IEc

Evaluating Technical Assistance and Economic Opportunity Outcomes of the Community Advantage Pilot Program

Executive Summary | June 2018

Prepared for:

U.S. Small Business Administration

Office of Performance Management and

Office of Capital Access

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BACKGROUND AND PURPOSE

Managed by the Office of Capital Access (OCA), Community Advantage (CA) provides small dollar loans and technical assistance to low-income entrepreneurs who need access to capital. CA was initiated as a pilot program and will retain its pilot status until 2020, prior to which SBA will make a determination about program permanency.[1]

CA provides loans of up to $250,000 and aims to fill a gap between SBA's Microloan program and its traditional 7(a) program.[2] A key feature of the CA program is that SBA works with mission lenders – typically nonprofit lenders who are embedded in the communities they serve – who may offer their borrowers technical assistance and business counseling in addition to financing. The CA program aims to help businesses climb the ladder of economic opportunity, contributing to business growth and economic development in emerging markets.

Through this study OCA seeks to understand the impact of technical assistance and business counseling and the economic outcomes achieved by CA borrowers. OCA also seeks to understand the factors affecting loan performance, and to identify good practices from the CA program that may be transferable to SBA's other lending programs. The study's findings are expected to help inform SBA's thinking about whether to make CA a permanent program within OCA. This study is part of a comprehensive effort by SBA to evaluate the performance of the CA program.

The main audiences for this evaluation are OCA, SBA's Office of Performance Management (OPM), and SBA senior managers. Other potential audiences include Congress, Office of Management and Budget (OMB), and program stakeholders, partners, potential partners, and the public.

EVALUATION QUESTIONS

This evaluation focuses on three main topics: 1) the impact of technical assistance on loan performance, 2) how and to what extent the CA program helps borrowers advance and grow their businesses, and 3) the factors that influence loan performance. Specifically, the evaluation is guided by the following questions:

1. How does provision of technical assistance impact loan performance of CA loans as compared to CA loans that do not receive technical assistance?
    a. Do loans receiving technical assistance perform better than those that did not?
    b. Does performance vary by the topic of technical assistance received (e.g., creating business plans, cash flow management)?

[1] While this study sometimes refers to the "CA program," it should be noted that CA is a pilot and is not an officially designated program by Congress.

[2] The CA pilot is a subset of SBA's 7(a) lending program. In this study, the term "7(a) program" includes CA loans and other 7(a) loans, while the term "traditional 7(a) program" excludes CA loans.

c. Does performance vary by the duration (less than three hours, three to five hours, or more than five hours) and/or mode of delivery (one-on-one, telephone, group, web-based) of technical assistance received?

d. How, if at all, does technical assistance strengthen business acumen and ability to start or grow a business?

2. Are borrowers using CA to help them climb up the ladder of economic opportunity?

    a. Are borrowers graduating from the Microloan program, to CA, then to the traditional 7(a) program or 504 program?

    b. Are there other ways borrowers are using the CA program to help them climb up the ladder of economic opportunity?

    c. How, if at all, has the CA program helped borrowers climb up the ladder of economic opportunity?

3. What factors determine loan performance?

EVALUATION METHODS

The evaluation relies on two main data sources: program data and interviews with borrowers and lenders. SBA has extensive data on program participants, including borrower demographics, loan characteristics, loan performance, credit scores, and number of employees. It should be noted that the demographic data used for this study was provided voluntarily by participants and was not validated. SBA also has technical assistance data for CA borrowers, including the duration, mode, and topics of assistance. Data for the traditional 7(a) lending program provided a point of comparison. IEc used the program data to study the factors influencing loan performance,[3] economic mobility, and the effects of technical assistance, using summary statistics and regression analysis. Interviews with CA lenders and borrowers provided context and nuance for interpreting the program data. Exhibit 1 summarizes the data sources for each question.

Thirty-three interviews were conducted with respondents in four distinct groups (with up to nine interviews per group[4]): 1) nine CA lenders who provided technical assistance to some of their CA borrowers; 2) nine CA lenders with a variety of CA borrowers and loan performance; 3) seven CA borrowers who received technical assistance; and 4) eight CA

[3] The performance analysis uses loan status as of June 30, 2017 (data accessed July 24, 2017) to categorize loans as current (current or paid in full) or non-current (past due, delinquent, deferred, liquidated, purchased and not charged off, and charged off). Cancelled and committed loans are not included in the performance analysis. We recognize that the loans included in the non-current category represent a spectrum of non-performance. For purposes of this evaluation, however, we group together all non-current loans (as of June 30, 2017; data accessed July 24, 2017) as we are interested primarily in whether/how technical assistance and other factors affect whether or not a loan is current. We understand that SBA will conduct an in-depth analysis of the CA portfolio as part of its comprehensive review of the CA pilot program.

[4] Asking the same questions to more than nine non-federal respondents would have required an Information Collection Request (ICR) approved by OMB.

borrowers who have climbed the ladder of economic opportunity. Exhibit 2 summarizes the interview selection approach and the questions addressed.

EXHIBIT 1. DATA SOURCES BY EVALUATION QUESTION

EVALUATION QUESTION	FINANCIAL AND LENDER/ BORROWER DATA	TECHNICAL ASSISTANCE DATA	MICROLOAN AND 7(A) TRACKING DATA	CREDIT SCORE DATA	NUMBER OF EMPLOYEES	7(A) LOAN DETAILED DATA	INTERVIEWS
1a. Do loans or borrowers receiving technical assistance perform better than those that did not?	✓	✓		✓	✓	✓	
1b. Does performance vary by the topic of technical assistance received (e.g., creating business plans, cash flow management)?	✓	✓		✓	✓		
1c. Does performance vary by the duration (less than three hours, three to five hours, or more than five hours) and/or mode of delivery (one-on-one, telephone, group, web-based) of technical assistance received?	✓	✓		✓	✓		
1d. How, if at all, does technical assistance strengthen business acumen and ability to start or grow a business?						✓	✓
2a. Are borrowers going from the Microloan program, to CA, then to 7(a)?	✓		✓	✓	✓	✓	
2b. Are there other ways borrowers are using the CA program to help them climb up the ladder of economic opportunity?	✓		✓	✓	✓		

EVALUATION QUESTION	FINANCIAL AND LENDER/ BORROWER DATA	TECHNICAL ASSISTANCE DATA	MICROLOAN AND 7(A) TRACKING DATA	CREDIT SCORE DATA	NUMBER OF EMPLOYEES	7(A) LOAN DETAILED DATA	INTERVIEWS
2c. How, if at all, has the CA program helped borrowers climb up the ladder of economic opportunity?						✓	✓
3. What factors determine loan performance?	✓	✓	✓	✓	✓	✓	✓

EXHIBIT 2. SUMMARY OF INTERVIEW APPROACH AND EVALUATION QUESTION ADDRESSED

INTERVIEW GROUP	EVALUATION QUESTION ADDRESSED								SELECTION APPROACH
	1A	1B	1C	1D	2A	2B	2C	3	
1. Lenders who provided technical assistance to some of their CA borrowers				✓					Select larger lenders (i.e., above average number of CA loans) with a mix of borrowers receiving and not receiving technical assistance. The nine lenders in Group 1 account for 30% of all CA loans approved as of June 30, 2017 (1,040 out of 3,500 loans).
2. Lenders with a variety of CA borrowers and loan performance							✓	✓	Select lenders with graduates of the Microloan program who progressed into the CA program, and lenders with well-performing and underperforming CA loans. The nine lenders in Group 2 account for 45% of CA loans (1,573 out of 3,500).
3. Borrowers who received technical assistance				✓					Select borrowers who received technical assistance
4. Borrowers who climbed the economic opportunity ladder							✓		Select up to five borrowers who graduated from the Microloan program and went on to the 7(a) program. Group 2 lenders identify up to four borrowers who climbed the ladder in other ways – e.g., by securing a loan from a traditional

INTERVIEW GROUP	EVALUATION QUESTION ADDRESSED								SELECTION APPROACH
	1A	1B	1C	1D	2A	2B	2C	3	
									commercial bank.

Overall, the program data and interview findings provide clear and consistent information about the CA program. The generally high quality of the program data, and the consistency among interview responses, provide a reasonable degree of confidence in the evaluation findings. Still, the methodology had some limitations, including: underreporting of technical assistance data; inability to extrapolate from a relatively small number of interviews to the general population; and limited predictive power of regression models of loan performance. These limitations are acknowledged in the analysis and addressed to the extent possible.

THE CA PROGRAM IN CONTEXT: BORROWER PROFILE AND LOAN PERFORMANCE

As noted above, the CA program aims to serve entrepreneurs in emerging markets and to fill a gap between SBA's Microloan program and traditional 7(a) program. As context for the evaluation, the study began by looking at the characteristics of CA borrowers, and examined how and to what extent they differ from borrowers in the Microloan, traditional 7(a), or 504 programs.[5] This section puts the CA program in context and addresses how and to what extent the program is serving its target market. Following this section, findings are presented for each evaluation question.

Among the four loan programs, the 7(a) program is the largest, accounting for on average about 80 percent of both the dollar amount and number of loans each year (see Exhibit 3 below). While the 504 program consistently loans the second-highest dollar amount across the programs, it makes approximately the same number of loans as the Microloan program. The Microloan program accounts for, on average, only 0.3 percent of the dollar value of loans per year, but eight percent of the number of loans. The CA program consistently represents a small share of both the dollar value (0.4 percent) and number of loans (1.2 percent) of the SBA portfolio. However, this is not necessarily unexpected, as the CA program is newer and is still in pilot status, and is designed to meet different borrower needs than the other programs.

EXHIBIT 3. AVERAGE DOLLAR VALUE AND VOLUME SHARE OF SBA PORTFOLIO BY PROGRAM (FY2012-2017)

PROGRAM	DOLLAR VALUE SHARE (ANNUAL AVERAGE)	LOAN VOLUME SHARE (ANNUAL AVERAGE)
Microloan	$51.7 million (0.3%)	3,992 (8.0%)
Community Advantage[1]	$75.1 million (0.4%)	583 (1.2%)
7(a) Program[2]	$14.8 billion (79.9%)	40,102 (80.8%)
504	$3.6 billion (19.4%)	4,928 (9.9%)
Total	**$18.4 billion**	**49,606**

1) The CA program is in a pilot phase; the other programs are well established.
2) Data may include CA borrowers.

The study also looked at demographic characteristics for borrowers in the Microloan, CA, 7(a), and 504 programs (Exhibits 4-7). The Microloan program serves a higher proportion of ethnic minority borrowers (38.8 percent) than the other programs (Exhibit 4).[6] The proportion of CA loans made to ethnic minorities (33.0 percent) is somewhat lower than the Microloan program, and higher than 7(a) and 504. However, the average CA loan size is larger than a microloan, sometimes approaching commercial-scale lending volumes.

[5] Throughout this section, the loans included in the traditional 7(a) group are those that are up to $250,000 – to be comparable with the CA program. In addition, all loan status values were dropped for FY2012 for the traditional 7(a) program, as the status date for these records was not consistent with the status date for all other records in the dataset.

[6] The following percentages are calculated in terms of the number of loans; these relationships hold if the percentages are calculated based on total funding as well. The data used for these summary level comparisons cover FY2012-2017.

EXHIBIT 4. OWNERSHIP ETHNICITY OF SBA BORROWERS ACROSS PROGRAMS

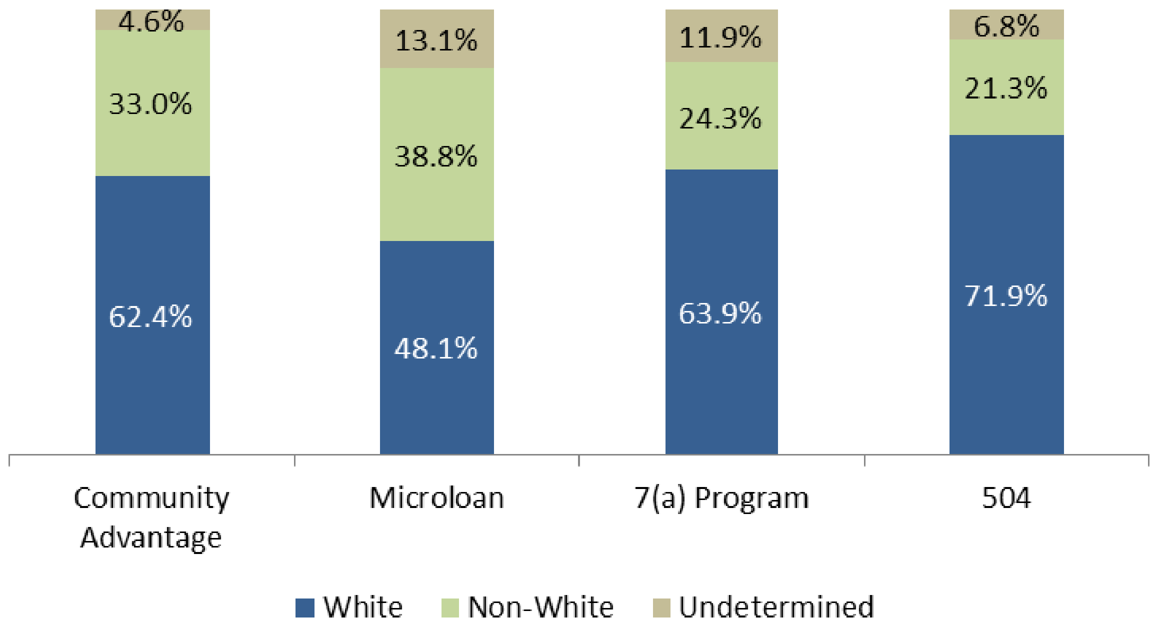


EXHIBIT 5. OWNERSHIP GENDER OF SBA BORROWERS ACROSS PROGRAMS

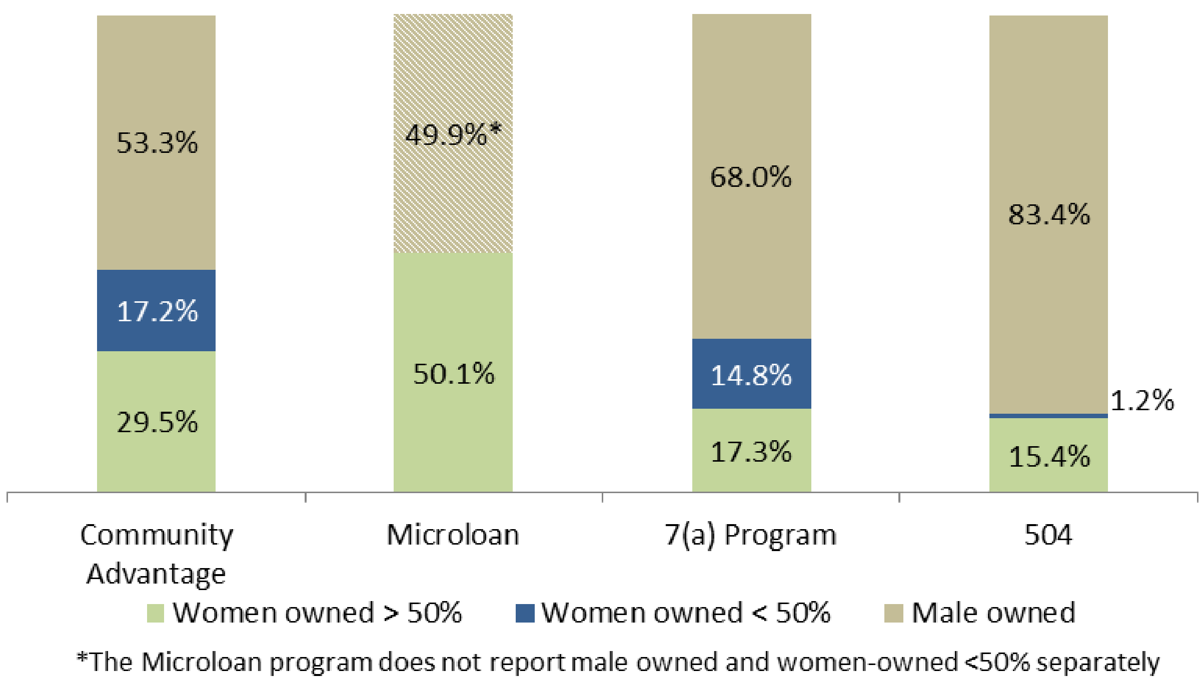


EXHIBIT 6. OWNERSHIP BUSINESS STATUS OF SBA BORROWERS ACROSS PROGRAMS

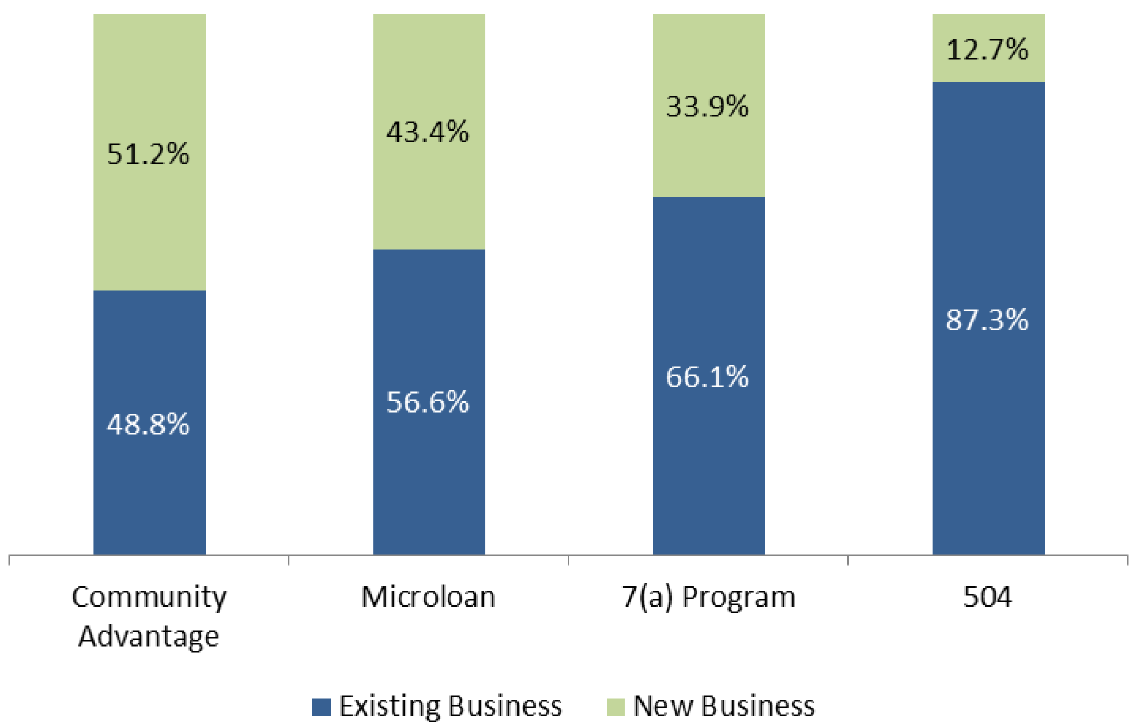
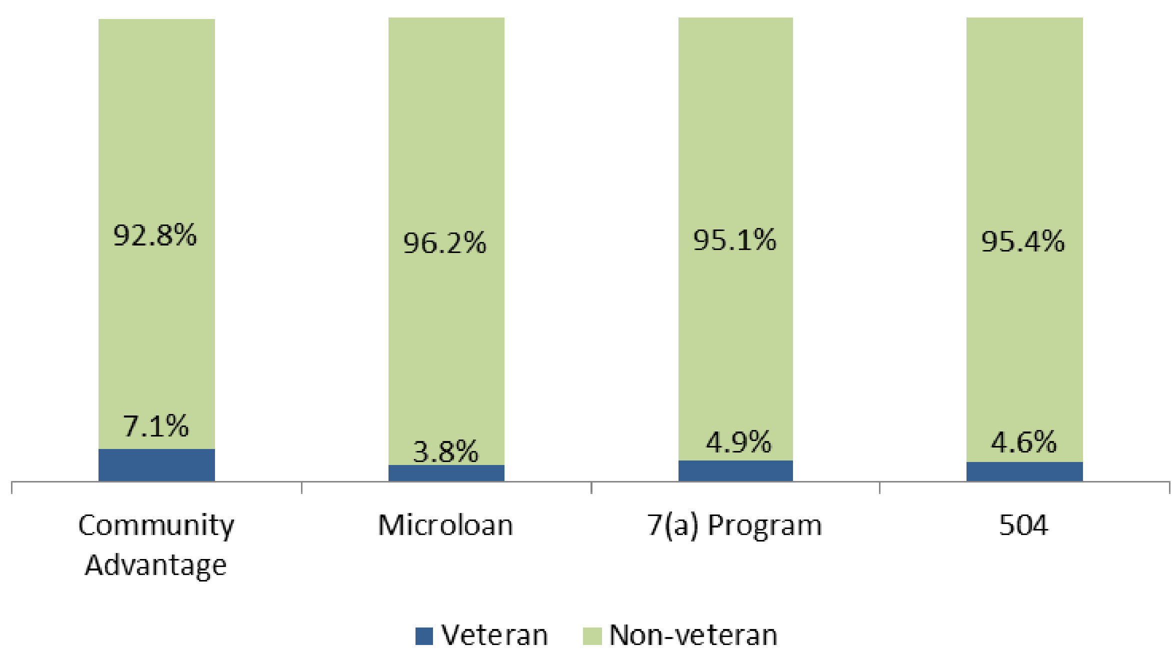


EXHIBIT 7. OWNERSHIP VETERAN STATUS OF SBA BORROWERS ACROSS PROGRAMS

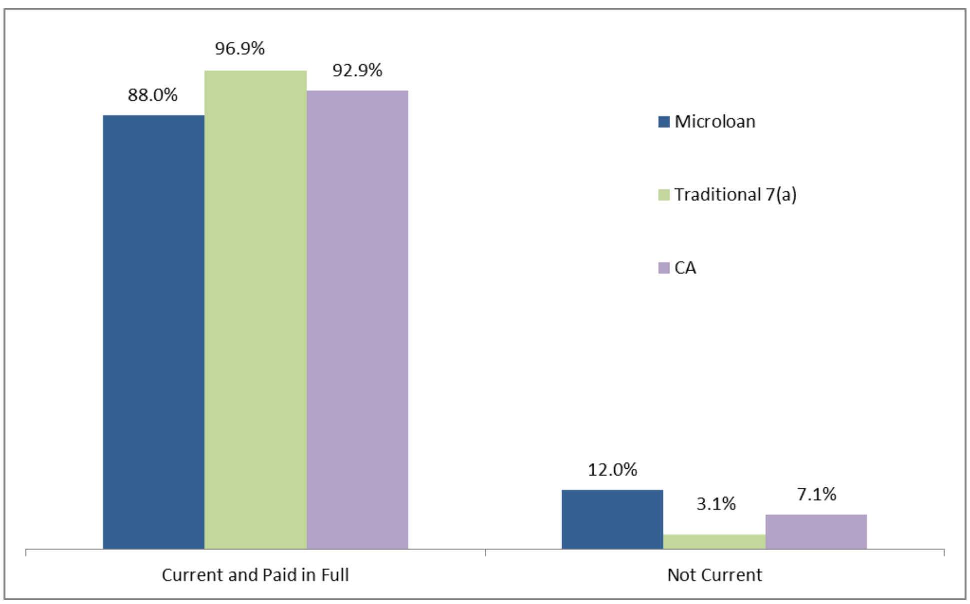


The percentages of female-owned businesses (greater than 50 percent and less than 50 percent) are higher for CA than for 7(a) or 504, although apparently lower than Microloan.[7] Of CA businesses, 53.3 percent are male-owned (i.e., no female owners), 29.5 percent are more than 50 percent female-owned, and 17.2 percent are less than 50 percent female-owned (Exhibit 5).

CA has a higher proportion of new businesses than any of the other three programs (Exhibit 6). Just over half of CA businesses are new businesses (51.2 percent) and just under half are existing businesses (48.8 percent) at the time of their CA loan. Finally, just over seven percent of CA loans go to veterans – the highest percentage among the programs (Exhibit 7).

With respect to loan performance, data were available to compare the CA program to the traditional 7(a) and Microloan programs. Across all three programs, the vast majority of SBA loans are current or paid in full. The CA program has a higher percentage of current loans than the Microloan program, and a slightly lower percentage than the traditional 7(a) program. Specifically, as shown in Exhibit 8 below, about 93 percent of CA loans are either current or paid in full, compared to 88 percent for the Microloan program, and 97 percent for the traditional 7(a) program.[8] It should be noted that the CA program is in pilot status, while Microloan and traditional 7(a) are mature, well-established programs.

EXHIBIT 8. LOAN PERFORMANCE BY PROGRAM, AS A PERCENT OF TOTAL LOANS (FY17)[9, 10]



[7] The Microloan program data includes only two categories of gender: women owned more than 50 percent and women owned less than 50 percent; male owned and women owned less than 50 percent are grouped together. To facilitate comparison across programs, Exhibit 5 creates comparable groups in the CA, traditional 7(a), and 504 data.

[8] The percentage of non-current loans was calculated by both number of loans and funding; the values are very similar.

[9] The performance data used in this analysis do not include cancelled or committed loan amounts.

[10] The values here were calculated as a percentage of the program's total number of loans; the calculated values are essentially identical if calculated based on total funding instead of total loans.

SUMMARY OF FINDINGS FOR THE EVALUATION QUESTIONS

Overall, the evaluation finds that the financing and technical assistance provided by mission-oriented CA lenders is reaching the program's target market of small businesses in emerging markets at a critical stage for these businesses, particularly for startup businesses and businesses in the retail and food service sector. Compared to the traditional 7(a) and 504 programs, a higher proportion of CA loans go to businesses with nonwhite, female, and veteran ownership.

Lenders and borrowers reported consistently during interviews that the CA program provides capital and support for borrowers when they need it most. For established businesses, CA allows business owners to borrow growth capital at terms that do not constrain their cash flow. For startup businesses, most CA borrowers interviewed could not obtain financing at reasonable terms, if at all, from traditional financing sources. Lenders and borrowers interviewed reported that traditional commercial banks often will not lend to startup businesses without a positive cash flow and loan repayment history.

The CA support gives startup businesses the funding they need, and also provides a relationship and support services that help ensure their success. The data show that these borrowers are indeed successful in the program: As of June 30, 2017, 2,583 loans out of 3,500 are current or paid in full, 197 are non-current (including past due, delinquent, deferred, liquidated, purchased and not charged off, and charged off), and the remaining 720 loans are cancelled or committed.[11] Only 40 loans have been charged off since April 2011 through June 30, 2017.

Most borrowers reported using the support offered by the CA program to start or grow their business, putting them in a position to fund the next step in their business themselves, or to become attractive to traditional commercial banks or investors. Many borrowers also go on to qualify for additional SBA funding from a traditional 7(a) loan or a 504 loan. The combination of what the CA program provides – financing with reasonable terms at a critical stage in a business's trajectory, through a trusted and accessible partner, with targeted technical assistance – makes the CA program an effective and important resource for small businesses in emerging markets.

Findings for Question 1: Impacts of Technical Assistance

- **The interviews consistently suggest that technical assistance plays an important role in CA borrowers' performance and success.** Overall, borrowers and lenders reported that technical assistance strengthens business acumen and ability to start and grow a business by teaching important business concepts and skills, such as finance, legal issues, marketing, and management. Despite the

[11] Throughout this chapter, we group loans as current and non-current. Current loans are those with a status of current or paid in full as of June 30, 2017 (data accessed on July 24, 2017). Non-current loans are those with a status of past due, delinquent, deferred, liquidated, purchased and not charged off, and charged off. Loans with a status of committed or canceled are excluded from our performance analyses.

relatively small number of interviews conducted, the interview respondents were highly consistent in their assessment that technical assistance is effective. Of the nine lenders interviewed about this topic, six noted that technical assistance positively impacts business performance as it provides borrowers with the necessary knowledge to manage and grow a business. One lender estimated that 15 to 20 percent of their borrowers who received technical assistance would have seen their business fail, or would not have become bankable, without the technical assistance. An important element of the technical assistance in strengthening business acumen is the ability to tailor each technical assistance experience to the specific needs of the individual borrower and their industry. Borrowers interviewed started and grow businesses in a diversity of industries, including construction, food service, and retail, and reported the assistance was tailored to their needs. For example, a borrower in the construction industry noted that employee safety was the cornerstone of his business, and the technical assistance he received helped him develop safety policies for his contractors. A borrower in the retail industry noted that acquisition of facilities was the most important aspect of expanding his business, and the technical assistance he received focused on conducting and analyzing comps for business acquisition. The CA program’s highly tailored approach helps ensure that borrowers may receive the right type of assistance to support their business.

Analysis of the technical assistance data was inconclusive due to a variety of data challenges. The technical assistance data includes information on how many borrowers received technical assistance, which topics were covered, and how the assistance was delivered (i.e., the mode of delivery and duration). The analysis did not in general find a statistically significant relationship between the topics, duration, and mode of delivery and the performance of CA borrowers. Business Accounting and Budgeting was the only topic of technical assistance that was found to have a statistically significant (positive) relationship with loan performance. However, rather than signifying that technical assistance is ineffective, the analysis more likely reflects data issues and analytical limitations:

- Technical assistance was historically underreported.[12] Although the data indicate that about one-third of borrowers received technical assistance, lenders reported during interviews that most if not all borrowers receive some form of technical assistance.
- The fact that almost all borrowers receive some form of technical assistance makes it challenging to tease out the effects of technical assistance on loan performance.
- Given that the vast majority of loans are performing well, it is difficult to tease out the effects of technical assistance on loan performance.

[12] SBA has addressed data collection issues so that data tracking and reporting will be accurate moving forward.

  - The highly tailored delivery of technical assistance means that some borrowers receive little or no assistance because the lender determined it was not required; however, these are the borrowers who were likely to succeed even in the absence of technical assistance.

The analysis also tested for a relationship between technical assistance and loan performance including traditional 7(a) loans up to $250,000 in the group that did not receive technical assistance. Including the traditional 7(a) loans in the analysis does not change the findings. However, this is most likely a result of the low incidence of non-performing loans in both the CA and traditional 7(a) programs.

Overall, borrowers and lenders consistently reported during interviews that technical assistance has a positive effect on loan performance, although observing this effect in the data is difficult due to the limitations noted above.

Findings for Question 2: Climbing the Economic Opportunity Ladder

- **Borrowers are using the CA program in combination with other SBA lending programs to meet the needs of their businesses.** One way to understand if borrowers are using the CA program to climb the ladder of economic opportunity is to examine if they are progressing from the Microloan program to the CA program, and then on to the traditional 7(a) program. Because the CA program has only been operating since 2011 (and over half of total CA loans approved as of June 30, 2017 were approved in FY 2015 or later), many CA borrowers have not yet reached the point where they would be ready for additional loans. Even so, a small number of CA borrowers have already taken this sequential path: 22 CA borrowers (less than one percent) have gone from the Microloan program to CA to the traditional 7(a) program. A total of 75 CA borrowers have taken advantage of all of these programs, but not necessarily in that order. More significantly, the data show many other ways that borrowers are using CA in combination with SBA's other lending programs.[13] Approximately 24 percent of CA borrowers have received a loan from more than one SBA program.
- **The CA program is helping borrowers climb the economic opportunity ladder in a variety of ways.** Interviews with borrowers and lenders identified several other ways in which borrowers use the CA program to climb the ladder of economic opportunity, outside of or in addition to obtaining another SBA loan:
  - **The CA loan puts the borrower in a position to obtain financing from another source (e.g., a traditional commercial bank).** After the CA loan, borrowers have the collateral, revenues, and loan repayment history needed to

[13] We received separate tracking spreadsheets for different programs. We used the CA loan number to connect the borrowers in these tracking spreadsheets to our main dataset by matching on CA loan number. We note that these tracking data are not comprehensive, in that we restricted the dates from the other programs to the time period covered in this evaluation (April 2011 to June 30, 2017), and we do not have complete data on Microloan and 504 program participants (i.e., our data excludes 504 and Microloan program participants that did not also receive a CA loan).

obtain commercial financing at reasonable terms. Borrowers also reported that the CA loan puts them in a strong position to obtain financing from non-bank sources, for example, venture capitalists. Other borrowers reported that the CA loan gave them the capital they needed to finance the next step in their growth, with requiring additional financing from external sources.

  - **Borrowers use the CA loan to grow their business, which has far-reaching impacts on the borrower and their community.** Interviewees identified several measures of progress on the ladder of economic opportunity, including: impacts on the local economy (e.g., tax revenue and job creation), impact on and connection to the local community (e.g., community pride), mentorship opportunities for members of the community, and opportunities to expand operations and services to their community.

Findings for Question 3: Factors that Determine Loan Performance

- **Overall, CA borrowers perform very well on their loans; a small portion of loan recipients have any issues with making on-time payments**. The study examined what factors might drive borrowers to have issues with performance on their loan, primarily by looking for relationships between borrower characteristics and performance. For the most part, no major patterns or relationships emerge from the analysis as substantial predictors of performance; this is most likely a result of the low number of non-performing loans. In other words, it is difficult to tease out the influences of different factors on loan performance when so few loans are non-performing. The analysis finds that businesses run by non-white borrowers, businesses with lower credit scores, and businesses located in communities with higher unemployment are slightly more likely to have non-current loans. Although these findings are statistically significant, they are small in practical terms, and (as noted above) the model's ability to detect factors that drive variations in performance is limited. Most lenders interviewed about this topic reported that the personal attributes of borrowers (e.g., self-determination) are the one "constant" in predicting loan performance; no single quantitative variable or set of variables guarantees success. The study also finds an association in the data between *lenders* and loan performance, although it is unclear which specific lender characteristics might be influencing performance.
- **The close relationship between lenders and borrowers is a defining feature of the CA program, and is critical to understanding the program's success.** In trying to understand the driving factors for the successful performance of CA borrowers, the study uncovered one key attribute of the CA program: Lenders not only operate within the target communities, they have a social mission to serve their communities. As a whole, they are highly motivated by and dedicated to ensuring the success of their borrowers. One of the primary mechanisms they use to accomplish this goal is to tailor their services and approach to the specific needs of each borrower. In other words, beyond extending loans, they try to understand

the needs of the borrower and work closely with them to set them up for success. This approach manifests itself in several ways; for example:

- **Lenders help borrowers determine the right loan size.** Lenders work upfront with borrowers to ensure they are borrowing the appropriate amount given the current state of their business and their business's needs. One lender described how sometimes this means decreasing the loan size (e.g., breaking a larger loan into more manageable stages), and sometimes it means increasing the loan size (e.g., making sure borrowers have enough capital to accomplish their goal).
- **Lenders tailor technical assistance to the needs of their borrowers.** All of the lenders interviewed about this topic reported that the provision of technical assistance is highly personalized to each borrower's needs; interviews with borrowers confirmed this approach. For example, lenders work with borrowers during the loan origination stage to identify the borrower's knowledge gaps and to establish a plan for delivering the technical assistance needed to address those gaps. This approach helps to ensure that borrowers receive the assistance they need to be successful.
- **Lenders work with borrowers to restructure predatory debt.** Several lenders reported that some borrowers fall victim to predatory lending (i.e., loans with oppressive and often crippling terms) before approaching the CA lender. In these cases, lenders work closely with the borrower to restructure their debt, remove the constraints placed on their operating capital, and properly fund their next step.
- **Borrowers return to their lender.** The relationship between the lender and borrower often does not stop with one loan. Several borrowers and lenders reported, and the data demonstrate, that several borrowers return to their lender for additional financing beyond their initial CA loan, before they are ready or eligible for traditional commercial financing. Borrowers report that the one-on-one attention given by their lender drives this repeat business and is an important factor in their success.

RECOMMENDATIONS

Based on the evaluation results, as well as feedback and suggestions obtained during interviews with lenders and borrowers, the evaluators (IEc) offer the following recommendations for SBA's consideration:

- **Encourage good practices identified in this evaluation.** Good practices identified in this evaluation, which may be of interest to other SBA lending programs and/or SBA's lending partners, include:
  - Working with mission-oriented lenders to address the needs of businesses in emerging markets;

- Encouraging close relationships between lenders and borrowers to prepare businesses for success;
- Tailoring technical assistance and business counseling services to address each borrower's individual circumstances and needs; and
- Providing small dollar loans to fill a need at a critical point in a business's development, while setting them up to qualify for traditional commercial financing in the future.

- **Consider suggestions from the interviews on ways to refine the CA program:**
  - Further tailor the optional technical assistance to focus on the needs of specific industries.
  - Communicate the program's target market, eligibility requirements, and application process clearly.
  - Market the program proactively, especially online.
  - Consider raising the loan limit from $250,000 to $350,000 to better meet the financing requirements of the target market.
  - Clarify the Standard Operating Procedures for the CA program.
  - Streamline the loan approval and reporting process.
- **Conduct future analysis of topics raised in this study.** The analysis conducted for this evaluation identified some potential areas for future study:
  - Benchmark the performance of CA loans to traditional commercial loans. The analysis could also look at whether borrowers receive commercial loans at better terms (and if they ultimately perform better on their commercial loan) if they previously received a CA loan.
  - Explore what makes Business Accounting and Budgeting effective (this was the only topic of technical assistance that was found to have a statistically significant relationship with loan performance). A future analysis could explore what aspects of budgeting and accounting are taught and could be replicated for other lenders.
  - Further analyze the characteristics of the lenders that are associated with loan performance. This could be an area where Lender Relation Specialists focus attention.
  - In a few years' time, reanalyze data for CA borrowers who received technical assistance compared to those who did not, since underreporting issues were recently addressed. In addition, track under what circumstances specific, targeted technical assistance is provided, and how this affects loan performance.