an integrated personnel and pay system is critical to improving Agency and employee access to accurate and timely personnel data, achieving operational efficiencies, and realizing cost savings.

FY 2015 Accomplishments and Challenges

The SBA continued researching best practices in launching a shared service center. The Agency partnered with the Department of Interior Business Center (IBC) to complete a fit-gap analysis to assess requirements for migrating to a fully integrated HR information system. The Agency is challenged by data reconciliation from various sources for its workforce planning. Personnel action requests are currently processed through both manual and electronic efforts.

FY 2016 and FY 2017 Planned Performance

The SBA is researching the migration of its Federal Personnel and Payroll System (FPPS) from the National Finance Center to the U.S. Department of Interior, Interior Business Center's integrated FPPS suite of HR IT services. Coupled with FPPS, IBC's Workforce Transformation and Tracking System would allow the SBA to fully integrate its various enterprise architecture components under a shared service center. Currently, SBA's human resource operations are supported by five disparate systems. By consolidating the systems, the Agency will eliminate workflow redundancies, substantially reduce manual labor, and lower Agency-wide administrative costs. The end-to-end payroll/personnel system offers a comprehensive set of mission-essential capabilities, including a web-based time and attendance system, workforce analytics, a hiring cycle dashboard, and an integrated e-learning and performance management system. Additionally, new employees will be able to get a head start on the onboarding process by filling out and submitting new hire forms electronically. Lastly, the automation of SF-52 personnel action requests and electronic classification of position descriptions will measurably improve efficiency, lower staffing costs, and strengthen the ability to deliver on customer commitments.

Strategic Objective 3.3: Risk Mitigation

Mitigate risk to taxpayers and improve oversight across SBA programs

Performance Goals: Perform 300 select analytical credit reviews, review 100 percent of 8(a) Business Development firms and 10 percent of HUBZone firms, and conduct 65 programmatic and financial reviews of entrepreneurial development resource partners in FY 2017

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

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

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

Strategies:

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

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

With a loan portfolio of nearly \$119 billion outstanding, more than \$24 billion in new loans guaranteed each year, oversight of small businesses' eligibility in tens of billions of government contract set-asides, a network of hundreds of grantee partners delivering consultation services and training to more than a million clients a year, and direct fiscal responsibility for more than an \$800 million annual budget, the SBA has an extraordinary responsibility to taxpayers to mitigate risk and conduct oversight of its programs.

Progress Update: The SBA continued efforts to mitigate risk. Regarding lender oversight, the Agency performed 378 analytical risk-based credit reviews which provided oversight of loan performance, credit scores, and compliance with SBA loan program requirements. The SBA conducted a combination of analytical and file assessments and reviewed 66 entrepreneurial development resource partners. The Agency provided these partners with training, classroom instruction, and educational materials to ensure that programs properly use grant funds. The SBA met its HUBZone and 8(a) Business Development review targets and ensured staff received training in order to provide small businesses with a better understanding of program eligibility requirements and compliance reviews. Unfortunately, the SBA continued to be challenged by ineligible HUBZone firms that increase risk for the small business community. Continued monitoring and enforcement will help mitigate risk to the Agency and taxpayers.

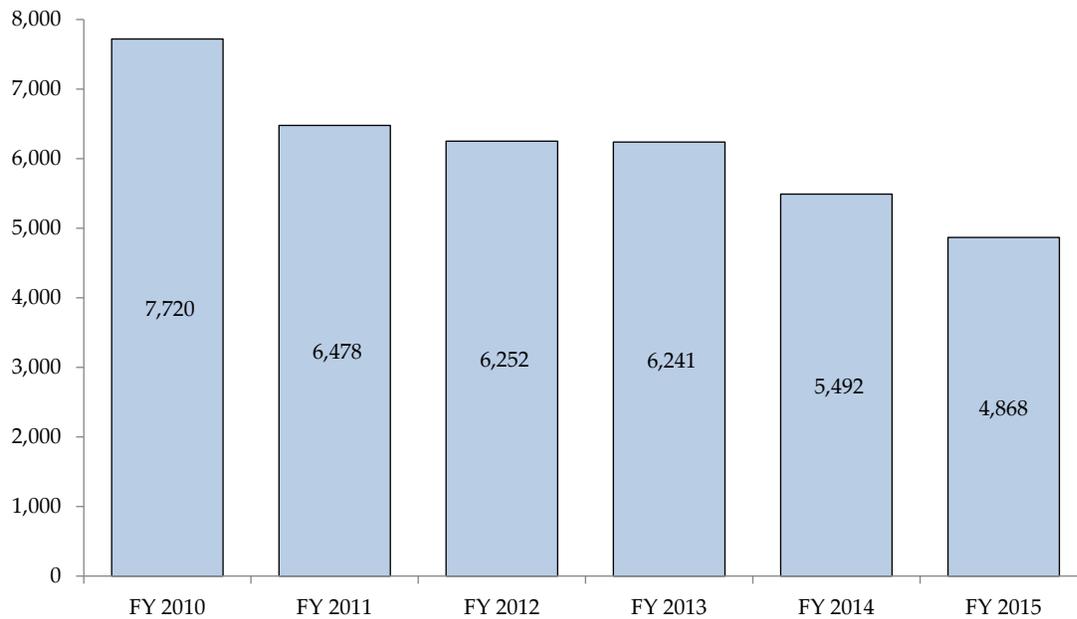
Table 3.3a provides results and targets on the risk mitigation performance goals.

Table 3.3a: Risk Mitigation Performance Goals

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Select Risk-Based Reviews of Lenders	Target	N/A	N/A	N/A	110	150	300	300	300
	Actual	N/A	N/A	N/A	110	181	300		
	Variance	N/A	N/A	N/A	0%	21%	0%		
Additional Information: During FY 2015, the SBA developed standardized protocols and refined tolerance thresholds and analytical data tools.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of HUBZone Sites Visited	Target	922	1,000	690	517	518	500	475	TBD*
	Actual	1,070	988	788	511	569	518		
	Variance	16%	-1%	14%	-1%	10%	4%		
Additional Information: *The number of HUBZone sites visited target is 10% of the previous fiscal year total number of HUBZone firm sites.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of Annual 8(a) Reviews Completed	Target	100%	100%	100%	100%	100%	100%	100%	100%
	Actual	99%	99%	101%	100%	100%	100%		
	Variance	-1%	-1%	1%	0%	0%	0%		
Additional Information: Each active 8(a) program participant is reviewed on an annual basis to ensure continued compliance with program requirements. Reviews are completed on a rolling basis and must occur within 60 days of the one year anniversary date from a firm's acceptance into the 8(a) program. For example, a firm certified on Jan. 1 of a given year would need the review completed by March 1 of the following calendar year.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Financial Reviews of Entrepreneurial Development Resource Partners	Target	N/A	45	45	75	75	65	65	65
	Actual	N/A	45	49	76	70	66		
	Variance	N/A	0%	9%	1%	-7%	2%		
Additional Information: The indicator includes the number of reviews completed for both SBDC and WBC.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Financial Reviews of VBOCs	Target	N/A	N/A	N/A	N/A	Baseline	5	5	5
	Actual	N/A	N/A	N/A	N/A	N/A	N/A		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: A VBOC Partner Review involves an analysis of internal procedures using SBDC-consistent procedures. There are 15 VBOCs, and the SBA plans to review five centers each annual period of performance (not fiscal year).									

Chart 3.3a shows the number of 8(a) Business Development annual reviews completed since FY 2010.

Chart 3.3a: 8(a) Business Development Annual Reviews



Strategy 1: Use technology and targeted reviews to conduct effective risk management

The SBA conducts risk-based reviews of its various partners to help the Agency mitigate risk in a cost effective manner. Multi-stage portfolio monitoring allows staff to determine the potential risk of each partner and whether an in-depth full review or less invasive analytical or targeted review is warranted. The SBA published new protocols for 7(a) and 504 loan reviews to best assess risk characteristics of individual lenders.

Table 3.3b provides results and targets on the risk mitigation performance indicators for lender oversight.

Table 3.3b: Risk Mitigation Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Targeted Risk-Based Reviews of Lenders	Target	N/A	N/A	N/A	40	20	15	15	15
	Actual	N/A	N/A	N/A	41	13	32		
	Variance	N/A	N/A	N/A	3%	-35%	113%		
Additional Information: During FY 2015, the SBA developed standardized protocols and refined tolerance thresholds and analytical data tools.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Supervision and Enforcement Actions	Target	N/A	N/A	Baseline	5	5	5	5	5
	Actual	N/A	N/A	3	24	9	6		
	Variance	N/A	N/A	0%	380%	80%	20%		
Additional Information: The SBA identified material deficiencies in more lenders than originally projected as a result of (1) SBA's Office of Credit Risk Management risk-based reviews, (2) ongoing portfolio risk analysis, and (3) referrals from other SBA offices.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Full Risk-Based Reviews of Lenders	Target	N/A	N/A	N/A	30	25	20	20	20
	Actual	N/A	N/A	N/A	33	25	46		
	Variance	N/A	N/A	N/A	10%	0%	130%		
Additional Information: SBA conducts on-site and off-site reviews on 7(a) lenders and CDCs to help the Agency mitigate risk in a cost-effective manner.									

FY 2015 Accomplishments and Challenges

The SBA continued to implement the risk-based protocols (PARRiS for 7(a) loans and SMART for 504 loans) that use portfolio analytics to develop analysis of current risk factors and prospective trends. The Agency conducted 46 full risk-based reviews, 32 targeted risk-based reviews, and 300 select risk-based reviews. The reviews were conducted on large and mid-sized 7(a) lenders and CDCs to ensure that the lender portfolios are managed in a prudent manner. In addition, all SBA lenders were monitored through programmatic reviews using the Loan and Lender Monitoring System (L/LMS) that tracks the monthly performance of all 7(a) and 504 loans, the quarterly credit scores for these loans, and calculated lender risk ratings. The SBA conducted Delegated Authority reviews for 1,100 lenders, and implemented and monitored six supervision and enforcement actions. The Agency successfully negotiated the voluntary decertification of six CDCs whose combined portfolio exceeded \$800 million. In addition, the SBA issued 34 debarments and immediate suspensions.

For entrepreneurial development resource partners, the SBA conducted 66 financial examinations to monitor expenditures. The financial examinations reviewed accuracy in reporting and ensured finances were used properly. The SBA reviewed 30 SBDC and 36 WBC resource partners. After the reviews, the SBA provided face-to-face feedback and training on issues and shared best practices.

Of the 36 WBCs, the Agency supported six post-award evaluations of new centers with their first SBA grant. These on-site visits assessed their ability to meet all the financial program requirements addressed in their proposals. The SBA reviewed their processes at the start of the grant period and

proactively addressed potential financial management concerns. This year, the SBA streamlined its processes and expanded existing contractor support to assist with the financial examinations.

For SBICs, the SBA examined all leveraged SBICs (annual reviews) and all non-leveraged SBICs (18 month reviews). These reviews help ensure that SBICs maintain compliance with financial requirements and regulations.

FY 2016 and FY 2017 Planned Performance

The SBA will continue to maintain a consistent approach to analytical reviews by monitoring lenders' performance through programmatic reviews, and by conducting portfolio analysis using L/LMS and maintaining its risk data warehouse. In both FY 2016 and FY 2017, the Agency will conduct 20 full risk-based reviews, 15 targeted risk-based reviews, and 300 analytical risk-based reviews to help ensure that high risk-rated large and midsized 7(a) lenders and CDCs (whose portfolios comprise more than 80 percent of the Agency's guaranteed 7(a) and 504 loans) are managing their portfolios in a prudent manner. The SBA will also conduct assessments on secondary market loan sales, loan agents, lender service providers, and CDCs.

The Agency plans to continue conducting financial exams of SBDC, WBC, and VBOC resource partners and increase the frequency of on-site visits to SBDCs to every four years. These reviews will provide an opportunity to conduct more in-depth examinations that will ultimately mitigate risk and ensure financial management compliance.

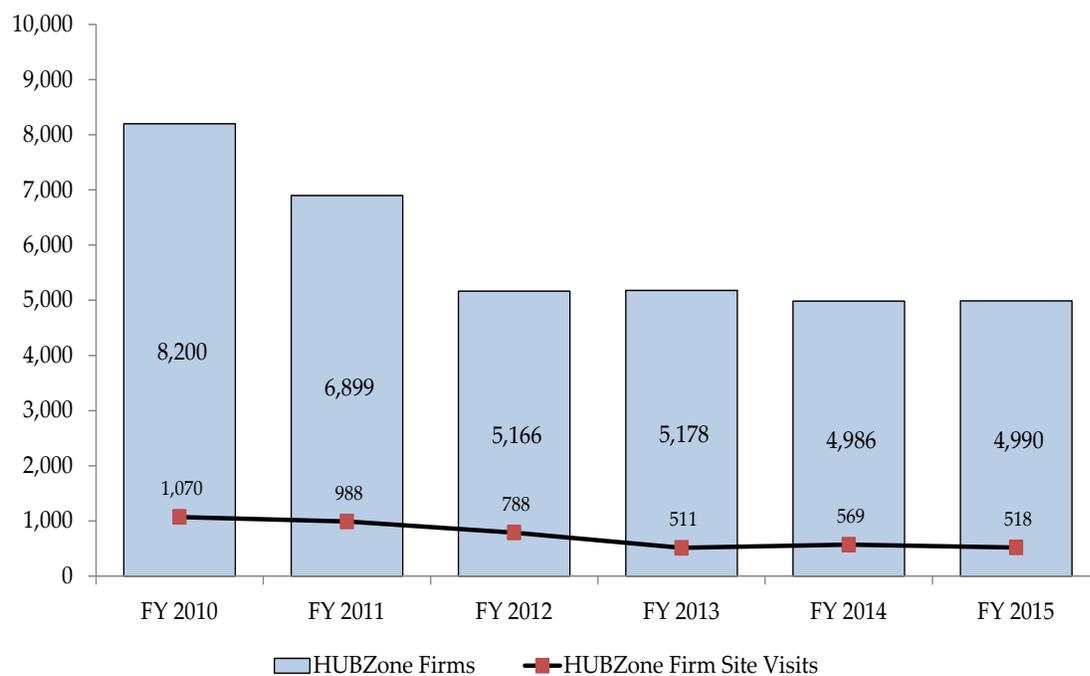
The SBIC program will continue to implement additional analytical tools from its new system and refine its risk rating metrics. In FY 2016, the SBIC program intends to move to cloud computing for the entire program, which will allow for electronic financial and regulatory examinations.

Strategy 2: Ensure integrity of contracting programs and combat fraud, waste and abuse

The SBA has a three-pronged strategy for combating fraud, waste, and abuse in small business contracting. First, the Agency has implemented effective certification processes that provide clear and comprehensive eligibility screening on the front end to ensure only qualified eligible firms participate in its programs. Second, the SBA conducts surveillance reviews to monitor firms once they enter the program. The third strategy focuses on taking robust and timely enforcement on any non-compliant or fraudulent firms. The Agency has a range of enforcement tools to use when a firm is identified as ineligible. Certain firms may not be aware that they are out of compliance and simply withdraw when made aware of their ineligibility.

Chart 3.3b shows the number of HUBZone firms and site visits since 2010. The number of HUBZone certified firms has decreased as a result of a reduction of designated areas that have seen economic improvement since the 2010 census.

Chart 3.3b: HUBZone Firms and Site Visits



FY 2015 Accomplishments and Challenges

The SBA used the HUBZone Certification and Tracking System and the Business Development Management Information System to monitor applicants and certified firms in the HUBZone and 8(a) Business Development programs. The Agency conducted 518 HUBZone site visits to validate the geographic requirement for principal offices. This amount represented 10.4 percent of the 4,990 HUBZone certified small businesses in the portfolio. The Agency conducted more than 800 Continuing Eligibility reviews of high risk 8(a) Business Development program participants. The Agency also conducted numerous partnership agreement training sessions with other agencies. These sessions train buying offices on the proper way to set aside contracts under the 8(a) Business Development program.

Both the HUBZone and 8(a) Business Development programs conducted trainings for the SBA and its resource partner staff to improve understanding of the program requirements, benefits, and processes. Through these trainings, SBA's partners were better able to prepare firms to obtain and maintain certification, thereby decreasing the number of withdrawals, declines, and de-certifications due to unintentional non-compliance issues.

FY 2016 and FY 2017 Planned Performance

SBA district offices will continue outreach to small businesses using methods such as podcasts and web-conferencing. This outreach will better prepare firms to obtain and maintain certification. The SBA will ensure firms maintain certification.

The SBA will conduct program monitoring, which includes annual program examinations of firms receiving HUBZone contracts. The SBA will also continue to visit 10 percent of its HUBZone sites in FY 2016 and FY 2017. SBA district offices will complete 8(a) Business Development annual reviews of

all the firms in the portfolio. The Agency will continue to leverage the Suspension and Debarment Task Force and the Office of Inspector General to identify firms in noncompliance and remove them from the program.

In FY 2016 and FY 2017, the SBA expects to enhance its informational technology systems which will integrate additional business processes for 8(a) Business Development, HUBZone, WOSB, and the Mentor Protégé programs. Through this integration, small businesses will be able to apply more efficiently for program admission. Additionally, the system will provide enhanced reporting capability, which will facilitate better monitoring and enforcement of the programs.

Strategy 3: Maintain strong internal controls and decrease improper payments

A dedicated staff in the Office of Performance Management, Chief Financial Officer (OCFO), and the Office of Field Operations helps ensure the SBA has adequate internal controls in its various programs.

To ensure that the Agency correctly accounts for the spending of appropriations and reduces improper payments, the SBA conducts internal control assessments in compliance with OMB Circular A-123, Appendix A (Internal Controls Over Financial Reporting). It provides guidance and evaluation tools to assist managers in their annual assertion on the adequacy of internal controls in compliance with the Federal Managers Financial Integrity Act. In addition, the SBA evaluates contract payments for improper payments and coordinates reporting of 7(a) and 504 loan guaranty and disaster direct loan improper payments.

FY 2015 Accomplishments and Challenges

The Agency evaluated business processes impacting financial operations to comply with OMB Circular A-123, Appendix A (Internal Controls over Financial Reporting). In addition, OCFO tested contract payments for improper payments and coordinated reporting of 7(a) and 504 loan guaranty and disaster direct loan improper payments in compliance with OMB Circular A-123, Appendix C (Requirements for Effective Measurement and Remediation of Improper Payments). OCFO also provided assistance and coordinated the reporting of improper payments to comply with the Disaster Relief Appropriations Act, 2013. These accomplishments helped address a management challenge identified by the SBA Inspector General (Management Challenge 8) that focuses on accurately reporting, significantly reducing, and strengthening efforts to recover improper payments in the 7(a) loan program.

FY 2016 and FY 2017 Planned Performance

The SBA will continue to perform on-site internal control assessments of various field and headquarters offices and provide internal controls training to improve procedures and reduce costs. Emphasis will be placed on identifying and testing internal controls to reduce the improper payment rates to an acceptable level by FY 2016. Through the strength of its internal control practices, the SBA will strive to maintain an unqualified audit opinion with no material weaknesses on its annual financial statements in FY 2016 and FY 2017.

The Office of Field Operations (OFO) is responsible for the execution of SBA's products and services. OFO, through the Field Accountability Review (FAR) process, serves as a critical part of the Agency's responsibility to ensure stewardship and accountability for taxpayer dollars by prudent financial management and oversight. The reviews are conducted at SBA district offices using audit-like steps to

measure performance and compliance regarding federal statutory mandates, regulations, and SBA policy and procedures. They provide an objective assessment of district offices' strengths, weaknesses, and best practices and mitigate critical program risks, identify required revisions of information systems, and ensure proper internal controls are in place to prevent fraud, waste, and abuse.

FY 2015 Accomplishments and Challenges

Between FY 2010 and FY 2015, the SBA reviewed 65 district offices, which resulted in 340 implemented recommendations. This year, the SBA analyzed and adjusted its district office goals. The SBA revised the FAR process to better mitigate risk and improve oversight. Also, the reviews included an examination of information technology resources to assist district offices with their portfolio management, oversight, and reporting capacities. The SBA implemented an onboarding process through peer reviews to expose new managers to other district office environments. As a result, district offices met or exceeded their goals with a greater focus on fiscal management.

FY 2016 and FY 2017 Planned Performance

The SBA will continue to revise its Field Accountability Review process to identify and resolve fraud, waste, and abuse in SBA's 68 district offices. The SBA will continue to increase and improve compliance reviews to ensure office efficiency and effectiveness. It will examine key operational and programmatic functions assigned to district offices, ensure that compliance review requirements are met, and identify interaction with community, business, and congressional staffs. These efforts will improve small business participation in SBA programs to ensure that small businesses receive exceptional customer service.

Technical assistance and training will be provided to district offices to better promote their programs, ensure effective processes, and increase oversight. Associated recommendations and risk assessments will be coordinated to improve field efficiency. The SBA will continue to track, measure, and mitigate risk and improve oversight across programs.