

# U.S. SMALL BUSINESS ADMINISTRATION

## FY 2013 CONGRESSIONAL BUDGET JUSTIFICATION AND FY 2011 ANNUAL PERFORMANCE REPORT





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<p><b>Surety Bonds</b> — A surety bond is a type of insurance that guarantees performance of a contract. If one party does not fulfill its end of the bargain, then the surety bond provides financial compensation to the other party. The SBA guarantees bonds issued by a surety company in order to encourage the surety company to provide bonds to small businesses.</p>	35
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<p><b>Procurement Assistance to Small Businesses</b> — Small business contracts represent the largest form of direct monetary support for small business in the federal government. Overall the federal government’s goal is 23 percent. In addition, there are four sub-goals:</p>	38
<p><b>8(a) Business Development</b> — This program provides assistance to businesses owned and controlled by socially and economically disadvantaged individuals. Over the course of nine years, a firm is assisted in gaining resources to compete for federal contracts as well as in the private sector.</p>	71
<p><b>HUBZone</b> — This program provides sole-source and set-aside contracting for firms located in economically disadvantaged geographical areas.</p>	72
<p><b>Service-Disabled Veteran-Owned Small Businesses</b> – This program allows federal agencies to set-aside contracts for competition only among service-disabled veteran-owned small businesses.</p>	73
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<p><b>Small Business Development Centers</b> — SBDCs deliver an array of services to small businesses and prospective business owners using an extensive network of 63 lead centers managing more than 900 service delivery points throughout the U.S. SBDCs deliver professional counseling and training in key management areas to more than 600,000 clients annually.</p>	44
<p><b>Women’s Business Centers</b> — WBCs provide counseling and training through 110 educational centers across the nation. They provide services on a vast array of topics, from how to write a business plan to programs specifically for veterans. Many WBCs provide multilingual services, and a number offer flexible hours allowing for mothers with children to attend training classes.</p>	46
<p><b>SCORE</b> — SCORE is a non-profit association comprised of over 12,000 volunteer business counselors that serve entrepreneurs with in-person mentoring and local training workshops. As the largest volunteer business advisor network in the federal government, SCORE adapts its structure and services to meet the needs of the small business.</p>	45
<p><b>Regional Innovation Clusters</b> – SBA offices and resource partners help lead regional innovation and jobs accelerator initiatives.</p>	
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<p><b>SBIR</b> — The Small Business Innovation Research program is a highly competitive program that stimulates high tech innovation by reserving a specific percentage of federal R&amp;D funds for small businesses. (<a href="http://www.sbir.gov">www.sbir.gov</a>)</p>	55
<p><b>SBIC</b> — Small Business Investment Companies are privately owned and managed investment funds that use their own capital plus funds borrowed with an SBA guaranty to make equity and debt investments in qualifying small businesses. (<a href="http://www.sba.gov/sbic">www.sba.gov/sbic</a>)</p>	56
<p><b>Exporting</b> — The SBA, through its staff, lending and resource partners, leads federal efforts to support small U.S. exporters through its international trade loans and counseling programs. (<a href="http://www.sba.gov/exporting">www.sba.gov/exporting</a>)</p>	59
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## Overview of Budget Request

The U.S. Small Business Administration's (SBA) efforts to assist entrepreneurs and small business owners are especially critical as the U.S. economy continues to recover and grow. Throughout America's history, small businesses have played the leading role in job creation. In fact, more than half of working Americans own or work for a small business and small businesses are responsible for two out of every three net new private sector jobs created over the past decade.

The SBA plays a critical role in strengthening America's economy by providing tools to help grow businesses and create jobs. These tools include access to capital, opportunities in federal contracting, access to entrepreneurial education and counseling, and disaster assistance for business owners, homeowners, and renters.

In FY 2011, the SBA leveraged its public-private partnerships to achieve all-time records in the Agency's history, with over \$30 billion in lending support to 60,000 small businesses in its top two lending programs — 7(a) and 504. SBA's Small Business Investment Company program — which focuses on high-growth small businesses — also experienced an all-time record year with \$2.8 billion in overall support to over 1,300 small firms. Major strides were also taken in government contracting, with the rollout of the new women's contracting rule, and business counseling, with over 1 million entrepreneurs and small businesses served.

In FY2012, the SBA is focused on implementing a number of key initiatives, including but not limited to:

- Programs to provide counseling, skills training and mentoring to entrepreneurs, including veterans.
- Expanding partnerships to further increase access to capital for underserved communities.
- Strengthen U.S. supply chains by increasing small businesses' access to federal and commercial procurement opportunities.
- Outreach initiatives to connect small businesses to government resources.
- Operational improvements designed to improve processing speed, simplify programs, and better manage risk.
- Efforts to strengthen SBA's workforce through improved recruiting and performance management.

The federal government is entering a period of renewed focus on how to spend the taxpayers' money most effectively and efficiently. The SBA has reinforced its focus on driving operational efficiencies across its many programs while preserving and enhancing its effectiveness in supporting America's small businesses.

SBA's total budget request for FY 2013 is \$948 million, not including an additional \$167 million that is requested for disaster administration under the disaster relief cap adjustment authorized in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of this amount, the business loan subsidy request is \$351.4 million and the request for non-credit programs totals \$159.1 million. Other budget amounts include \$19.4 million for the Office of the Inspector General, \$8.9 million for Advocacy, and \$273.8 million for compensation and benefits.

The SBA identified four Priority Goals for FY 2012 and FY 2013. The Agency has elevated two efficiency goals to Priority Goals for the Office of Capital Access and Office of Disaster Assistance. The SBA also chose two bold Priority Goals for the Office of Innovation and Investment and the Office of Government Contracting and Business Development, which will support tens of thousands of jobs and billions of dollars for small businesses. Per the GPRA Modernization Act, P.L. 111-352, requirement to address Federal Goals in the agency Strategic Plan and Annual Performance Plan, please refer to [Performance.gov](http://Performance.gov) for information on Federal Priority Goals and the agency's contributions to those goals, where applicable.

## **Strategic Goal One: Growing businesses and creating jobs**

### **Objective 1.1 – Expand access to capital through SBA’s extensive lending network**

*Small businesses rely on access to capital to start, grow and create jobs, and find it more difficult to obtain than do large businesses. SBA’s capital access programs provide a critical foundation for small business development and economic growth, especially as access to conventional business loans remains tight. The SBA is actively attracting more lenders, intermediaries and investors to its programs while also working with major U.S. banks to increase their conventional flow of credit to small businesses.*

SBA’s FY 2013 budget request of subsidy funds will support a total of more than \$22 billion in small business financing through the 7(a), 504/Certified Development Company (CDC), and direct Microloan programs.

For its 7(a) guaranty loan program, the SBA requests \$235.6 million of credit subsidy budget authority that, combined with prior year carryover of subsidy funds, will support a program level of \$16 billion, which includes \$13.7 billion in term loans and \$2.3 billion in revolving lines of credit facilities (7(a) revolvers and Dealer Floor Plan). The latter is expected to support \$60.8 billion in total disbursement activity as borrowers draw and repay over the life of the guaranty. Therefore, when included with 7(a) term loans, the budget supports \$74.5 billion in total 7(a) credit activity.<sup>1</sup> For the 504/CDC program, the SBA requests \$113 million of credit subsidy budget authority that, combined with prior year carryover of subsidy funds, will support a program level of \$6 billion. In addition, the SBA requests \$2.8 million in credit subsidy budget authority to support a Microloan direct program level of \$18 million.

The SBA will continue to find ways to streamline and simplify the process of making and servicing loans to attract even more lenders. The Office of Capital Access will continue its partnership with the Office of Field Operations to increase lending, reduce lender errors, and improve the customer experience for both borrowers and lenders. Much of this will be enhanced by improvements in customized management information at the lender level that will give each lender key metrics on their performance, especially when compared to their peers. These feedback mechanisms will help improve lender interactions with the SBA, and vice versa. As will be discussed further under Objective 2.3, this enhanced intra-agency coordination will also lead to enhanced lender oversight and risk mitigation.

**Priority Goal: Process business loans as efficiently as possible.** By September 30, 2013, increase the use of paperless processing in the 7(a) program from 72 percent to 90 percent and in the 504 program from 55 percent to 75 percent to improve the efficiency, effectiveness, and level of service in its business loan programs.

### **Objective 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.**

*When small businesses win federal contracts, they are able to scale up, innovate, and create jobs in addition to meeting the U.S. government’s needs in a responsive and nimble way. SBA contracting programs help small businesses – including those owned by women, disadvantaged populations, service-disabled veterans, and participants in the 8(a) and HUBZone programs – gain access to federal contracting opportunities. The SBA also continues to pursue and remove waste, fraud and abuse from contracting programs.*

**Priority Goal: Increase small business participation in government contracting.** By September 30, 2013, SBA will increase small business participation in federal government

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<sup>1</sup> OMB Circular A-11 requires that the SBA revise its 7(a) program level to reflect for economic activity of revolving loans in its loan portfolio, to better reflect the total economic activity supported by the federal guaranty. The SBA must ensure the portfolio considers each disbursement and repayment when calculating the activity of the portfolio. This adjustment accounts for the increase in program level from \$16 billion to \$74.5 billion.

contracting to meet the government wide goal that 23 percent of all prime contracting dollars go to small businesses, and continue to ensure that the benefits of SBA's small business programs flow to the intended recipients.

The SBA is continuing to work closely with federal agencies to utilize best practices to meet their small business goals. This includes ensuring appropriate training and outreach is conducted, identifying contracts that can be set-aside for small businesses and holding agencies accountable to their goals.

The SBA is continuing to educate both contracting officers and women-owned small businesses of the advantages of the recently implemented women-owned small business contracting program, which will help meet the congressional goal of five percent.

The SBA will work with federal agencies to speed contract payments to small businesses to within 15 days, reduced from the current standard of within 30 days, from receipt of all relevant documentation as required by the Prompt Payment Act. This accelerated payment schedule is part of a new "QuickPay" government-wide initiative to expedite payments to small businesses, which will boost small business cash flow, and infuse billions of dollars into the hands of small federal contractors (see Objective 2.3).

The SBA will continue to ensure that government contracting programs are delivered to small firms for whom they are intended. The Agency will pursue and remove waste, fraud, and abuse from these programs at all stages from front-end certification and eligibility to ongoing surveillance and monitoring as part of the identification, pursuit, removal, and/or prosecution of ineligible firms.

Also, working with the Office of Federal Procurement Policy and federal agencies to identify best practices, the SBA will continue to improve procurement data quality (see Objective 2.3).

**Objective 1.3 – Strengthen SBA's entrepreneurial education, counseling, and training resources to help create new businesses and support the needs of existing businesses by successfully focusing on core program resources and ensuring these resources are aligned with the needs of both Main Street and high-growth small businesses.**

*Entrepreneurs and small business owners who have a long-term counseling, training and/or mentoring relationship have more sales, more hires and more economic impact on their communities. Each year, over a million small business owners use the expertise of the SBA and the 14,000 affiliated counselors – the small business development centers, women's business centers, and SCORE – to establish or grow a small business. The SBA also has online small business training, targeted counseling and training resources for veterans, and coaching for firms that are looking to begin or expand their exporting operations.*

The FY 2013 budget includes \$101.1 million for SBDC grants to 63 lead centers with over 900 outreach locations; \$12.6 million in grants for the 110 non-profits that host WBCs; \$6.3 million in grants to support SCORE's volunteer cadre of business professionals who operate online and through 368 chapters nationwide; and \$1.8 million for a skills training initiative that will leverage SBA's resource partner network to train the next generation of workers, and to train experienced workers transitioning to new positions.

Also, the SBA will lead a national, government-wide initiative (\$7 million) for veterans entrepreneurship training with the goal of ensuring robust, coordinated, and focused assistance for transitioning military members who are interested in pursuing entrepreneurship and/or business ownership.

The SBA will continue to strengthen management and technical assistance programs that are relevant to both Main Street and high-growth small businesses. Also, the Agency will continue to strengthen its focus on serving underserved communities.

The Office of Entrepreneurial Development will continue to closely track and monitor the impact of these programs which annually reflect over one million clients served and billions of dollars in financing secured for small businesses.

**Objective 1.4 – Ensure that SBA’s disaster assistance resources for businesses, non-profit organizations, homeowners, and renters can be deployed quickly, effectively and efficiently**

*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 once again are able to contribute to the economy and create jobs. The SBA – in coordination with FEMA, other federal agencies, the American Red Cross, and others – helps small businesses prepare for disaster and provides direct low-interest loans to small business owners, homeowners and renters to help them recover in the aftermath of a disaster.*

In 2013, the budget supports \$1.1 billion in loans, the ten-year average for such loans, excluding outlying events. The budget does not request new credit subsidy budget authority, as the SBA has sufficient unobligated balances to support estimated FY 2013 loan approvals. However, the budget does request \$167 million in new budget authority for administrative expenses resulting from major disasters declared pursuant to a determination under section 102(2) 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 section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. The SBA expects to reprogram an additional \$35 million from unobligated subsidy balances to fund administrative expenses incurred from other disasters, including those declared by the SBA Administrator.

**Priority Goal: Process Disaster Assistance applications efficiently.** By September 30, 2013, increase the use of the Disaster Assistance electronic loan application (ELA) by 50 percent.

**Objective 1.5 – Strengthen SBA’s relevance to high-growth entrepreneurs and small businesses to more effectively drive innovation and job creation through both the Agency’s existing programs as well as new initiatives**

*A small number of high-growth small businesses account for nearly all of the net new job creation in the economy. These firms have specific needs, and the SBA creates opportunities through unique programs that emphasize investment, innovation, exporting, tailored mentoring, and other strategies.*

The SBA will continue to be actively involved in Startup America, the President's Jobs and Competitiveness Council, and related activities that provide more tools to startups and high-growth small firms. Specific areas will include a continued focus on maximizing the impact of existing programs such as Small Business Investment Companies and the Small Business Innovation Research program. The SBA requests \$3 million for oversight of existing SBICs and outreach activities in the SBIR program. Also, the SBA will focus resources on mentoring entrepreneurs who are building the next generation of great American companies.

**Priority Goal: Expand access to long-term capital.** From FY 2012 through September 30, 2013, commit at least \$4.3 billion of capital via the Small Business Investment Company program in order to facilitate access to capital for high growth companies and enhance job creation and retention by these companies.

SBICs use private capital plus funds borrowed with an SBA guaranty to make investments in qualifying small businesses. Over 300 SBICs have more than \$16 billion in capital under management. For FY 2013 the SBA requests \$4 billion in authority for the SBIC debenture program. By increasing availability of growth capital to small businesses, the SBA is able to assist entrepreneurs during critical business phases from establishment through growth. This capital is generally longer term “patient” capital that is well suited to high-growth companies and is critical in the current tight credit environment.

The FY 2013 budget includes \$3.4 million for entrepreneurial development initiatives, specifically, 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 particular geographic

region. SBA's ten Regional Innovation Clusters (RICs) function as accelerators by interconnecting a specific set of geographically concentrated companies, specialized suppliers, service providers, local institutions and angel/venture investors in fields relevant to each industry. Each cluster tailors its platform to empower high-growth job creators and reduce the specific barriers that small businesses face in its region.

The SBA plays a key role in the implementation of the National Export Initiative (NEI) through its chairmanship of the 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.

In support of the NEI, the FY 2013 budget includes approximately \$1 million for SBA's International Trade program office, led by the Agency's first-ever Associate Administrator for International Trade, a position created by the Small Business Jobs Act of 2010. The SBA will work with states to maximize the impact of State Trade Export Promotion grants funded by the Small Business Jobs Act.

### **Objective 1.6 – Strengthen outreach to underserved communities and underserved populations**

*Underserved communities – including women, minorities, veterans and others – often have extreme difficulty in accessing capital, counseling, and federal contracting opportunities. SBA's unique products, services, and programs provide a path to business ownership for these populations which have been hard-hit by the recession and suffer from disproportionately high levels of unemployment.*

The FY 2013 budget supports SBA's 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 association groups, and others to tailor and target programs to meet their needs. For management and technical assistance programs that serve these communities, the FY 2013 budget requests \$19.76 million for microloan technical assistance, \$0.85 million for Native American outreach, \$0.9 million for the National Women's Business Council, \$2.5 million for veterans business development, and \$2.8 million for the 7(j) program. In addition, the SBA requests \$2 million for the HUBZone contracting assistance program.

## **Strategic Goal Two: Building an SBA that meets the needs of today's and tomorrow's small businesses**

### **Objective 2.1 – Strengthen SBA's core programs to ensure that they are high-performing, effective, and relevant to the needs of the small business community**

*Entrepreneurs and small business owners have limited time and resources. The SBA works to continuously strengthen, streamline and simplify its tools and resources to meet their needs.*

In FY 2013, as the SBA continues to strengthen its online presence and tools (i.e., the new [SBA.gov](http://SBA.gov)) it will be able to reach even more entrepreneurs while reducing costs across the Agency in areas such as printing and time processing paper applications. Continuing the integration of databases and enhanced coordination between program offices will drive efficient and effective performance. By focusing on inter- and intra-agency collaboration in pursuit of common goals and by making forward-looking investments in IT, the SBA was able to identify savings in program office operating budgets as reflected in the FY 2013 budget request. The FY 2013 budget includes a request for \$6 million to lead efforts in coordination with other agencies to develop [BusinessUSA.gov](http://BusinessUSA.gov) and a \$5 million request to complete its data center consolidation efforts.

## **Objective 2.2 – Invest in SBA’s employees so they can effectively serve small businesses**

*To many entrepreneurs and small business owners, there is no substitute for talking to a “real person” who can help them get the information and tools they need to grow. The greatest asset of the SBA is its employees, so the Agency will continue to empower its staff and partners to help small business.*

This budget, excluding disaster, the Inspector General, Advocacy and line item initiatives, supports 2,161 employees with \$273.8 million projected in compensation and benefits.

The SBA will continue to improve its annual employee survey “overall employee satisfaction” rating, with a goal of 71 percent for FY 2013. This requires effective human capital planning and implementing best practice strategies to invigorate the Agency’s workforce. The SBA will continue to invest in its workforce through training and professional development programs, cultivating internal staff members with demonstrated leadership potential, and designing a strategic onboarding process to attract new employees and adapt them to the organization’s culture with a high level of motivation.

The SBA will be continuing the focus on strengthening the capabilities of the acquisition workforce through training and development initiatives, information technology enhancements and acquisition management improvements.

## **Objective 2.3 – 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 “bang for the buck,” 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.*

The FY 2013 budget supports efforts across all SBA programs to reduce risk. Portfolio analytics are performed to identify and understand performance trends, and program evaluations are conducted to identify current performance and policy issues.

In capital access, the SBA conducts on-site reviews and monitors all lenders through its off-site Loan and Lender Monitoring System.

In government contracting, the SBA will continue to pursue and remove waste, fraud and abuse from its programs at all stages: front-end certification and eligibility; ongoing surveillance and monitoring; and, identification, pursuit, removal, and/or prosecution when necessary. SBA’s district offices will conduct compliance reviews and site visits of the 8(a) and HUBZone firms in their respective geographic areas. A major IT investment in FY 2012 will provide new capability for flagging and addressing fraud, waste, and abuse in the initial certification and portfolio monitoring of firms while also providing a centralized data repository and knowledge base. In entrepreneurial education programs, the Agency conducts robust financial and programmatic reviews of its resource partners. The SBA will more closely monitor participating funds in the Investment Division using external valuations and data analytics.

## **Strategic Goal Three – Serving as the voice for small business**

### **Objective 3.1 – Collaborate with other agencies to strengthen the delivery of programs, resources and services**

*With a Cabinet-level Administrator (as of January 13, 2012), the SBA takes a leadership role in ensuring effective delivery of federal small business programs and services, collaborating closely with other agencies. The Agency is a leading participant in interagency collaborations that focus on innovation, place-based and sector-based growth, government contracting, veterans and reservists, disaster recovery, access to capital for small business owners, and entrepreneurial education. In addition, the*

*SBA works to ensure that entrepreneurs and small business owners can effectively access and navigate small business programs in the federal government.*

SBA's FY 2013 budget ensures that the Agency's active participation in interagency initiatives will continue and that small businesses will have "a seat at the table." The SBA will continue to find new ways to build on successful interagency efforts such as the Small Business Innovation Research program, the National Export Initiative, Regional Innovation Clusters, support for rural businesses through the President's Rural Council, matchmaking events for small businesses interested in federal contracting, assistance for returning veterans, and various clean/renewable energy initiatives.

**Objective 3.2 – Foster a small business-friendly environment by reducing burdens on small business and improving collection of relevant small business data**

*Now more than ever small businesses expect the federal government to help, their efforts to grow. The SBA will continue to play an active role in the Administration's ongoing efforts to reduce regulatory barriers to entrepreneurship, innovation, and U.S. competitiveness. In addition, SBA's national ombudsman plays a key role in identifying and reducing regulatory burdens on entrepreneurs and small businesses. (The Office of Advocacy also supports these efforts with a separate appropriation as directed by the Small Business Jobs Act of 2010.)*

The SBA will continue to work with partners across the Administration and externally in order to maintain a robust national dialogue that allows entrepreneurs and small business owners to openly discuss ways that the government can serve them better.

Also, the Office of the National Ombudsman will continue to hold hearings, host roundtables, and participate on panels to comply with its mission to provide a means by which small business concerns may submit comments about unfair and/or excessive federal regulatory enforcement activities or comment about federal agency compliance issues. In order to be responsive and timely to small business commenters, the Office of the National Ombudsman has established a goal to submit small business comments to federal agencies within two business days of receipt and then share the federal agencies' responses to the small business by no more than two days of receipt from the agencies. In addition, the national ombudsman will continue to reinvigorate its ten Regional Regulatory Fairness Boards.

**Objective 3.3 – Promote the availability, analysis, and dissemination of the most current, accurate, and detailed statistics possible on small business**

*SBA's policy analysts are responsible for evaluating the existing policies and programs of the SBA as well as translating economic, social and demographic trends that have an impact on small business competitiveness into policy prescriptions that will allow the Agency to be more proactive in addressing the needs of small business.*

In FY 2012, the SBA partnered with the National Economic Council to work collaboratively with key agencies, including the Council of Economic Advisers, Consumer Finance Protection Bureau, Department of Commerce and Department of Labor, to streamline small business and economic data analysis. By developing a common dataset and approach to conduct analysis, this effort will better inform policy decisions made across the federal government.

In FY 2013, the SBA will continue to exchange best practices with the U.S. Department of Agriculture, Export-Import Bank of the United States, the Board of Governors of the Federal Reserve System, and the U.S. Census Bureau in areas of small business-related data.

## Special Sections

### Low Priority Program Activities

The Cuts, Consolidations, and Savings (CCS) volume of the President's Budget identifies the lower-priority program activities under the GPRA Modernization Act; see 31 U.S.C. 1115(b)(10). The public can access the volume at: [www.whitehouse.gov/omb/budget](http://www.whitehouse.gov/omb/budget).

### Efficiencies

The SBA conducted a targeted review of program offices to determine specific efficiencies that could be realized in operating budgets. In this budget, the efficiencies fell into six general buckets: restructuring SBA's contracting footprint (leading in some cases to a rebalancing of the workforce); streamlining administrative services with an eye toward sustainability initiatives; pivoting marketing strategy from costly print materials to an interactive web platform; modernizing data architecture that led to decreased maintenance needs; using communication technology solutions to reduce costs associated with national conferences for staff, and; realigning the policy analysis function. Taken together, these targeted reductions, net of new initiatives outlined throughout the budget, helped the SBA achieve savings through efficiencies.

### Duplication of Efforts

The SBA has carefully reviewed the March 2011 GAO report entitled "Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue," as well as GAO's May 2011 report entitled "Efficiency and Effectiveness of Fragmented Economic Development Programs Are Unclear." In these reports, GAO lists a broad range of federal programs included within nine broadly-defined categories of economic development, ranging from infrastructure development to tourism to entrepreneurial efforts. These reports reference SBA's capital access, contracting and entrepreneurial development programs as among the federal government's economic development programs.

The report does not identify actual duplication across any identified programs, but expresses an intention to inquire further into how well agencies collaborate to coordinate delivery of their programs and avoid duplication and overlap, and how well they measure their programs' effectiveness. The SBA is committed to ensuring that its own programs deliver effective, targeted assistance to small business, without duplication or inefficient overlap. The SBA therefore regularly reviews its programs to identify any which can be better coordinated, reduced or eliminated. In FY 2013, the SBA identified PRIME technical assistance as an example of a program that overlaps with other forms of similar assistance and proposed it for elimination.

The Agency also focuses on meaningful measurement of its programs' reach and effectiveness, and regularly reviews its metrics and systems to make program measurement less burdensome for small business and also a more effective evaluation tool for management.

Working with other federal agencies, the SBA also acts as the voice for small businesses, constantly seeking opportunities for collaboration to coordinate small business programs and services. Recent examples include direct coordination with the Departments of Commerce and Labor and thirteen other agencies to support 20 regional innovation clusters to spur regional economies and create jobs; chairing the Small Business Working Group for the National Export Initiative to boost interagency effectiveness in expanding small business exporting; and driving small business success through manufacturing and distribution supply chain initiatives jointly with the Department of Defense. Looking forward, this same collaboration and coordination is central to the Veterans Entrepreneurship Training initiative.

In sum, the SBA is vigilant in identifying and reducing duplicative activities within the Agency and in proactively collaborating with other agencies to support small business growth and job creation.

# Understanding the Budget Tables

Pursuant to Section 532 of the Consolidated Appropriations Act, 2012, the SBA has revised the FY 2013 budget request tables. The SBA has identified proposed changes from the enacted level by individual appropriation. In addition, the following tables specify the amount included in each enacted appropriation, the amount proposed in the budget year, and a justification for any proposed changes. The FY 2011 column represents actuals, including carryover from the previous years, as the FY 2012 column represents enacted levels included in the Consolidated Appropriations Act, 2012, and is compared to the FY 2013 request. It is important to note that the following budget tables do not include the funding that was provided in the Small Business Jobs Act of 2010.

## Table 1 – Summary of New Budget Authority

This table shows the gross amount of new funding appropriated by Congress for FY 2011, less a 0.2 percent rescission, the FY 2012 enacted level, and the requested funding for FY 2013. 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, Business Loan Program, Disaster Loan Program, Inspector General, Office of Advocacy and Surety Bond Guarantee* are the six appropriation accounts for the SBA. Note that in FY 2012 the *Office of Advocacy* became a new appropriation account established pursuant to Subtitle F entitled "Small Business Regulatory Relief" of The Small Business Jobs Act of 2010 (P.L. 111-240). Funding for the Office of Advocacy was previously included in Executive Direction in FY 2011 and is broken out separately for FY 2012 and FY 2013.
- This table can be cross-referenced with Table 6 as discussed below.

## Tables 2 - 5 – Salaries and Expenses

The top portion of new Table 2 shows the sources of funds for the Salaries and Expenses budget first by appropriation and then supplemented by all other sources. The bottom portion of new Table 2 identifies the major uses of the Salaries and Expenses budgetary resources. The following explains the major categories:

- *Office Operating Budgets* (See detail in new 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* (See Table 4). These are costs such as rent and telecommunications, which are managed centrally by the Agency.
- *Compensation & Benefits*. All Compensation and Benefits for the Salaries and Expenses Account are managed centrally. The Full Time Equivalents supported by Compensation and Benefits appear in Table 9, in addition to FTEs that support Disaster, the Inspector General, the Office of Advocacy, and Line Item Initiatives.
- *Non-Credit Programs* (See Table 5). Separate funding for these programs have been specifically identified in the Salaries and Expenses account.
- *Congressional Initiatives*. These are constituent interest grants authorized by Congress for administration by the SBA with the last year funds were made available being in FY 2011.
- *Reimbursable Expenses*. These are programs for which the SBA receives reimbursable budget authority from other federal government agencies.

The new Table 3 shows the detail of Office Operating Budgets by major program office, e.g. Capital Access, Entrepreneurial Development. The one exception is a new line item inserted at the bottom of the table for the Business USA initiative for which funding is requested in FY 2013.

### **Table 6 – 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 and IG accounts to cover the administrative cost of operating those programs.

### **Table 7 – Summary of Changes – Agency Operating Budget**

This table is a reconciliation of the amounts needed for the Salaries and Expenses operating budget. The amounts shown for the S&E operating budget are the same as shown in Table 2. The amount requested for FY 2013 is reconciled to the enacted level for FY 2012. The Adjustments shows the major reasons for the requested increase or decrease in funding.

### **Table 8 – Summary of Credit Programs and Revolving Fund**

The 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. The data on this table does not cross reference to Table 10. For example, the amount shown for the Surety Bond Guarantee program on Table 8 is SBA's share of the liability for guaranteeing performance bonds for small businesses. The amount shown for the Surety Bond Program in Table 10 is the salaries, benefits, various fixed costs, and overhead for administering the Surety Bond Guarantee program in Table 8. See the explanation for Table 10 below.

### **Table 9 – Full Time Equivalent Employees**

This table shows the number of Full Time Equivalent 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 5, which shows the total amount for the non-credit 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 2013 Congressional Budget Submission**  
**SUMMARY OF NEW BUDGET AUTHORITY**  
*(Dollars in Thousands)*

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request	FY 2013 Incr/Decr
Gross New Budget Authority				
Salaries and Expenses	\$ 432,571	\$ 417,348	\$ 423,577	\$ 6,229
Business Loan Program				
<i>Administration</i>	152,694	147,958	145,060	(2,898)
<i>Loan Subsidy</i>	82,834	210,778	351,444	140,666
Disaster Loan Program				
<i>Administration*</i>	45,372	117,300	167,000	49,700
<i>Loan Subsidy</i>	0	0	0	0
Inspector General	16,267	16,267	19,400	3,133
Office of Advocacy**	0	9,120	8,900	(220)
Surety Bond Guarantee	0	0	0	0
Total, Gross New Budget Authority, Including Disaster Funding *	<u>\$ 729,739</u>	<u>\$ 918,771</u>	<u>\$ 1,115,381</u>	<u>\$ 196,610</u>
Total, Gross New Budget Authority, Minus Disaster Funding			<u>\$ 948,381</u>	<u>\$ 948,381</u>

\* The \$167 million request for administrative expenses for the Disaster Loan Program account 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. The remaining funds required to administer the program in FY 2013 will need to be reprogrammed from the disaster subsidy (expected to total \$35 million).

\*\* Subtitle F entitled "Small Business Regulatory Relief" of The Small Business Jobs Act of 2010 (P.L. 111-240) established a separate account in the General Fund of the Treasury for SBA's Office of Advocacy. In accordance with these requirements, funding for the Office of Advocacy which was previously included in Executive Direction in FY 2011 is broken out for FY 2012 and FY 2013.

\*\*\* Amounts do not include funding provided in the Small Business Jobs Act of 2010.

**Table 2**  
**FY 2013 Congressional Budget Submission**  
**SALARIES and EXPENSES**  
**SOURCES and EXPENSES**  
*(Dollars in Thousands)*

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request	FY 2013 Incr/Decr
<b>Salaries and Expenses Budget</b>				
Salaries and Expenses Appropriation	\$ 432,571	\$ 417,348	\$ 423,577	\$ 6,229
Business Loan Administration Appropriation	152,694	147,958	145,060	(2,898)
<b>Total Appropriated Funds</b>	<b>\$ 585,266</b>	<b>\$ 565,306</b>	<b>\$ 568,637</b>	<b>\$ 3,331</b>
Transfer from Disaster Loans	\$ 8,982	\$ 6,000	\$ 9,000	\$ 3,000
Carryover	17,282	0	0	0
Reimbursable Expenses	48	300	300	0
Estimated Fee Income	9,845	12,109	14,000	1,891
Rec./Bus. Transfer & Unobligated balances	210	257	199	(58)
<b>Total S&amp;E Sources of Funds</b>	<b>\$ 621,632</b>	<b>\$ 583,972</b>	<b>\$ 592,136</b>	<b>\$ 8,164</b>
<b>Salaries and Expenses Budget</b>				
Office Operating Budgets	\$ 106,608	\$ 88,719	\$ 105,432	\$ 16,713
Agency-wide Costs	46,682	52,294	53,518	1,224
Compensation and Benefits	262,367	270,311	273,773	3,462
<b>Subtotal, Agency Operating Budget</b>	<b>415,658</b>	<b>411,324</b>	<b>432,723</b>	<b>21,399</b>
Transfer from Business Loans				
Non-Credit Programs	195,061	172,348	159,113	(13,235)
Congressional Initiatives	10,865	0	0	0
Reimbursable Expenses	48	300	300	0
<b>Sub-Total *</b>	<b>\$ 621,632</b>	<b>\$ 583,972</b>	<b>\$ 592,136</b>	<b>\$ 8,164</b>

\* Note: Amounts do not include funding provided in the Small Business Jobs Act of 2010.

**Table 3**  
**FY 2013 Congressional Budget Submission**  
**SALARIES and EXPENSES OPERATING BUDGETS**  
*(Dollars in Thousands)*

	<b>FY 2011 Actual</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>FY 2013 Incr/Decr</b>
<b>Office Operating Budget Detail</b>				
Executive Direction	\$ 26,689	\$ 21,079	\$ 21,194	\$ 115
Capital Access	18,872	16,962	18,853	1,891
Office of Investment	4,014	4,629	5,629	1,000
Gov Contr/Business Development	4,155	2,455	2,455	0
Entrepreneurial Development	1,486	1,488	3,738	2,250
Management and Administration	10,855	8,455	8,640	185
Chief Information Officer	35,032	28,426	33,426	5,000
Office of International Trade	702	702	974	272
Regional and District Offices	4,803	4,523	4,523	0
Business USA Initiative	0	0	6,000	6,000
<b>Total *</b>	<b>\$ 106,608</b>	<b>\$ 88,719</b>	<b>\$ 105,432</b>	<b>\$ 16,713</b>

\* Note: Amounts do not include funding provided in the Small Business Jobs Act of 2010.

**Table 4**  
**FY 2013 Congressional Budget Submission**  
**AGENCY-WIDE COSTS**  
*(Dollars in Thousands)*

	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2013</b>
	<b>Actual</b>	<b>Enacted</b>	<b>Request</b>	<b>Incr/Decr</b>
Express Mail	\$ 384	\$ 498	\$ 499	\$ 1
Judgment Fund	421	777	763	(14)
Office Security	2,807	3,078	3,332	254
Performance Awards	2,542	2,439	2,400	(39)
Postage	364	732	720	(12)
Reasonable Accommodations	94	102	120	18
Relocation	5	377	10	(367)
Rent	31,734	34,979	35,787	808
Telecommunications	4,699	4,924	4,992	68
Transit Subsidy	1,508	2,066	2,263	197
Unemployment Compensation	560	726	920	194
Workers Compensation	1,564	1,596	1,712	116
<b>Total</b>	<b>\$ 46,682</b>	<b>\$ 52,294</b>	<b>\$ 53,518</b>	<b>\$ 1,224</b>

**Table 5**  
**FY 2013 Congressional Budget Submission**  
**NON-CREDIT PROGRAMS and REIMBURSABLE EXPENSES**  
*(Dollars in Thousands)*

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request	FY 2013 Incr/Decr
Non-Credit Programs				
7(j) Technical Assistance Program	6,354	\$ 3,100	\$ 2,790	\$ (310)
Drug-Free Workplace	997	0	0	0
HUBZone Program	2,194	2,500	1,976	(524)
Microloan Technical Assistance	24,603	20,000	19,760	(240)
National Women's Business Council	954	998	898	(100)
Native American Outreach	1,132	1,250	850	(400)
PRIME Technical Assistance	7,983	3,500	0	(3,500)
SBDC Grants	120,916	112,500	101,093	(11,407)
SCORE	6,986	7,000	6,300	(700)
Veterans Business Development	2,495	2,500	2,496	(4)
Women's Business Centers Grants	13,866	14,000	12,600	(1,400)
Entrepreneurial Development Initiatives (Clusters)	6,581	5,000	3,350	(1,650)
National Veterans Entrepreneurial Training (VET) Program	0	0	7,000	7,000
 Total, Non-Credit Programs *	 \$ 195,061	 \$ 172,348	 \$ 159,113	 \$ (13,235)

\* Note: Amounts do not include funding provided in the Small Business Jobs Act of 2010.

**Table 6**  
**FY 2013 Congressional Budget Submission**  
**SOURCES OF FUNDS: APPROPRIATION DETAIL**  
*(Dollars in Thousands)*

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request	FY 2013 Incr/Decr
<b>Salaries and Expenses</b>				
Net New Budget Authority	\$ 432,571	\$ 417,348	\$ 423,577	\$ 6,229
Carryover from prior year	43,469	26,187	26,187	0
Carryover into next fiscal year	(26,187)	(26,187)	(26,187)	0
Transfer from Business Loans	152,694	147,958	145,060	(2,898)
Transfer from Business MicroLoans	210	257	199	
Transfer from Disaster Loans	8,982	6,000	9,000	3,000
Reimbursable Expenses	48	300	300	0
Estimated Fee Income	9,845	12,109	14,000	1,891
<b>Total Budget Authority</b>	<b>\$ 621,632</b>	<b>\$ 583,972</b>	<b>\$ 592,136</b>	<b>\$ 8,164</b>
<b>Business Loans</b>				
<i>Administrative Expenses</i>				
New Budget Authority	\$ 152,694	\$ 147,958	\$ 145,060	\$ (2,898)
Carryover from prior fiscal year	0	0	0	0
Carryover into next fiscal year	0	0	0	0
Transfer from Other Accounts	0	0	0	0
Transfer to Salaries & Expenses	(152,694)	(147,958)	(145,060)	2,898
Unobligated Balances at Year End	0	0	0	0
<b>Total Budget Authority</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<i>Loan Subsidies</i>				
New Budget Authority	\$ 82,834	\$ 210,778	\$ 351,444	\$ 140,666
Subsidy Receipts	0	0	0	0
Carryover from prior fiscal year	38,758	41,382	25,265	(16,117)
Carryover into next fiscal year	(41,382)	(25,265)	0	25,265
Transfer from Other Accounts	0	0	0	0
Transfer to Salaries & Expenses	(210)	(257)	(199)	58
Rescission on Unobligated Balances	0	0	0	0
<b>Total Budget Authority</b>	<b>\$ 80,000</b>	<b>\$ 226,638</b>	<b>\$ 376,510</b>	<b>\$ 149,872</b>
<b>Disaster Assistance</b>				
<i>Administrative Expenses</i>				
New Budget Authority	\$ 45,372	\$ 117,300	\$ 167,000	\$ 49,700
Carryover from prior fiscal year	26,424	86,065	0	(86,065)
Carryover into next fiscal year	(86,065)	0	0	0
Transfer from Disaster Loans	217,500	0	0	0
Recoveries	5,561	0	0	0
Transfer to Inspector General	(998)	(1,000)	(1,000)	0
Transfer to Salaries & Expenses	(8,982)	(6,000)	(9,000)	(3,000)
Rescission on Unobligated Balances	0	0	0	0
<b>Total Budget Authority</b>	<b>\$ 198,812</b>	<b>\$ 196,365</b>	<b>\$ 157,000</b>	<b>\$ (39,365)</b>

**Table 6**  
**FY 2013 Congressional Budget Submission**  
**SOURCES OF FUNDS: APPROPRIATION DETAIL**  
*(Dollars in Thousands)*

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request	FY 2013 Incr/Decr
<i>Direct Loans Program</i>				
New Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0
Carryover from prior fiscal year	804,954	513,292	412,292	(101,000)
Carryover into next fiscal year	(513,292)	(412,292)	(310,292)	102,000
Transfer to Disaster Administration	(217,500)	0	0	0
Recoveries from prior years	10,075	20,000	20,000	0
Rescission on Unobligated Balances	0	0	0	0
Total Budget Authority	\$ 84,236	\$ 121,000	\$ 122,000	\$ 1,000
<i>Inspector General</i>				
New Budget Authority	\$ 16,267	\$ 16,267	\$ 19,400	\$ 3,133
Carryover from prior fiscal year	4,356	3,432	3,202	(230)
Carryover into next fiscal year	(3,432)	(3,202)	(3,202)	0
Transfer from Disaster	998	1,000	1,000	0
Reimbursable Expenses	0	0	0	0
Unobligated Balances at Year End	0	0	0	0
Total Budget Authority	\$ 18,189	\$ 17,497	\$ 20,400	\$ 2,903
<i>Office of Advocacy</i>				
New Budget Authority	\$ 0	\$ 9,120	\$ 8,900	\$ (220)
Carryover from prior fiscal year	0	0	0	0
Carryover into next fiscal year	0	0	0	0
Unobligated Balances at Year End	0	0	0	0
Total Budget Authority	\$ 0	\$ 9,120	\$ 8,900	\$ (220)
<i>Surety Bond Guarantee Program</i>				
New Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0
Total Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0
 Total Financing Available	 \$ 1,002,870	 \$ 1,154,592	 \$ 1,276,946	 \$ 122,354

**Table 7**  
**FY 2013 Congressional Budget Submission**  
**SUMMARY OF CHANGES - Agency Operating Budget**  
*(Dollars in Thousands)*

<b>Salaries and Expenses Operating Budget</b>	
FY 2012 Enacted	\$ 411,324
FY 2013 Request	<u>432,723</u>
<b>Change - Increase/(Decrease)</b>	<b>\$ 21,399</b>
<b>Adjustments:</b>	
Mandatory salary and other pay adjustments	\$ 3,462
Increase in Agency-wide costs	1,224
Increased funding for additional Veterans outreach	300
Entrepreneurial Development Veterans Training Initiative	1,750
Entrepreneurial Development increased outreach and impact study	500
Investing in computing infrastructure capacity to assist in transition to cloud-based model	5,000
International Trade USEAC rent variance	272
BusinessUSA Initiative to streamline and integrate	6,000
Increase for administrative expenses related to the SBIC and SBIR/STTR programs	3,000
Decrease for Federal State Technology Program	(2,000)
Increase in collection of lender oversight fees	<u>1,891</u>
<b>Total Change - Increase/(Decrease)</b>	<b>\$ 21,399</b>

**Table 8**  
**FY 2013 Congressional Budget Submission**  
**SUMMARY OF CREDIT PROGRAMS & REVOLVING FUND \***  
*(Dollars in Millions)*

	Program Level			Subsidy Amount			FY 2011 Actual	FY 2012 Enacted	FY 2013 Request
	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request			
Guaranteed Loans									
Section 7(a) Guaranty	\$ 7,959	\$ 14,493	\$ 13,650	\$ 60.2	\$ 104.4	\$ 197.3	0.75%	0.87%	1.55%
Section 7(a) Guaranty Revolvers	27,514 2/	32,722 2/	45,738 2/	30.1	32.5	34.1	0.11%	0.12%	0.08%
Section 7(a) Dealer Floor Plan	356 2/	15,337 2/	15,052 2/	0.0	2.5	4.2	0.02%	0.02%	0.03%
Section 504 CDC Guaranty	3,219	7,500	6,000	0.0	67.7	113.0	0.00%	1.09%	2.02%
SBIC - Debentures	1,827	3,000	4,000 4/	0.0	0.0	0.0	0.00%	0.00%	0.00%
Total	<u>\$ 40,875</u>	<u>\$ 73,052</u>	<u>\$ 84,440</u>	<u>\$ 90.3</u>	<u>\$ 207.1</u>	<u>\$ 348.6</u>			
Direct Loans									
Microloan Direct Program	<u>\$ 36</u>	<u>\$ 25</u>	<u>\$ 18</u>	<u>\$ 5.3</u>	<u>\$ 3.7</u>	<u>\$ 2.8</u>	15.06%	14.71%	15.71%
Total Business Loans	<u>\$ 40,911</u>	<u>\$ 73,077</u>	<u>\$ 84,458</u>	<u>\$ 95.6</u>	<u>\$ 210.8</u>	<u>\$ 351.4</u>			
Secondary Market Guaranties	<u>\$ 4,299</u>	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	0.00%	0.00%	0.00%
Disaster Assistance	<u>\$ 611</u>	<u>\$ 1,100</u>	<u>\$ 1,100 1/</u>	<u>\$ 82.6</u>	<u>\$ 121.3</u>	<u>\$ 122.2</u>	13.53%	11.03%	11.11%
Surety Bond Guarantee Program	<u>\$ 625</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	N/A	N/A	N/A
Immediate Disaster Assistance	<u>\$ 0</u>	<u>\$ 18</u>	<u>\$ 0 3/</u>	<u>\$ 0.0</u>	<u>\$ 0.4</u>	<u>\$ 0.0</u>	N/A	1.96%	1.94%
Expedited Disaster Assistance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 57 3/</u>	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$ 1.3</u>	N/A	2.28%	2.31%

\* Note: Amounts do not include funding provided in the Small Business Jobs Act of 2010.

1/ The estimated program level of \$1.1 billion is supported by sufficient unobligated balances in subsidy funds that are to be carried over into FY 2011, FY 2012 and FY 2013.

2/ Reflects the economic impact/multiplying effect of revolving lines of credit.

3/ Program level is supported by subsidy funds that were carried over from prior years.

4/ Following the lock of the President's FY 2013 budget data base, this number was increased from \$3 billion to \$4 billion as a policy goal.

**Table 9**  
**FY 2013 Congressional Budget Submission**  
**FULL TIME EQUIVALENT (FTE) EMPLOYEES**

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request	FY 2013 Incr/Decr
Regular Funds	2,153	2,161	2,161	0
Line Item Initiatives	22	20	20	0
Sub-Total Regular S&E	2,175	2,181	2,181	0
Disaster Loan Making	994	850	850	0
Disaster Loan Servicing	147	171	171	0
Sub-Total Disaster	1,141	1,021	1,021	0
Office of Advocacy*	0	46	46	0
Inspector General	110	120	120	0
Total	3,426	3,368	3,368	0

Note: Amounts do not include FTEs funded in the Small Business Jobs Act of 2010.

\*Subtitle F entitled "Small Business Regulatory Relief" of The Small Business Jobs Act of 2010 (P.L. 111-240) established a separate account in the General Fund of the Treasury for SBA's Office of Advocacy. In accordance with these requirements, funding for the Office of Advocacy which was previously included in Executive Direction in FY 2011 is broken out for FY 2012 and FY 2013.

**Table 10**  
**FY 2013 Congressional Budget Submission**  
**TOTAL COST BY PROGRAM AND ACTIVITY**  
*(Dollars in Thousands)*

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request	FY 2013 Incr/Decr
<b>Capital Access Programs</b>				
International Trade Program	\$ 7,681	\$ 7,991	\$ 8,465	\$ 474
Surety Bond Program	4,865	5,094	5,280	186
Subtotal	\$ 12,546	\$ 13,085	\$ 13,745	\$ 660
<b>7(a) Loans</b>				
Loan Making - 7(a) Loans	\$ 44,151	\$ 44,779	\$ 46,328	\$ 1,549
Loan Servicing - 7(a) Loans	4,047	4,075	4,204	129
Loan Liquidation - 7(a) Loans	26,761	26,959	27,785	826
Lender Oversight - 7(a) Loans	13,041	13,715	15,517	1,802
Subtotal	\$ 88,000	\$ 89,528	\$ 93,834	\$ 4,306
<b>504 Loans</b>				
Loan Making - 504 Loans	\$ 20,689	\$ 21,002	\$ 21,668	\$ 666
Loan Servicing - 504 Loans	2,559	2,569	2,646	77
Loan Liquidation - 504 Loans	6,540	6,570	6,766	196
Lender Oversight - 504 Loans	9,100	9,566	10,822	1,256
Subtotal	\$ 38,888	\$ 39,707	\$ 41,902	\$ 2,195
<b>Microloans</b>				
Loan Making - Microloans	\$ 5,853	\$ 5,784	\$ 6,027	\$ 243
Loan Servicing - Microloans	4,287	3,764	4,040	276
Loan Liquidation - Microloans	937	822	883	61
Microloan Technical Assistance	27,652	22,725	22,690	(35)
Prime Technical Assistance	8,863	4,286	0	(4,286)
Subtotal	\$ 47,592	\$ 37,381	\$ 33,640	\$ (3,741)
<b>SBIC Loans</b>				
Loan Making - SBIC Loans	\$ 6,427	\$ 6,532	\$ 7,564	\$ 1,032
Loan Servicing - SBIC Loans	14,451	15,089	17,761	2,672
Loan Liquidation - SBIC Loans	5,427	5,781	6,867	1,086
Subtotal	\$ 26,305	\$ 27,402	\$ 32,192	\$ 4,790
<b>GCBD Programs</b>				
7(j) Program	\$ 6,502	\$ 3,270	\$ 2,968	\$ (302)
8(a) Program	58,274	61,758	64,052	2,294
HUBZone Program	15,569	12,165	11,807	(358)
Prime Contract Program	22,663	24,273	23,175	(1,098)
Business Matchmaking	3,587	3,736	3,867	131
Subcontracting Program	4,473	4,790	4,978	188
Subtotal	\$ 111,068	\$ 109,992	\$ 110,847	\$ 855

**Table 10**  
**FY 2013 Congressional Budget Submission**  
**TOTAL COST BY PROGRAM AND ACTIVITY**  
*(Dollars in Thousands)*

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Request	FY 2013 Incr/Decr
Entrepreneurial Development Programs				
Drug Free Workplace	\$ 997	\$ 0	\$ 0	\$ 0
SCORE	12,980	12,955	12,718	(237)
Small Business Development Centers	130,323	122,452	111,705	(10,747)
Native American Outreach	2,703	2,935	2,467	(468)
Women's Business Ownership	19,446	19,916	18,875	(1,041)
Entrepreneurial Development Initiatives (Clusters)	6,581	5,000	3,350	(1,650)
Entrepreneurial Dev. Training Programs	0	0	9,276	9,276
Subtotal	\$ 173,030	\$ 163,258	\$ 158,391	\$ (4,867)
Executive Direction				
Advocacy *	\$ 11,685	\$ 0	\$ 0	\$ 0
National Women's Business Council	1,317	1,385	1,297	(88)
Ombudsman	1,787	1,859	1,946	87
Veteran's Business Development	8,995	9,316	9,918	602
Subtotal	\$ 23,784	\$ 12,560	\$ 13,161	\$ 601
Regional and District Office Programs				
Field Offices - Counseling	\$ 12,345	\$ 12,835	\$ 13,322	\$ 487
Field Offices - Training	13,618	14,132	14,657	525
Subtotal	\$ 25,963	\$ 26,967	\$ 27,979	\$ 1,012
				0
Total - Regular Funds	\$ 547,176	\$ 519,880	\$ 525,691	\$ 5,811
Disaster Assistance				
Loan Making - Disaster	\$ 210,046	\$ 206,433	\$ 169,166	\$ (37,267)
Loan Servicing - Disaster	43,382	42,696	34,988	(7,708)
Subtotal	\$ 253,428	\$ 249,129	\$ 204,154	\$ (44,975)
Other				
Inspector General	\$ 27,053	\$ 24,765	\$ 29,291	\$ 4,526
Advocacy *	0	12,810	12,918	108
Congressional Grants	10,865	0	0	0
Business USA Initiative	0	0	6,000	6,000
Rural Business Investment Program	64	70	82	12
Other Reimbursable Programs	48	300	300	0
Subtotal	\$ 38,030	\$ 37,945	\$ 48,591	\$ 10,646
Total Obligations	\$ 838,634	\$ 806,954	\$ 778,436	\$ (28,518)

Note: Amounts do not include funding provided in the Small Business Jobs Act of 2010.

\* Subtitle F entitled "Small Business Regulatory Relief" of The Small Business Jobs Act of 2010 (P.L. 111-240) established a separate account in the General Fund of the Treasury for SBA's Office of Advocacy. In accordance with these requirements, funding for the Office of Advocacy which was previously included in Executive Direction in FY 2011 is broken out for FY 2012 and FY 2013.

## Strategic Plan Update

In FY 2010 the SBA, as required by OMB Memorandum A-11, updated its Strategic Plan for fiscal years 2011 to 2016. The plan provides a framework to maximize the Agency's strengths and resources in order to help small businesses as they lead the country out of the recession which began in 2007.

This plan was the result of extensive dialogue throughout the Agency, across the Administration, and with leaders in the small business community. The process resulted in three Strategic Goals:

- 1. Growing businesses and creating jobs**
- 2. Building an Agency that meets the needs of today's and tomorrow's small businesses**
- 3. Serving as the voice for small business**

Each goal contains strategic objectives that are directly tied to performance both at the individual level and Agency-wide.

In FY 2011 the SBA, as required by the GPRA Modernization Act of 2010, updated the existing Strategic Plan to meet new requirements contained in the Act. The Addendum to the Strategic Plan can be found in Appendix 4 online at: [www.sba.gov/performance](http://www.sba.gov/performance) (FY 2013 Congressional Budget Justification and FY 2011 Annual Performance Report)

With this updated plan, the SBA will continue to serve both Main Street and high-growth small businesses. This dual focus is critical to sustaining the small business communities that Americans need every day, while also growing the next generation of great U.S. companies that will create thousands of well-paying jobs here at home.

These are challenging times, and the SBA's role in helping small businesses grow and create jobs has never been more important.

# FY 2013 Performance Plan and FY 2011 Annual Performance Report

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## ***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 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 SBA’s entrepreneurial education, counseling and training resources to help create new businesses and support the needs of existing businesses by successfully focusing on core program resources and ensuring these resources are aligned with the needs of both Main Street and high-growth small businesses.
- 1.4 – 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.
- 1.5 – Strengthen SBA’s relevance to high-growth entrepreneurs and small businesses to more effectively drive innovation and job creation through both the Agency’s existing programs as well as new initiatives.
- 1.6 – Strengthen outreach to underserved communities and underserved populations.

## ***Strategic Goal Two - Building an SBA that meets the needs of today's and tomorrow's small businesses***

### **Strategic Goal Two has three Strategic Objectives:**

- 2.1 – 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.
- 2.2 – Invest in SBA's employees so they can more effectively serve small businesses.
- 2.3 – Mitigate risk to taxpayers and improve oversight across SBA programs.

## ***Strategic Goal Three – Serving as the voice for small business***

### **Strategic Goal Three has three Strategic Objectives:**

- 3.1 – Collaborate with other agencies to strengthen the delivery of programs, resources and services.
- 3.2 – Foster a small business-friendly environment by encouraging federal agency awareness about the impact of unfair regulatory enforcement and compliance efforts, reducing burdens on small business.
- 3.3 – Promote the availability, analysis, and dissemination of the most current, accurate, and detailed statistics possible on small business.

# FY 2013 Performance Plan and FY 2011 Performance Report

## Overview

SBA's headquarters is located in Washington, D.C. while its business products and services are delivered with the help of 10 regional offices, 68 district offices and a vast network of private sector and nonprofit partners in all 50 states, the District of Columbia, Puerto Rico, American Samoa, the U.S. Virgin Islands, and Guam. The FY 2013 Performance Plan is designed to support the Agency's three Strategic Goals — *growing businesses and creating jobs; building an SBA that meets the needs of today's and tomorrow's small businesses, and; serving as the voice for small business*. Below are brief descriptions of SBA offices and programs and some of the products and services they provide in support of the Strategic Goals.

### **Strategic Goal One** — *Growing businesses and creating jobs*

*The Office of Capital Access* assists small businesses in obtaining capital via the 7(a), 504, Intermediary Lending Pilot and Microloan programs through an extensive lending network. It also provides surety bond guaranties that allow more small businesses to compete successfully for government contracts.

*The Office of Investment and Innovation* assists high-growth small businesses through the Small Business Investment Company, Small Business Innovation Research, and other tailored programs.

*The Office of Government Contracting and Business Development (GCBD)* provides assistance to small businesses in competing for federal contracting opportunities through the government-wide prime and subcontracting programs. This includes HUBZone, 8(a), women-owned and service-disabled veteran-owned small businesses. GCBD also sets size standards for small businesses which determine the size a business must be to be considered a small business.

*The Office of Entrepreneurial Development* provides business counseling and training through its resource partner network composed of small business development centers, women's business centers and SCORE, as well as through SBA's website. In addition to coordinating connections between SBA resource partners and local small business communities, SBA's district offices provide business development services and support through the 8(a) program, which complements and builds upon the assistance provided by SBA resource partners.

*The Office of Disaster Assistance* provides affordable, timely and accessible financial assistance to homeowners, renters and businesses following a disaster. The Disaster loan program is the only form of SBA assistance that is not limited to small businesses.

*The Office of International Trade* enhances the ability of small businesses to compete in the global marketplace by facilitating access to capital, providing technical assistance, ensuring the interests of small business are considered and reflected in trade negotiations, and supporting and contributing to the U.S government's international commercial and economic agenda.

Across all of these offices is a focus on reaching underserved communities, which is a particular focus of the *Office of Veterans Business Development*, *Office of Native American Affairs*, and the *Center for Faith-based and Neighborhood Partnerships*.

**Strategic Goal Two** — *Building an SBA that meets the needs of today's and tomorrow's small businesses*

SBA's management offices support Strategic Goal Two.

*The Office of Performance Management and Chief Financial Officer* provides financial and performance data and information that is useful, relevant, timely and accurate and which assists the SBA and its executive team in maximizing program performance and accountability to taxpayers.

*The Office of Credit Risk Management* focuses on mitigation of risk to taxpayers through ever-improving risk management and oversight of SBA lending programs.

*The Office of the Chief Information Officer* provides information technology leadership, product services, and operational support for the SBA in order to maximize internal efficiency and responsiveness to small businesses.

*The Office of Field Operations* works as the front line operating team for the SBA. Most SBA programs and services are executed when small businesses connect with their regional, district and branch field offices located in each state and territory.

*The Office of Communication and Public Liaison* communicates the Agency's programs and priorities to small businesses, their partners and the public at large by working with news and media outlets, developing social media content, creating user-friendly online resources, crafting high quality marketing materials, organizing events to gain feedback from small businesses, and coordinating strategic partnerships.

Other offices include the *Office of Management and Administration, Congressional and Legislative Affairs, the Office of General Counsel, the Office of Hearings and Appeals, the Office of Human Resources Solutions, and the Office of Equal Employment Opportunity.*

**Strategic Goal Three** — *Serving as the voice for small business*

All of SBA's management and program offices work together to support increasing interagency collaboration; reduce burdens on small business, and; provide current, accurate data statistics on small business to inform top-level strategic decision-making.

*Interagency Collaboration* — To ensure effective delivery of programs and services, the SBA has made collaboration with other federal agencies a top priority. The SBA is the leading participant in interagency collaborations that focus on small business job creation, including: access to capital; entrepreneurial education; innovation; government contracting; exporting; and, entrepreneurship among underserved communities including women, minorities, veterans and others.

*Reducing Burdens* — The SBA works across the federal government to increase responsiveness to and opportunities for small businesses while also reducing regulatory burdens and excessive/unnecessary enforcement. The SBA fulfills these functions through an array of listening sessions and strategic partnerships as well as the *Office of the National Ombudsman*, which receives complaints and comments from small businesses and acts as a "trouble shooter" between small businesses and federal agencies.

*Statistics on Small Business* — SBA's policy analysts are responsible for collecting data and statistics to help evaluate existing policies and programs of the SBA. They translate economic, social and demographic trends that have an impact on small business job creation into policy prescriptions that will allow the Agency to be as proactive as possible in anticipating and addressing the needs of small business.

# Strategic Goal One – Growing businesses and creating jobs

## Objective 1.1 — Expand access to capital through SBA’s extensive lending network

**Priority Goal: Process business loans as efficiently as possible.** By September 30, 2013, increase the use of paperless processing in the 7(a) program from 72 percent to 90 percent and in the 504 program from 55 percent to 75 percent to improve the efficiency, effectiveness, and level of service in its business loan programs.  
**Goal Owner:** Associate Administrator for Capital Access

7(a) and 504 - Priority Goal Indicator (1.1)

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
7(a) Approved Applications Originated Electronically (%)	Efficiency	N/A	N/A	N/A	N/A	N/A	72%	NA*	NA*	85%	90%
504 Approved Applications Originated Electronically (%)	Efficiency	N/A	N/A	N/A	N/A	N/A	50%	NA*	NA*	62%	75%

\*NA - New indicator for FY 2011 and therefore not targeted.

The increase in electronic processing for this Priority Goal is for 7(a) and 504 loans. The planned activities will help bridge gaps and address issues between the Agency and lenders, properly track performance, and improve operations to enhance efficiency through the loan approval and servicing processes:

### Milestones for FY 2012 and FY 2013:

- Focus on transitioning the remaining 16-18 percent of paper processed through delegated lending to full electronic processing. This will be accomplished by dedicating staff for system training, targeting field training for slow adopters, and leveraging communication through trade groups.
- Grow 504 electronic processing through center outreach and training.
- Initiate a pilot with a limited group of lenders for a proof of concept on electronic processing of (non-delegated) standard 7(a) electronic processing. Following successful completion of the proof of concept, The Office of Capital Access (OCA) will trigger the same series of events outlined in bullet one for growing the electronic submissions of standard 7(a) loans
- Offer additional loan servicing functionality to lenders as OCA continues to sunset screens and processes off of SBA’s mainframe systems environment.

### Financial Assistance

SBA-backed lending programs provide small businesses with the vital capital they need so they can grow and create jobs. Overall lending supported increased to \$30.5 billion in FY 2011, which reflected the highest ever SBA lending year in the 60-year history of the Agency. In FY 2011, the Small Business Jobs Act provided an additional \$505 million in subsidy to the SBA to support up to \$14 billion in small business lending through December 31, 2011. These funds were available to provide fee relief for new 7(a) and 504 loans and a higher guaranty for 7(a) loans, provisions which were first implemented under the American Recovery and Reinvestment Act of 2009. Many small businesses continued to feel the effects of the FY 2009 credit crisis which significantly reduced access to capital. Even though the fee relief and higher guaranties provided by the Small Business Jobs Act ended, small business lending continued to improve over FY 2010.

## Continued Recovery

In FY 2011, the number of 7(a) loans approved to small businesses increased 14.3 percent over FY 2010 and 30.1 percent over FY 2009. The dollar amount of 7(a) lending increased by 58.3 percent over FY 2010 and almost 114 percent over FY 2009. In addition, the Small Business Jobs Act provided permanent and temporary changes to the Agency's core lending programs that should contribute to continued recovery.

Maximum Loan Amount 7(a) Program — The maximum loan amount for 7(a) loans to any one borrower permanently increased from \$2 million to \$5 million.

Maximum Loan Amount 504 Program — The standard maximum loan limit in the 504 program was permanently raised to \$5 million (from a base that was as low as \$1.5 million). The maximum loan for manufacturing and energy related projects increased to \$5.5 million.

Alternative Size Standard — The law temporarily provided an alternative size standard for small businesses to be eligible for a 7(a) loan or 504 loan. The maximum tangible net worth of the applicant cannot be more than \$15 million, and the average net income after federal income taxes (excluding any carryover losses) of the applicant for the two full fiscal years before the date of the application cannot be more than \$5 million. This alternative size standard will be in effect until a permanent alternative size standard is provided through the regulatory process.

SBA Express — The Small Business Jobs Act temporarily increased the maximum size of an SBA Express loan from \$350,000 to \$1 million. On September 27, 2011, the maximum size of an SBA Express loan reverted back to \$350,000.

Extended Patriot Express Pilot Loan — The pilot was extended for three years, providing focused lending activity in the veteran and military community, including spouses.

Guaranteed 504 First Mortgage Loan Pools — This new program helps spur a secondary market for first mortgages associated with 504 loans.

Export Express Made Permanent — Export Express became a permanent program operated by the Office of International Trade. This program offers a \$500,000 maximum loan size, with a 90 percent guaranty on loans up to \$350,000, and a 75 percent guaranty on loans up to \$500,000.

Beyond the economic recovery activities, SBA's Office of Capital Access led several initiatives in FY 2011 to improve the performance and quality of its core operations and loan processing centers. These activities have significantly improved lender relations and Agency efficiency.

## Increasing Points of Access

With small business lending still slow in the wake of the recession, SBA loan programs remain critical to boost the supply of small business loans. The Agency strengthened relationships with existing SBA lenders and, with the aid of the Recovery Act programs, attracted more than 1,300 lenders that were new to the SBA or had not made an SBA loan since 2007. The Agency is now focused on keeping those returning lenders with better customer service and an average payment time of less than 30 days for guaranty purchases when lenders submit complete purchase request packages.

**Performance Goal: Number of jobs supported by financial assistance programs will be 590,400 in FY 2013.**

The jobs supported metric was chosen as a Performance Goal because it is an important outcome measure of the effectiveness of SBA financing. The number of jobs supported is reported directly by

small businesses receiving SBA guaranteed loans and provides an indication of the Agency's effect on the economy through the creation and retention of jobs in the small business workforce.

**Performance Goal Indicator (1.1)**

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance*	FY 2012 Estimated	FY 2013 Estimated
7(a), 504, Microloans and SBG Jobs Supported (#)	839,128	918,061	713,574	514,035	583,737	700,715	583,800	20%	574,800	586,900

\*Since the target and actual shown in this table is a combined number for the four programs, please find the variance explanations under the appropriate programs.

The following table presents consolidated data, combining the 7(a) program and the 504 program, which is how the data are most commonly requested.

**7(a) and 504 (1.1)**

Performance Indicator	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Estimated	FY 2013 Estimated
7(a) and 504 Lending Supported (\$ in Billions) <sup>(1)</sup>	\$ 27,416,914	\$ 28,498,250	\$ 24,573,164	\$ 17,818,196	\$ 22,381,940	\$ 30,539,407	\$ 22,385,000	\$ 22,922,250
7(a) and 504 Loans Approved Combined (\$000)	\$ 20,254,795	\$ 20,605,967	\$ 17,960,926	\$ 13,025,367	\$ 16,840,305	\$ 17,550,000	\$ 17,260,000	\$ 17,756,000
7(a) and 504 Loans Approved Combined (#)	107,234	110,275	78,317	47,897	54,833	55,000	52,500	47,100

<sup>(1)</sup>Lending Supported includes gross approvals in the 7(a) loan program, gross approvals in the 504 loan program, and third party loans that are made by commercial lenders as part of the 504 funding package.

In the following pages, the 7(a), 504 and Microloan programs are presented separately (individual charts and narratives) to highlight their individual contributions to SBA's efforts to make capital accessible to America's small businesses.

**7(a) Loan Program**

The 7(a) loan program is one of the Agency's primary business loan programs to assist small businesses in obtaining financing when they do not qualify for conventional credit. It is particularly valuable to those underserved businesses that have traditionally had trouble accessing the conventional credit market. Its flexibility enables small businesses to obtain financing of up to \$5 million for various business uses, with a loan maturity of up to 10 years for working capital and 25 years for real estate.

Smaller dollar SBA loans have fallen off in volume since 2007, in part because they are the costliest for lenders to make. However, they also disproportionately benefit underserved markets, women-owned businesses and start-ups. One initiative to help reverse the trend of fewer smaller dollar loans being made is to extend the Lender Advantage loan approval process to Preferred Lenders program participants and to mission oriented financial intermediaries in the Community Advantage program. This process provides SBA lenders a streamlined way to underwrite and close their 7(a) loans as a way to encourage them to consider doing more SBA lending. Since smaller dollar loans (\$350,000 and under) are critical to underserved markets and start-ups, Lender Advantage directly addresses Objective 1.6.

The SBA set a High Priority Performance Goal of increasing the number of active lending partners using the 7(a) loan program to 3,000 by September 30, 2011. The goal was achieved significantly ahead of schedule. The partnership with SBA lenders amassed a portfolio of more than \$51 billion in outstanding 7(a) loans and guaranties to almost 271,000 small businesses at the end of Fiscal Year 2011.

**7(a) - Performance Indicator Table (1.1)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Loans Approved (\$000)	Output	\$ 14,525,100	\$ 14,292,141	\$12,671,136	\$ 9,191,104	\$12,406,997	\$19,637,889	\$12,800,000	53%	\$13,160,000	\$13,623,000
SB Assisted (#) <sup>(1)</sup>	Output	88,292	90,146	62,441	37,153	41,705	46,749	40,700	15%	40,000	41,400
Jobs Supported (#) <sup>(1)</sup>	Outcome	705,481	776,729	586,955	423,980	473,502	582,707	474,100	23%	470,000	486,500
Active Lending Partners (#) <sup>(2)(3)</sup>	Output	2,312	2,383	2,408	2,771	3,061	3,537	3,000	18%	2,700	2,800
Cost per SB Assisted (\$)	Efficiency	\$ 821	\$ 792	\$ 1,382	\$ 2,443	\$ 2,280	\$ 1,882			\$ 2,238	\$ 2,267

Budgetary Resources	Budgetary Obligations Incurred					
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
Total Administrative Resources (\$000) <sup>(4)</sup>	\$ 72,485	\$ 71,387	\$ 86,282	\$ 90,764	\$ 95,090	\$ 88,000

Budget Requests	
FY 2012 Request	FY 2013 Request
\$ 89,528	\$ 93,834

\*NA - Not Available

- (1) A more precise methodology was developed in FY 2009 to calculate "Jobs Supported" and "Small Businesses Assisted." In addition to the change in methodology, the "Job Supported" figures are net of fully cancelled loans. Prior year results have been restated to reflect this change. "Jobs Supported" replaced the title "Jobs Created/Retained." "Jobs Supported" more clearly described the measured activity.
- (2) This performance indicator has been identified as a Performance Goal.
- (3) FY 2010 & FY 2011 is a cumulative two year goal, so FY 2011 Actual is a two year cumulative number. Beginning in FY 2012, this changes to an annual target and actual results will be reported annually.
- (4) FYs 2009, 2010 and 2011 Budgetary Resources does not include funds associated with the Recovery and Jobs Acts.

**Variance Explanation**

<b>Loans Approved (53% over target)</b> - The increase was largely due to implementation of the Small Business Jobs Act. The extension of the fee relief and higher guarantees greatly encouraged small business lending.
<b>SB Assisted (15% over target)</b> - The increase was largely due to implementation of the Small Business Jobs Act. The extension of the fee relief and higher guarantees greatly encouraged small business lending.
<b>Jobs Supported (23% over target)</b> - The increase was largely due to implementation of the Small Business Jobs Act. The extension of the fee relief and higher guarantees greatly encouraged small business lending.
<b>Active Lending Partners (18% over target)</b> - Greater cross-agency coordination, as well as engagement with field offices and lending partners were key aspects that helped drive performance on this goal. In addition, SBA was able to achieve the goal one year ahead of schedule because the Recovery and Jobs Acts provided some temporary staff resources.

**FY 2011 Accomplishments**

Fiscal Year 2011 set an all-time high in the number of 7 (a) loan dollars approved, a record \$19.6 billion. The SBA was instrumental in expanding access to capital in FY 2011 in a number of important ways in part by meeting the High Priority Performance Goal of increasing the number of active lending partners to 3,000 over a two-year period. In FY 2011, the Agency launched the Community Advantage pilot loan program; by the end of the fiscal year more than 30 mission lenders that target underserved markets were on board. The SBA also introduced a completely revamped and modernized set of CAPLine programs that will significantly increase the number of lenders that meet the working capital needs of businesses with receivables and contracts. This capital is critical for small businesses to effectively integrate into, and be competitive in, the global supply chain for products and services.

**FY 2013 Planned Performance**

The SBA is requesting \$235.6 million of credit subsidy budget authority which, combined with prior year carryover of subsidy funds, will support \$16 billion in lending authority for the 7(a) program. This financing is estimated to assist 41,400 small businesses and support or create an estimated 486,500 jobs.

The Office of Capital Access (OCA) will improve the 7(a) loan program in FY 2013 by implementing SBA's Priority Goal of increasing electronic application submissions by to 90 percent. SBA's increased use of technology will improve quality and will reduce the complexity of the lending process while making it more efficient. OCA will continue to find ways to streamline and simplify the process of making and servicing SBA loans to make SBA lending attractive to more lenders. OCA will continue its partnership with the Office of Field Operations to increase lending, reduce lender errors, and improve the customer experience for both borrowers and lenders. Customized management information at the lender level will give lenders key metrics on their performance, especially when compared to their peers. These feedback mechanisms will help improve lender interactions with the SBA, and vice versa.

FY 2013 will see the maturation of the Community Advantage pilot loan program. More than 100 participating lenders are expected. Community Advantage loans are expected to be on average more than \$50,000 and disperse more than \$400 million of total capital through mission lenders in FY 2013, with over 61 percent going to underserved markets. Assuming the program is performing as planned, the SBA will seek approval to make the program permanent.

More than 50 percent of Small Loan Advantage loans will reach underserved markets and more than 25 percent of PLP lenders will participate. The two Advantage loan processing initiatives will be rebranded and maximum loan size expanded (assuming that PLP lenders responded with sufficient increases in smaller dollar lending under Small Loan Advantage). These programs will be the cornerstone of SBA's ongoing product simplification and optimization process.

On a larger scale, the SBA helped secure \$20 billion in commitments to increase all small business lending in the coming three years from several of the nation's top lenders. Many of these commitments included increased use of SBA programs including Community Advantage and others.

## 504 Loan Program

The 504 loan program is SBA's premier economic development program, providing "brick and mortar" and/or major equipment financing. Thanks to particular features of this program, such as a statutorily-mandated job creation component, a community development goal, or a public policy goal achievement component, the program helps the SBA facilitate job creation and meets the Agency's mission to maintain and strengthen the nation's economy by enabling the establishment and viability of small businesses. A typical 504 project includes a loan secured from a private sector lender with a senior lien, and an SBA-backed loan secured from a certified development company (CDC) in a second position.

504 - Performance Indicator Table (1.1)

Performance Indicator <sup>(1)</sup>	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Loans Approved (\$000)	Output	\$ 5,729,695	\$ 6,313,826	\$ 5,289,790	\$ 3,834,263	\$ 4,433,308	\$ 4,845,119	\$ 4,750,000	2%	\$ 4,100,000	\$ 4,133,000
SB Assisted (#) <sup>(1)</sup>	Output	9,719	10,409	8,675	6,461	7,664	7,752	8,100	-4%	6,800	6,800
Jobs Supported (#) <sup>(1)</sup>	Outcome	118,840	126,069	111,996	74,849	82,543	87,337	88,800	-2%	75,900	76,500
Active Lending Partners (#)	Output	271	273	274	274	267	249	267	-7%	267	267
Cost per SB Assisted (\$)	Efficiency	\$ 2,204	\$ 2,394	\$ 2,894	\$ 4,936	\$ 4,728	\$ 5,017			\$ 5,839	\$ 6,162
Budgetary Resources		Budgetary Obligations Incurred						Budget Requests			
		FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Request	FY 2013 Request		
Total Administrative Resources (\$000) <sup>(2)</sup>		\$ 21,424	\$ 24,915	\$ 25,106	\$ 31,889	\$ 36,232	\$ 38,888			\$ 39,707	\$ 41,902

(1) A more precise methodology was developed in FY 2009 to calculate "Small Businesses Assisted" and "Jobs Supported". In addition to the change in methodology, the "Job Supported" figures are net of fully cancelled loans. Prior year results have been restated to reflect this change. "Jobs Supported" replaced the title "Jobs Created/Retained." "Jobs Supported" more clearly described the measured activity.

(2) FYs 2009, 2010 and 2011 Budgetary Resources does not include funds associated with the Recovery and Jobs Acts.

### Variance Explanation

<b>Loans Approved (2% over target)</b> - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
<b>SB Assisted (4% under target)</b> - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
<b>Jobs Supported (2% under target)</b> - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
<b>Active Lending Partners (7% under target)</b> - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.

## FY 2011 Accomplishments

In FY 2011, the 504 loan program reflected a steady increase of 26 percent in loan dollars approved over the previous 3 fiscal years (FY 2009 – FY 2011).

The SBA continued making major revisions to its 504 regulations and SOP to strengthen governance and oversight of the program, simplify processes, and eliminate non value-added regulatory burdens on CDCs. The regulatory revisions will be completed during FY 2013. In addition to revising 504 regulations and re-engineering loan servicing centers, the SBA is reviewing loan administration processes to eliminate non value-added practices and strengthen program integrity.

Also in FY 2011, the SBA implemented the debt refinancing provision in the Small Business Jobs Act of 2010 which temporarily expanded the ability of a small business to use the 504 loan program to refinance certain qualifying existing debt without a business expansion. The interim final regulations were published in the Federal Register on February 17, 2011. The final rule for the regulations was published

on October 12, 2011. In FY 2011, \$255.4 million in 504 loans was approved for refinancing. This provision will be a big advantage to small businesses as it allows them to refinance existing debt, locking in the cost of a portion of their existing debt often for substantially less than their current monthly payments. The final rule allows the inclusion of refinancing eligible business expenses. It is anticipated that this change will significantly increase assistance to small businesses. This debt refinancing option will expire on September 27, 2012.

### **FY 2013 Planned Performance**

The SBA is requesting \$113 million of credit subsidy budget authority which, combined with prior year carryover of subsidy funds, will support \$6 billion in lending authority for the 504 program. This financing will assist 6,800 small businesses and support or create 76,500 jobs. It is important to keep this critical pipeline of lending open to entrepreneurs who can help put Americans back to work and revive the economy through FY 2013.

The Office of Capital Access will continue to improve the 504 program in FY 2013 by implementing SBA's Priority Goal of increasing electronic application submissions to 75 percent. SBA's increased use of technology will improve quality and will reduce the complexity of the lending process while making it more efficient.

In FY 2013, the SBA will implement revisions to the 504 regulations and SOP. These changes focus on improving governance and oversight and modifying unnecessary, burdensome policies. This regulation revision also helps the SBA achieve Objectives 2.1 and 2.3.

### ***Microloan Program***

The Microloan program helps the smallest of small businesses become established and achieve success. It provides loans to community-based intermediary lenders which, in turn, re-lend the funds in amounts of \$50,000 or less ("microloans") to start-ups, newly established, and growing small businesses in need of small-scale financing. Intermediaries may also receive grants to help fund the cost of providing business-based training and technical assistance to microbusinesses. The fusion of capital and training helps shore up the capacity of the microborrower to turn a profit, improve operations, grow the business and create jobs.

### Microloan - Performance Indicator Table (1.1)

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
SB Assisted (#) <sup>(1)</sup>	Output	2,395	2,427	2,682	2,727	3,798	3,999	4,600	-13%	3,400	2,600
Jobs Supported (#) <sup>(1)</sup>	Output	10,247	10,499	9,985	10,950	13,612	13,271	14,500	-8%	14,000	9,000
Loans Approved by SBA to Microlenders (\$000)	Output	N/A*	N/A*	N/A*	N/A*	\$38,129	35,479	NG*	NG*	\$25,000	\$18,000
Loans Approved by Microlenders (\$000)	Output	\$33,100	\$32,300	\$31,100	\$34,928	\$45,046	\$46,834	\$65,000	-28%	\$43,931	\$32,000
Business Counseled (#)	Output	2,545	2,489	2,682	2,757	14,916	15,900	6,500	145%	13,600	10,400
Active Lending Partners (#)	Output	140	150	143	139	163	121	126	-4%	124	120
Cost per SB Assisted (\$)	Efficiency	\$ 6,626	\$ 7,126	\$ 6,855	\$ 9,088	\$ 8,869	\$ 9,685			\$ 9,734	\$ 12,938

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Request	FY 2013 Request
Total Resources (\$000) <sup>(2)</sup>	\$ 15,870	\$ 17,294	\$ 18,385	\$ 24,783	\$ 33,686	\$ 38,729	\$ 33,095	\$ 33,640

\*N/A - Not Available

\*NG - New Indicator Not Goaled for FY 2010

(1) A more precise methodology was developed in FY 2009 to calculate "Jobs Supported" and "Small Businesses Assisted." In addition to the change in methodology, the "Job Supported" figures are net of fully cancelled loans. Prior year results have been restated to reflect this change. "Jobs Supported" replaced the title "Jobs Created/Retained." "Jobs Supported" more clearly described the measured activity.

(2) FYs 2009, 2010 and 2011 Budgetary Resources does not include funds associated with the Recovery Act or the Prime Technical Assistance program.

#### Variance Explanation

<b>SB Assisted (13% under target)</b> - FY2011 activity was overestimated. Intermediaries spent larger amounts of time on training and technical assistance than anticipated. Regardless, more loans were actually made in FY2011 than in any previous year.
<b>Jobs Supported (8% under target)</b> - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
<b>Loans Approved by Microlenders (28% under target)</b> - FY2011 activity was overestimated. Intermediaries spent larger amounts of time on training and technical assistance than anticipated. Intermediaries relayed reticence on the part of small businesses to go into debt. Regardless, more loans were actually made in FY2011 than in any previous year.
<b>Business Counseled (145% over target)</b> - Intermediaries spent larger amounts of time on training and technical assistance than anticipated.
<b>Active Lending Partners (4% under target)</b> - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.

### FY 2011 Accomplishments

All loan funding available for FY 2011, including carryover funding, was expended prior to the end of the fiscal year. The intermediaries, in turn, made approximately \$46.5 million in microloans in FY 2011. These small businesses supported or created more than 13,250 jobs in local economies.

The Microloan program, both the loan subsidy and technical assistance grants, supports Objective 1.1 by continuing to expand access to capital as well as Objective 1.6, assisting underserved businesses. During FY 2011, more than 53 percent of microloans made were to women-owned businesses. More than 58 percent were made to minority entrepreneurs. In FY 2012, SBA is focused on initiatives to further increase micro lending to underserved communities.

### FY 2013 Planned Performance

For FY 2013, the Microloan program requests a loan subsidy of \$2.8 million to support a program level of \$18 million for increased fees and subsidy in the business loan program. For the associated grants for microloan technical assistance, the Microloan program is requesting \$19.8 million. To improve efficiencies, increase risk mitigation, and support on-the-ground oversight, the headquarters program office will continue to increase coordination with SBA field offices. Currently, field offices only help support loan closing functions. In FY 2013, field offices will increase their involvement in site visits, increasing the Agency's presence without increasing travel costs. The Agency will also continue the upgrade of the microloan portfolio electronic reporting system to improve portfolio management and technical assistance data. Phase I of this project was completed in FY 2011 and Phase II will begin in FY 2012, carrying through to FY 2013. Expanded training will allow Agency partners and potential partners to maintain a baseline of knowledge regarding program participation. It is expected that this will grow into a certification process.

## Surety Bond Guarantee Program

Under the Surety Bond Guarantee program, the SBA guarantees bid, payment, and performance bonds on contracts up to \$2 million for small and emerging contractors who cannot obtain surety bonds through regular commercial channels. The SBA guaranty gives sureties an incentive to provide bonding for eligible contractors and thereby increases a contractor's access to contracting opportunities. Under the surety guaranty, an agreement between a surety and the SBA, the Agency assumes between 70 percent and 90 percent of the loss in the event of contractor default.

**SBG - Performance Indicator Table (1.1)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Contract Value of Bid and Final Bonds (\$ Billions)	Output	\$ 1.73	\$ 2.25	\$ 2.45	\$ 2.76	\$ 4.00	\$ 3.66	\$ 3.32	10%	\$ 3.70	\$ 3.70
Total Bid and Final Bonds Guaranteed (#)	Output	5,214	5,809	6,055	6,135	8,348	8,638	7,600	14%	8,850	8,850
Jobs Supported (#)	Output	4,560	4,764	4,638	4,256	14,080	17,421	6,400	172%	14,900	14,900
Cost per Job Supported (\$)	Efficiency	\$ 1,536	\$ 1,454	\$ 951	\$ 1,152	\$ 439	\$ 279			\$ 342	\$ 354

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Request	FY 2013 Request
Total Administrative Resources (\$000) <sup>(1)</sup>	\$ 7,006	\$ 6,926	\$ 4,413	\$ 4,904	\$ 6,175	\$ 4,865	\$ 5,094	\$ 5,280

(1) Administrative Resources does not include funds appropriated for the contingent liability in the revolving fund.

### Variance Explanation

<b>Contract Value of Bid and Final Bonds (10% over target)</b> - A conservative goal was set based on the expiration of the Recovery Act on 9/30/10.
<b>Total Bid and Final Bonds Guaranteed (14% over target)</b> - A conservative goal was set based on the expiration of the Recovery Act on 9/30/10.
<b>Jobs Supported (172% over target)</b> - At the time that this goal was set, SBA calculated the number of jobs supported based on Dept. of Labor statistics. The information is now collected from the small business.

## FY 2011 Accomplishment

In FY 2011, the SBA guaranteed a total of 8,638 bid and final bonds for a combined contract value of approximately \$3.7 billion. The number of bonds represents an approximate three percent increase over FY 2010. All program goals were met. The SBA also approved two surety companies to participate in the Prior Approval program. An additional company has expressed interest in, and is expected to join, the program.

The application cycle time averaged about 1.9 days which was well below the goal of 4.5 days. The average claims processing cycle time of 8 days was also well below the goal of 13 days.

Two final rules were published in FY 2011. The first implemented the provisions of the Small Business Disaster Response and Loan Improvements Act which increases the eligible contract limit for projects in major disaster areas. Funding for this provision is still needed, however. The second rule allows the SBA to guarantee bid and performance bonds for timber sale contracts.

The SBA established an East Coast underwriting presence to better service surety agents. Enhancements were made to the surety bond guarantee system to make the application process more efficient and less burdensome to Prior Approval agents.

## FY 2013 Planned Performance

During FY 2012, the SBA will investigate establishing a single guarantee percentage in the Prior Approval and Preferred Surety Bond programs and restructure the Prior Approval program. This will enhance operational efficiency and effectiveness and will result in more surety participation. This, in turn, will expand bonding opportunities for small businesses and increase the number of jobs supported.

In FY 2013, the SBA will work with the surety industry to maximize awareness of the program and provide bonding for more small businesses, and the Agency will participate in surety and contractor industry

conferences and seminars. Efforts will be focused on bringing new sureties and agents into the program to increase program activity in underserved areas. Part of funding requested in FY2013 will be used for program risk management and oversight activities; surety audits and reviews of each participating company will be conducted every two to three years to ensure statutory and regulatory compliance.

### ***Small Business Development Center Program***

A major focus of the SBDC program is assisting entrepreneurs and small business owners with the acquisition of capital. One of three primary goals for the program, capital infusion is measured in terms of the dollars obtained and invested in the small business. The main sources of capital infusion (loans and equity) are traditional bank financing and capital markets, SBA guaranteed loans, and equity contributions from angel investors, family, friends, and venture capitalists.

#### **FY 2011 Accomplishments**

In FY 2011, SBDC clients reported that they were able to access more than \$3.6 billion in loans and equity as a result of the assistance received from SBDC business advisors. SBDC business advisors have become a valuable resource for borrowers seeking both government-guaranteed and traditional small business loans. Small business clients indicated that 37 percent (\$1.37 billion) of this financing came from traditional bank financing and capital markets; 18 percent (\$680 million) came from SBA guaranteed loans; and the remaining 45 percent (\$1.66 billion) came from equity contributions from angel investors, family, friends and venture capitalists.

#### **FY 2013 Planned Performance**

The SBDC program will use the FY 2013 appropriation of \$101.1 million, in part, to link entrepreneurs and small business owners with sources of capital to expand their businesses. The SBDC network will leverage relationships with the lending and investment community to support the capital acquisition needs of entrepreneurs with a goal of assisting clients to acquire \$3.4 billion in capital infusion for their small businesses.

### **International Trade Loan Programs**

The SBA has three loan programs that address the financing needs of small business exporters: Export Express, Export Working Capital, and International Trade.

Export Express is a stand-alone, permanent program with a \$500,000 maximum loan amount. It is especially helpful for early stage exporters, as it permits a wide range of options for uses of proceeds, including costs associated with developing and entering 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. The Export Working Capital loan program is designed to provide necessary financing to support an exporter's transactions, from purchase order to final payment. Now, with a \$5 million maximum loan amount and 90 percent guaranty, more lenders have expressed an interest in using the program. The allowable size for the International Trade Loan was also increased to \$5 million and given a 90 percent guaranty. This loan provides financing to allow a company to expand its production capacity as a result of export success, including those that want to bring production back from overseas through "insourcing" or "onshoring" their production as they continue to sell internationally, as well as those that have been adversely impacted by imports. See Objectives 1.5, 1.6 and 3.1 for more details on the SBA International Trade program.

### **FY 2011 Accomplishments**

In FY 2011 the international trade loan program had its most successful year on record with a 23.4 percent increase in its core export loan programs. The Export Express, Export Working Capital, and International Trade loan programs had their best year since the financial crisis of 2008. For FY2011 \$918 million in financial assistance was provided to 1,346 small businesses that export. The number of Preferred Lenders approved to process Export Working Capital loans increased by 40 percent during FY 2011. The number of lenders trained on SBA loans for exporters totaled 3,518.

### **FY 2013 Planned Performance**

For FY 2013, the Office of International Trade will continue to promote SBA programs to businesses and lenders to make them aware of important program changes effected by the Small Business Jobs Act and to increase the number of Preferred Lenders for the Export Working Capital program by at least 50 percent over FY 2011.

## Objective 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

**Priority Goal: Increase small business participation in government contracting.** By September 30, 2013, the SBA will increase small business participation in federal government contracting to meet the government-wide goal that 23 percent of all prime contracting dollars go to small businesses, and continue to ensure that the benefits of SBA's small business contracting programs flow to the intended recipients.

**Goal Owner:** Associate Administrator for Government Contracting and Business Development

### Prime Contracting - Priority Goal Indicator (1.2)

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Target	FY 2010 Variance	FY 2011 Target	FY 2012 Target	FY 2013 Target
Fed Contract Dollars Awarded to SB (% of Total Applicable Federal Contract Dollars)	Outcome	22.8%	22.0%	21.5%	21.9%	22.7%	23.0%	-1%	23.0%	23.0%	23.0%

### Variance Explanation

**Fed Contract Dollars Awarded to SB (1% under target)** - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.

### Milestones for FY 2012 and FY 2013:

- Work with the other 23 Chief Financial Officer Act agencies to set goals for FY 2012 and 2013.
- Ensure agencies develop comprehensive plans to achieve their small business goals.
- Monitor agencies' progress against goals throughout the year.
- Chair the Small Business Procurement Advisory Council to provide updates on small business programs and share best practices.
- Develop and release the Annual Goaling Report and Small Business Procurement Scorecards.
- Increase efforts to recruit qualified firms for SBA's contracting programs and conduct matchmaking events to connect these small businesses with contracting opportunities.

## Contracting Assistance

Through stronger efforts to coordinate and collaborate with other federal agencies, the SBA worked across the federal government to increase the percentage of contracts going to small businesses from 21.9 percent (FY 2009) to 22.7 percent (FY 2010), just shy of the goal of 23 percent of eligible federal government prime contracting dollars going to small businesses. This was the largest two-year increase in over a decade. The Agency provides contracting assistance through its Prime Contracting and Subcontracting assistance programs, as well as its Business Development program.

Five contracting programs specifically target underserved markets and underserved populations. Therefore, the 7(j), 8(a), HUBZone, Service-Disabled Veteran-Owned Small Business and the Women-owned Small Business programs appear under Objective 1.6.

### Prime Contracting

The SBA advocates on behalf of small business in the federal contracting world and administers several programs and services that assist small businesses in meeting the requirements to compete for government contracts, either as prime contractors or subcontractors. The Agency works to create an environment in which small businesses – including businesses owned and controlled by socially and economically disadvantaged individuals, women, service-disabled veterans, and small businesses

located in HUBZones – can maximize participation in federal government prime contracting and subcontracting.

**Prime Contracting - Performance Indicator Table (1.2) <sup>(1)</sup>**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Target	FY 2010 Variance	FY 2011 Target	FY 2012 Target	FY 2013 Target
Fed Contract Dollars Awarded to SB (\$ Billion)		\$ 78.0	\$ 83.0	\$ 93.0	\$ 96.8	\$ 98.0	\$ 90.0	9%	\$ 90.0	\$ 87.0	\$ 87.0
Contracts to Small Disadvantaged Businesses - 8(a) Program Participants (%) <sup>(2)</sup>	Output	6.76%	6.58%	6.76%	7.57%	7.95%	5.00%	59%	5.00%	5.00%	5.00%
Contracts to Women-Owned Small Businesses (%) <sup>(2)</sup>	Output	3.41%	3.42%	3.39%	3.68%	4.04%	5.00%	-19%	5.00%	5.00%	5.00%
Contracts to Service-Disabled Veteran Owned Small Businesses (%) <sup>(2)</sup>	Output	0.87%	1.01%	1.49%	1.98%	2.50%	3.00%	-17%	3.00%	3.00%	3.00%
Contracts to HUBZone Firms (%) <sup>(2)</sup>	Output	2.11%	2.24%	2.34%	2.81%	2.77%	3.00%	-8%	3.00%	3.00%	3.00%
Jobs Supported (#)	Outcome	612,000	605,000	654,114	662,107	637,156	637,000	0.02%	637,156	572,000	565,000
Cost per Job Supported (\$)	Efficiency	\$ 30.81	\$ 32.80	\$ 36.94	\$ 36.60	\$ 45.99			\$ 42.59	\$ 50.81	\$ 49.83

Budgetary Resources	Budgetary Obligations Incurred				
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual
Total Administrative Resources (\$000)	\$ 18,853	\$ 19,842	\$ 24,164	\$ 24,230	\$ 29,300

Budget Requests		
FY 2011 Actual	FY 2012 Request	FY 2013 Request
\$ 27,136	\$ 29,063	\$ 28,153

\*NA - Not Available

(1) FY 2011 data will not be available until the 3rd quarter FY 2012. Therefore, the SBA goals against the prior year data - FY 2010

(2) These performance indicators has been identified as a High Priority Performance Goal (HPPG).

**Variance Explanation**

<b>Fed Contract Dollars Awarded to SB (9% over target)</b> - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
<b>Contracts to Small Disadvantaged Businesses - 8(a) Program Participants (59% over target)</b> - Although SBA negotiated small business prime contracting goals with the various agencies, the statutory requirement is to set the socio-economic category of SDB at 5% – which encompasses 8(a) and SDB businesses.
<b>Contracts to Women-Owned Small Businesses (19% under target)</b> - Although SBA negotiated small business prime contracting goals with the various agencies, the statutory requirement is to set the socio-economic category of WOSB at 5%. In FY 10, the 19% variance represents the smallest gap during 2006-2010 between actual goals and target goals. Additional provisions have been made available under the Small Business Jobs Act which are being implemented to provide agencies with additional tools to assist them in meeting their individual goals and the overall government-wide goals.
<b>Contracts to Service-Disabled Veteran Owned Small Businesses (17% under target)</b> - Although SBA negotiated small business prime contracting goals with the various agencies, the statutory requirement is to set the socio-economic category of SDVOSB at 3%. In FY 10, the 17% variance represents the smallest gap during 2006-2010 between actual goals and target goals. Additional provisions have been made available under the Small Business Jobs Act which are being implemented to provide agencies with additional tools to assist them in meeting their individual goals and the overall government-wide goals.
<b>Contract to HUBZone Firms (8% under target)</b> - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
<b>Jobs Supported (.02% over target)</b> - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.

**FY 2011 Accomplishments**

Due to the reporting cycle of federal procurement data, the official FY 2011 results for the government-wide target of 23 percent are not available at the time of publication and will not be available until summer 2012. However, preliminary results indicate that a number of budget challenges in FY 2011 will have an impact on the final outcome. During this period, the Office of Government Contracting and Business Development (GCBD) has and continues to review small business contracting performance at both an agency-specific and government-wide level.

In FY 2011, GCBD began implementing the 19 procurement-related provisions contained in the Small Business Jobs Act of 2010, to help small businesses compete more effectively for federal prime and subcontracts. For example, GCBD published the Parity Rule, which allows contracting officers to choose to set aside contracts for women-owned service-disabled veteran-owned, HUBZone or 8(a) small business concerns. The Jobs Act also repealed the Competitive Demonstration program, which reinstates small business set-asides in 11 industries where small businesses have historically performed well.

GCBD also successfully reviewed and changed the small business size standards for the Retail Trade, Accommodations in Food Services and Other Services industries, resulting in an increase in the number of businesses qualifying as small. In accordance with the Small Business Jobs Act of 2010, and Executive Order 13563, GCBD reviewed size standards for the Professional, Scientific and Technical Services, Transportation and Warehousing, Administrative and Support, Waste Management and

Remediation Services, Information, Real Estate and Rental and Leasing, and Educational Services industries and prepared proposed rules to increase size standards for a number of these industries. Proposed rules for Professional, Scientific and Technical Services, Transportation and Warehousing were published for comments. Proposed rules for Administrative and Support, Waste Management and Remediation Services, Information, Real Estate and Rental and Leasing, and Educational Services were submitted for OMB's review to publish them in the *Federal Register*.

Additionally, GCBD implemented the Women-owned Small Business program, which for the first time allows contracting officers to set aside certain contracts for women-owned small businesses in over 300 industries where they are underrepresented.

During 2011, the SBA co-led the White House Small Business Procurement Group. Also, in coordination with the White House Council on Jobs and Competitiveness, the SBA worked to increase small business participation in large business supply chains. The SBA will continue these efforts in FY 2012.

The Agency also worked with the OMB to implement a Presidential initiative to accelerate payment for federal prime contracts with small businesses, called "QuickPay." Cutting the payment time from the statutory maximum of 30 days to 15 days will provide a permanent infusion of additional working capital for small business contractors.

GCBD began implementation of other provisions contained in the Small Business Jobs Act and the President's Interagency Task Force on Federal Contracting Opportunities for Small Businesses, including: multiple award contract set-asides; bundling and consolidation of contracts requirement accountability; subcontracting compliance; mentor/protégé programs for women-owned, Service-Disabled Veteran-Owned, and HUBZone small businesses; presumption of loss for size or status/misrepresentation and an annual size and status update requirement to combat fraud, waste, and abuse in federal contracting; and review of all small business size standards.

### **FY 2013 Planned Performance**

For FY 2013, GCBD will continue to strengthen small businesses' ability to access and compete for federal contracts by working with federal agencies in meeting the federal government-wide prime and subcontracting small business statutory procurement goals. GCBD will also continue to work with the Office of Federal Procurement Policy and federal agencies on improving procurement data quality and minimizing fraud, waste and abuse.

In accordance with its management and oversight responsibilities, SBA's government contracting office will issue the Small Business Procurement Goaling Report and Scorecards for each federal agency's small business contracting performance.

The comprehensive review of small business size standards required by the Small Business Jobs Act of 2010 will continue into FY 2013. GCBD will finalize the review of size standards for industries in Agriculture; Utilities; Mining; Construction; Finance and Insurance; Management of Companies and Enterprises; Health Care and Social Assistance; Arts, Entertainment and Recreation; Wholesale Trade; and, Manufacturing. All monetary-based size standards will be adjusted for inflation.

One of the key process management initiatives will be implementing a revised certification and tracking system for the 8(a) and HUBZone programs, as well as conducting additional trainings for staff in these programs. Additional trainings and operational improvements will also be focused on programs for women-owned small businesses and service-disabled veteran small businesses.

GCBD also plans to develop a portal through [SBA.gov](http://SBA.gov) to better share best practices internally and with other agencies regarding small business contracting.

An additional area of focus for FY 2013 will be the development and implementation of counseling and training programs for before and after a small disadvantaged business participates in the 8(a) Business Development program. This will allow the SBA to maximize the benefits of this important program.

For more information on contracting programs for underserved communities, see Objective 1.6. Also, for information regarding reducing fraud, waste and abuse in contracting programs, see Objective 2.3.

## **Objective 1.3 — Strengthen SBA’s entrepreneurial education, counseling and training resources to help create new businesses and support the needs of existing businesses by successfully focusing on core program resources and ensuring these resources are aligned with the needs of both Main Street and high-growth small businesses**

### **Counseling and Training**

SBA’s entrepreneurial development resources are the front door to America’s small businesses. Through online training on [www.sba.gov](http://www.sba.gov), strategic partnerships, and its vast resource partner network, the SBA supports over one million clients annually as they start, sustain and grow their small businesses. From underserved urban and rural communities to mainstream and high-growth small businesses in all regions and industries, the SBA provides the path to growth.

*SBA’s resource partner network reaches into communities across America.* More than 14,000 business counselors, mentors and trainers are available through over 900 small business development centers, 110 women’s’ business centers, and 364 SCORE chapters. Resource partner business experts represent a vast network of industry-specific mentors who come from diverse communities across America. They provide face-to-face and online counseling, training and mentoring to help small businesses develop strategic plans, conduct market studies, implement new technologies, access needed capital, engage in exporting, and much more.

*SBA-supported counseling makes a difference.* Those who receive counseling are more likely to start businesses, their businesses are more likely to survive over the ensuing years, and they are better prepared to seek financing and to plan effectively for future business growth.

*Working through its resource partners, the SBA drives business success.* In FY 2011, resource partner clients started over 15,000 small businesses and accessed over \$3.6 billion in capital.

In addition to its vast resource partner network in communities across America, the SBA provides a broad range of high impact online training courses and resources on [www.sba.gov](http://www.sba.gov). And through the Agency’s cluster initiatives, in particular those with the Department of Commerce and Labor Department, the SBA is supporting regional economic networks that connect small businesses with targeted, industry-specific counseling, networking, supply chain and contracting opportunities, as well as connections to lenders focused on sector-specific financing growth.

A critical part of SBA’s entrepreneurial development mission is to support small business growth in underserved communities. The Agency therefore pursues initiatives specifically designed to reach and support underserved business communities in urban, rural and faith-based communities; among economically and socially disadvantaged women entrepreneurs; in Native and tribal lands; and among veterans and the next generation of young entrepreneurs. These targeted programs focus on supporting entrepreneurship, mentoring, counseling and training and are specifically tailored to the needs of these entrepreneurial markets.

Working with other federal agencies, including the Departments of Labor, Education and Agriculture, the SBA establishes programs to drive opportunities for “apprenticeship to entrepreneurship” among job trainees; foster entrepreneurship education among the nation’s minority-serving educational institutions; and, provide entrepreneurship training in rural areas, especially among agricultural entrepreneurs driving the next era of high-growth food processing technologies and opportunities.

Collaboration across SBA’s entrepreneurial development resources is not only encouraged, it is required. Each resource partner’s annual agreement contains provisions on collaboration not only among the resource partner network, but with SBA district offices, U.S. export assistance centers, microlenders and

veterans business outreach centers. Collaboration takes many forms and includes co-location of resources, coordination of training events, and joint client evaluation and business planning.

**Performance Goal: The SBA will increase the average hours of counseling per client for all OED resource partner programs by 2 percent.**  
**Goal Owner: Associate Administrator for the Office of Entrepreneurial Development**

A new Performance Goal metric was established based on impact studies<sup>2</sup> that show there is a direct positive correlation between hours of business counseling and related assistance a client receives and the improvement in longevity, profitability and growth of his or her business. At the core of all of SBA's entrepreneurial development efforts is the foundation of targeted, effective counseling to drive business success. For this reason, SBA's overarching entrepreneurial development performance goal focuses on driving longer-term, substantive counseling in all resource partner programs.

**Performance Goal Indicator for SBDC, WBC and SCORE (1.3)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Average Annual hours of client assistance (%)	Outcome	N/A	Baseline	TBD							

### Skills Training/Entrepreneurship Education

Skills training is critical for America's ongoing competitiveness. Effective workforce development involves skills training for the next generation of workers, among whom unemployment peaked at approximately 20 percent during the recent downturn. It also involves skills training for existing and older workers who are transitioning to new positions or taking on new duties at their current jobs. For many of these young, mid-career, and late-career members of America's workforce, entrepreneurship training is the toolkit which empowers them to take their skills and become job creators.

Entrepreneurship training focuses on motivation to achieve and to innovate. Among the younger workforce, this training is shown to generate higher occupational aspirations and greater interest in leadership positions. Many older workers anticipate starting a business or working for themselves part-time or full-time after retirement or a lay-off. Entrepreneurship skills training will provide great potential for the creation and success of small businesses that will drive local economies and create jobs.

The SBA has been in conversations with the Department of Labor and Department of Education on effective ways to integrate the federal government's workforce skills training with effective entrepreneurship education. Discussions have centered on opportunities to leverage the SBA's more than 14,000-person resource partner network (SBDCs, SCORE and WBCs) to provide this integration, potentially through community and regional college campuses.

Specifically, the SBA will:

- partner with Job Corps to expand the type of integration that is currently being piloted in Job Corps locations;
- identify and re-purpose specific educational training curricula focused on mid-career entrepreneurship training;
- expand outreach to corporate and private-sector partners focused on skills training and entrepreneurship support; and
- develop support for connecting graduates of combined workforce skills/entrepreneurship education with industry-specific mentors, sources of capital, customer and vendor connections.

<sup>2</sup> For the "SBA ED Resources Impact Study 10-11 Final Report" see [www.sba.gov/about-offices-content/1/2463/resources](http://www.sba.gov/about-offices-content/1/2463/resources).

## Small Business Development Center Program

As SBA's largest non-finance program, small business development centers (SBDC) provide services to facilitate the creation of viable businesses and to sustain and grow established businesses. SBDCs deliver management and technical assistance to small businesses through an extensive business education network comprised of 63 lead centers managing over 900 outreach locations throughout the U.S. and the insular territories. SBDCs deliver professional business counseling and training that is focused on strategic planning, business development, financial planning and cash flow management to approximately 590,000 business clients annually,

Special emphasis areas of business counseling and training include facilitating innovation and high-growth companies with small business innovative research (SBIR) grants, commercialization and technology transfer services, and export tools and guidance. Seven SBDCs have specialized international trade centers that will expand to 46 of the 63 networks. SBDCs also provide services related to disaster recovery, contracting, energy efficiency, veterans' assistance, and manufacturing.

SBA grant funding to small business development centers 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, generating business revenue, job creation and job retention as well as enhancing local and regional economies.

During FY 2007, new goals were established to center on quality and economic impacts rather than volume of program outputs. In FY 2010 the SBA assessed and analyzed these program performance measurements. Based on this, the Office of Small Business Development Centers (OSBDC) made adjustments to the performance measures used to drive program results, with increased emphasis on in-depth business advice and counseling across the SBDC program.

**SBDC - Performance Indicator Table (1.3)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Long-Term Counseling Clients (#) <sup>(1)</sup>	Output	N/A*	53,736	53,557	58,468	59,247	62,117	61,000	2%	54,000	52,000
SB Created (#)	Outcome	N/A*	7,331	12,730	12,543	14,065	13,664	12,500	9%	15,600	12,500
Capital Infusion (\$ Millions)	Outcome	N/A*	N/A*	N/A*	N/A*	\$ 3.8	\$ 3.6	\$ 3.7	-3%	\$ 3.7	\$ 3.4
Jobs Supported (Jobs Bill) (#)	Outcome	N/A*	44,000	40,000							
Cost per Job Supported (Jobs Bill) (\$)	Efficiency	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*			\$ 2,783	\$ 2,793
Cost per SB Created (\$)	Efficiency	N/A*	\$ 13,810	\$ 8,757	\$ 10,366	\$ 9,117	\$ 9,538			\$ 4,474	\$ 5,094

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Request	FY 2013 Request
Total Administrative Resources (\$000)	\$ 103,007	\$ 101,241	\$ 111,481	\$ 130,020	\$ 128,232	\$ 130,323	\$ 122,452	\$ 111,705

\*N/A - Not Available

(1) The methodology for measuring this indicator changed in FY 2010. Prior years have been adjusted for this change.

### Variance Explanation

**Long-Term Counseling Clients (2% over target)** - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.

**SB Created (9% over target)** - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.

**Capital Infusion (3% under target)** - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.

## FY 2011 Accomplishments

In support of SBA's objective to grow businesses and create jobs, during FY 2011 OSBDC administered \$113 million dollars in grant funds to the SBDC network to strengthen the delivery of entrepreneurial counseling and training. SBDC professional business advisors helped more than 13,600 entrepreneurs start new businesses, an average of 37 new businesses a day. The SBDC national network provided counseling services to approximately 108,000 nascent entrepreneurs and 102,000 existing businesses and also provided training to approximately 350,000 clients.

Through specialized grant programs, the OSBDC provided \$3.4 million to promote green energy, green buildings and green job growth; provide assistance to veterans and to communities affected by defense cutbacks; and reach out to communities that were negatively affected by industry cutbacks and closures.

In addition, OSBDC issued \$50 million in grants to SBDCs under the provisions of the Small Business Jobs Act of 2010. These funds supported projects and initiatives, and built capacity in areas such as international trade, high growth companies, technology and innovation, underserved markets, regional innovation economies, technology transfer, and SBIR services.

### **FY 2013 Planned Performance**

For FY 2013, with a budget request of \$101.1 million, SBDCs will focus on strengthening local and regional economies in order to create jobs. In addition to core functions and in recognition of the necessity for businesses to think globally, the OSBDC will encourage SBDCs to expand the number of certified export and trade business counselors and encourage them to develop international trade centers. SBDCs will be encouraged to foster the SBDC model globally to support U.S. bilateral international partnerships; help expand global opportunities for U.S. small businesses; and meet the business assistance demands of the international trade sector.

To further the strategic goal of ensuring that core resources are aligned with the needs of Main Street and high-growth small businesses, SBDCs will work collaboratively with other resource partners to empower entrepreneurs with the expertise to turn their ideas and concepts into new business ventures. The OSBDC will continue to support SBDCs seeking to expand their capacity to move innovative technology to commercialization as well as to expand their outreach to underserved markets.

In FY 2013, SBDC performance will be tied to two sources: core funding, and Small Business Jobs Act (SBJA) grants. Using SBJA funding distributed in FY 2011, SBDCs will continue to provide in-depth business advice to small businesses with the anticipated results of creating and retaining over 40,000 jobs. Also, as a result of the SBJA funding, SBDCs will facilitate the creation of 3,200 new businesses.

### **SCORE**

Distinct in the federal government as the largest volunteer business advisor and mentoring program, SCORE's volunteer cadre of over 12,000 business professionals donated, in FY 2011, more than 1.2 million hours of experience, mentoring, business knowledge and advice to America's entrepreneurs online and through 368 chapters nationwide.

The SBA awards a federal grant to SCORE and provides annual oversight of these funds. The annual appropriation funds volunteer recruitment, training and support, equipment and leases, technology, management systems, marketing materials and course development necessary for a successful volunteer provider network. SCORE volunteers provide counseling and training, offering their experience and expertise free of charge. They demonstrate a unique commitment to small business and their local communities.

SCORE serves entrepreneurs with in-person mentoring and nearly 9,000 local training workshops. SCORE has adapted its structure and services to meet the needs of the small business community in ever-changing economic conditions. In FY 2011 there were more than three million web visitors to [www.score.org](http://www.score.org), and nearly 71,000 took online workshops. SCORE offers 220,000 online subscribers timely resources through monthly tips, trends and expert interviews in *SCORE eNews* and *SCORE Expert Answers*.

SCORE offers free advice in Spanish and other languages. It provides business research, information and articles to online communities for veterans, manufacturers, women, young entrepreneurs and minorities.

**SCORE - Performance Indicator Table (1.3)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
SB Assisted (#)	Output	308,710	336,411	360,559	380,357	407,240	356,837	349,867	2%	419,000	400,000
SB Created (#)	Outcome	N/A*	1,082	943	931	1,077	816	1,082	-25%	1,080	3,000
Cost per SB Assisted (\$)	Efficiency	\$ 54.85	\$ 29.13	\$ 29.36	\$ 23.46	\$ 29.97	\$ 36.38			\$ 30.92	\$ 31.80

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Request	FY 2013 Request
Total Administrative Resources (\$000)	\$ 16,932	\$ 9,799	\$ 10,586	\$ 8,922	\$ 12,205	\$ 12,980	\$ 12,955	\$ 12,718

\*N/A - Not Available

**Variance Explanation**

**SB Assisted (2% over target)** - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.

**SB Created (25% under target)** - SBA is working closely with SCORE to capture more accurate data on small businesses created through improved chapter (local) reporting. A significant change in SCORE's management information systems impacted accurate "SB Created" metric reporting during FY2011 Q3 and Q4.

**FY 2011 Accomplishments**

In FY 2011, SCORE provided counseling and training to 356,837 entrepreneurs, exceeding its goal of 349,867. It launched a new website and 360 corresponding chapter websites in an effort to improve entrepreneurs' online access to its services. The new website allows entrepreneurs, for the first time, to interact with SCORE and all of its chapters through an integrated experience, allowing the client to easily access the wide array of programs that are available from chapters in their local area and online.

The SCORE Foundation also completed the first version of a new mentoring series called *Simple Steps for Growing Your Business* that SCORE has begun to roll out across the United States. The series features a business assessment that identifies key business challenges that are addressed through professional workshops, peer-facilitated groups, and experienced mentors that assist the firm in its growth projector. The series is currently piloted in a limited number of cities, and plans include wider expansion during FY 2012.

**FY 2013 Planned Performance**

SCORE is driving results to achieve an aggressive 5-year (FY 2009 - FY 2013) goal of growing a million successful small businesses. This goal calls for significant expansion of SCORE's client base and number of volunteers. With a budget request of \$6.3 million in FY 2013, SCORE will continue to focus on expansion of client service and building awareness of SCORE's services to entrepreneurs. SCORE will conduct a marketing campaign to attract more mentoring clients through the use of local community outreach, national partnerships, public service announcements, and social media channels in order to foster business starts, create new jobs, and increase firm revenue.

In FY 2013, SCORE will continue certification for new volunteers that began in FY 2012. The certification will feature a core training program for all volunteers, along with specific modules for mentors, workshop instructors, and leaders. SCORE will expand its volunteer training program to at least one additional level of specialist certification and will begin to build mentor verticals, thus allowing mentors with similar experiences to share best practices and ideas, and collaborate on advice for clients.

***Women's Business Ownership Program***

The Office of Women's Business Ownership has management and oversight authority of the Women's Business Center (WBC) program. The program's mission is to provide quality counseling and training services primarily to women entrepreneurs, many of whom are socially and economically disadvantaged.

The program does this by reaching out to established and aspiring entrepreneurs through more than 100 nonprofit organizations that host the WBCs. Located throughout most of the U.S. and its territories, WBCs help start and grow small firms in the local areas in which they serve to stimulate economic growth. WBCs provide training, counseling, and mentoring on a vast array of topics, ranging from basic training on how to write a business plan to more specific areas such as training programs on federal contracting or programs designed specifically for veterans. Many WBCs provide multilingual services and offer flexible hours, allowing for mothers with children to attend training classes.

The WBC program provides initial five-year grants to nonprofits that can demonstrate the capability to operate a successful WBC and are able to provide matching funds for the federal funds received, 2:1 for the first two years and 1:1 thereafter. After the initial funding period, successful centers may apply for and receive renewal funds for a three-year period. Centers may apply for the renewal funding every three years thereafter, subject to successful participation in the program.

WBC grants are awarded depending on the availability of federal funds and on recipients' ability to demonstrate real success, including: milestone achievement; sound grant management practices (both financial and programmatic); sound financial systems; ability to meet match requirements; successful market penetration in their target market; alignment with their host organization's mission; and being in compliance with their cooperative agreement as outlined by the Office of Women's Business Ownership.

**WBC - Performance Indicator Table (1.3)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
SB Assisted (#)	Output	129,373	146,828	159,879	155,383	160,735	138,923	135,000	3%	137,750	125,000
SB Created (#)	Outcome	N/A*	618	727	727	689	701	618	12%	590	475
Cost per SB Assisted (\$)	Efficiency	\$ 170	\$ 139	\$ 142	\$ 143	\$ 139	\$ 140			\$ 145	\$ 151

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Request	FY 2013 Request
Total Administrative Resources (\$000)	\$ 22,033	\$ 20,432	\$ 22,744	\$ 22,166	\$ 22,373	\$ 19,446	\$ 19,916	\$ 18,875

\*N/A - Not Available

**Variance Explanation**

<b>SB Assisted (3% over target)</b> - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
<b>SB Created (12% over target)</b> - Over the last 3 years, 10 centers have left the program and were replaced by new centers. The variance in part is due to a conservative estimate of the goal accounting for the changes in program participants.

**FY 2011 Accomplishments**

In FY 2011, OWBO hosted a national training conference for all WBCs to focus on greater professional development and delivery of services. Specifically, the conference addressed expanding core services of the WBCs by focusing on areas such as federal contracting, international trade, and microenterprise development. The intensive training helps WBCs deliver a broader array of services to clients, assisting them in starting and expanding their businesses.

In FY 2011, the 110 WBCs received \$14 million in federal grants and leveraged more than \$14 million in state, local, and private investments as matching funds. These WBCs served more than 135,000 clients through training and counseling. They helped clients open more than 500 new businesses and helped clients gain access to capital throughout the year.

**FY 2013 Planned Performance**

In FY 2012, OWBO will re-evaluate milestones established for WBCs to ensure that they are focused on stronger performance and higher impacts. Analysis for these milestones began in FY 2011. Based on the number of WBCs in the program and availability of funds, OWBO anticipates that WBCs will train and counsel 125,000 clients in FY 2013 with a budget request of \$12.6 million.

OWBO will also host the annual professional development training conference as required by statute. Topics and materials will be based on the needs identified in the FY 2011 and FY 2012 training conferences and annual programmatic and financial reviews.

### ***SBA's Online Small Business Training***

SBA's Online Small Business Training on [www.sba.gov/training](http://www.sba.gov/training) (formerly the *Small Business Training Network*) offers free online business courses and assessment tools to small business clients via the SBA website. These free online courses and tools have been used by a growing number of aspiring or current business owners and feature emerging topics along with traditional business planning resources. The Office of Entrepreneurship Education (OEE) leverages multiple SBA program offices and intergovernmental task groups to offer targeted online training. Such collaborations have been very effective in increasing the number of training clients, complementing the work of specific offices, and controlling costs for expanded service delivery. OEE seeks to expand service for distance learning to new emerging platforms that increase access to these valuable resources and improve tracking of customer enrollment.

#### **FY 2011 Accomplishments**

Approximately 345,000 clients benefitted from online courses and assessment tools during FY 2011. These clients immediately access business planning content while also being introduced to specialty resources and mentors that assist with on-going needs. New digital tools included training formatted for mobile and e-book reading devices.

#### **FY 2013 Planned Performance**

The SBA will expand training offerings through self-authored and partnership-driven content. Content will reflect current business trends and customer interests. Materials will be offered directly through SBA's online training website as well as numerous partner-hosted sites (e.g. community colleges, young entrepreneur associations, chambers of commerce, and more). The SBA will also pilot blended-learning opportunities that host direct interaction with business mentors and ongoing support through digital classrooms.

### ***Veterans Business Development***

Thousands of veterans are returning home with the skills, experience, and leadership to pursue entrepreneurship and create jobs. America's 3.7 million veteran-owned small businesses already employ 8.2 million people, yet veteran unemployment rates remain high. This requires stronger action to encourage transitioning veterans to explore entrepreneurship and then to equip them with tools to start a business, creating jobs for themselves and other veterans. The SBA Office of Veterans Business Development (OVBD) programs include: the Entrepreneurship Boot Camp for Veterans with Disabilities Consortium of Universities; the V-WISE program for women veterans; and, the Endure and Grow program for Reserve Component members and their families. It also manages the Veterans Business Outreach Center program specifically for veterans and members of the military community and their spouses. For more information about veterans business development, see Objectives 1.6 and 3.1.

#### **FY 2011 Accomplishments**

In FY 2011 the SBA enhanced business ownership opportunities for veterans, service members and reservists through a variety of activities. The total number of veterans counseled and trained during FY 2011 exceeds the goal of 100,000. The OVBD associate administrator conducted more than 40 media interviews to increase public awareness of SBA programs and services for veterans and service members.

OVBD continued a district office veterans outreach initiative whereby the Agency helps district offices pay costs associated with various outreach activities, training events and conferences for veterans. In FY 2011 OVBD provided \$98,000 to 27 SBA district offices for this targeted outreach, coordination and assistance. Through this initiative, and through OVBD material-supported (but not funded) initiatives, the veterans business development officers build relationships and coordinate outreach and training with hundreds of local partners.

OVBD dedicated resources to enhance contracting opportunities across the federal marketplace, especially for service-disabled veteran-owned small businesses and veteran-owned small businesses, consistent with requirements of Executive Order No.13360. In FY 2011, OVBD trained 190 contracting officers and provided contracting training to more than 1,900 service-disabled veteran-owned small businesses. OVBD continued distribution of requested veterans entrepreneurial resource material kits to state offices of the DoD National Committee for Employer Support of the Guard and Reserve, DoD military family support centers, state National Guard Adjutant Generals, state departments of veterans affairs, all SBA program and partner offices, and to 71 veterans service organizations. In FY 2011 more than 31,000 kits were requested by and distributed to resource partners nationally.

### **FY 2013 Planned Performance**

The President's Interagency Task Force for Veterans Small Business Development recently identified gaps in ensuring that transitioning military members who are interested in owning a small business get needed assistance and training. To fill the gaps, the SBA requests \$7 million for a National Veterans Entrepreneurship Training (VET) program, specifically:

- For veterans still serving who are considering entrepreneurship, the SBA will develop a 90-minute session to be integrated into the Transition Assistance Program, available to all transitioning military members who are interested in entrepreneurship. This is expected to reach 250,000 service-members
- For veterans in the process of transitioning back, the SBA will develop an 8-week online training program for up to 3,000 veterans to explore the fundamentals of small business ownership. This is expected to reach 10,000 veterans
- For veterans who have returned and are in the process of starting and/or growing a small business, the SBA will build on its already successful programs which train over 1,000 veterans and military family members annually, including: (1) expanding the Entrepreneurial Bootcamp for Veterans with Disabilities (serves those who are returning from Iraq and Afghanistan) by 75 percent by increasing both the number of course offerings at existing business schools<sup>3</sup> as well as adding new business school partnerships; (2) expanding the EBV program with three new course offerings for all veterans, including those who are not disabled as well as those from other wars; (3) expanding the EBV program with two new course offerings for military family members; and, (4) increasing the capacity of the Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE) program by 57 percent with four additional offerings, serving an additional 800 women veterans

The Office of Veterans Business Development will continue outreach to and cooperation with university-based veterans entrepreneurial training programs, student veteran groups, and emerging networks of recently discharged veterans utilizing GI Bill benefits. A goal is to extend the cooperative agreement with Syracuse University for the Entrepreneurship Bootcamp for Veterans with Disabilities, which is designed to leverage the skills, resources, and infrastructure of higher education to offer cutting edge experiential training in entrepreneurship and small business management. This program has become a nationally recognized veterans initiative of which the SBA is proud to be a partner.

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<sup>3</sup> Current EBV Business Schools: Syracuse, UCLA, Purdue, Texas A&M, LSU, Cornell, Florida State, Connecticut

## ***International Trade***

The SBA provides export trade finance counseling and training to small business through the U.S. Export Assistance Centers (USEAC). The Agency coordinates export outreach teams from SBA district offices that consist of resource partners, other federal agencies, and state and local small business resources. They provide small business with access to the most appropriate resources for achieving export success.

### **FY 2011 Accomplishments**

In FY 2011 the SBA counseled or trained 10,388 businesses on export finance at 20 USEAC locations nationwide. The Agency collaborated with the Department of Commerce Trade Information Center, [Export.gov](http://Export.gov), the Trade Promotion Coordinating Committee and small business development centers to develop small business counselor international trade certificate training at the intermediate and introductory levels. This training was delivered at the annual Association of Small Business Development Centers Conference and is available online via webinar at [www.export.gov/sbcounselor](http://www.export.gov/sbcounselor). Over 100 small business counselors were trained at the ASBDC Conference and training videos hosted on [Export.gov](http://Export.gov) were viewed hundreds of times in FY 2011.

### **FY 2013 Planned Performance**

Providing quality technical assistance to small businesses is critically important meeting the President's goal of doubling exports. In FY 2013 the SBA will add two performance indicators — Small Business Trained and Small Business Counseled — for the Office of International Trade. FY 2013 will serve as a base line year for these new performance Indicators.

The Office of International Trade will continue to collaborate with the Office of Entrepreneurial Development to improve the knowledge and skills of resource partner staff. The success of SBA's training efforts is apparent in the number of cross referrals between USEACs, the Department of Commerce and SBA resource partners. These referrals are critical to providing the best service and expertise to small business clients.

## Objective 1.4 — Ensure that SBA’s disaster assistance resources for businesses, non-profit organizations, homeowners, and renters can be deployed quickly, effectively and efficiently

**Priority Goal: Process Disaster Assistance applications efficiently.** By September 30, 2013, increase the use of the Disaster Assistance electronic loan application by 50 percent.

**Goal Owner:** Associate Administrator for Disaster Assistance

### Disaster Assistance - Priority Goal Indicator (1.4)

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Percent use of electronic processing (%)	Efficiency	N/A*	N/A*	N/A*	27.0%	27.6%	26.0%	26.0%	0.00%	27.0%	39.0%

\*N/A - Not Available

The Office of Disaster Assistance launched an Electronic Loan Application (ELA) website in August 2008 to allow disaster victims to apply for disaster loan assistance at their convenience through the Internet. It simplifies the application process and speeds delivery of assistance to disaster survivors across all eligible home or business loan applications. In FY 2011, the SBA accepted 12,122 applications electronically, which equates to 26 percent of the total applications accepted. Increasing the number of paperless disaster loan applications will improve the delivery of the Disaster Assistance loan program. Response time to the disaster victim will be reduced by the time saved in not sending the application through the mail, and the integrity of the data used in the underwriting process will be improved as a result of not having to have staff input the data into the system.

### Milestones for FY 2012 and FY 2013:

- Actively market the use of ELA to disaster victims.
- Explore ways of making online access readily available to disaster victims.
- Develop an outreach methodology aimed at internal partners and external recipients of disaster assistance.
- Work with the Office of Communications and Public Liaison to develop the message to disaster victims, the Office of Field Operations through district and regional offices to get the message out to disaster victims, and the Office of Entrepreneurial Development to get the message to disaster victims through the small business development centers, women’s business centers and SCORE.

### ***Disaster Assistance***

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 once again are able to contribute to the economy and create jobs. The SBA — in coordination with FEMA, other federal agencies, the American Red Cross, and others — helps small businesses prepare for disaster and provides direct low interest loans to small businesses owners, homeowners and renters.

In addition to providing money for physical damage, the SBA provides working capital in the form of Economic Injury Disaster Loans (EIDL) to small businesses and private nonprofit organizations. Acting as the federal government’s disaster bank for disaster victims as required in section 7(b) of the Small Business Act, the SBA is responsible for providing affordable, timely and accessible low-cost, low-interest loans to disaster victims. On average, the Agency makes disaster loans totaling nearly \$1 billion each year and has an active portfolio of about \$8 billion.

By providing disaster assistance in the form of loans, which are repaid to the Treasury, the SBA disaster loan program helps reduce federal disaster costs compared to other forms of assistance, such as grants.

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. Communities that have been devastated by disasters lack the customer base necessary for small businesses to become functional again. By providing integrated assistance, the SBA increases the effectiveness of this federal assistance.

The following Performance Goal is an outcome goal. It was selected because it measures how delivery of the Disaster Assistance loan program is perceived by recipients. The metric was selected based on past performance.

**Performance Goal: Customer satisfaction rate for approvals will be 71 percent.**

**Disaster Assistance - Performance Goal Indicator (1.4)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Customer Satisfaction Rate for Approvals (%)	Outcome	57%	66%	65%	72%	74%	80%	71%	13%	71%	71%

**Variance Explanation**

**Customer Satisfaction Rate for Approvals (13% over target)** - The process improvements we have implemented over the past couple of years are having a positive impact on customer satisfaction.

The following three indicators are presented to provide context to the indicators which have been identified as High Priority Performance Goals. They are: Home Loans Processed Within Standard (%), Business Loans Processed Within Standard (%), and EIDL Loans Processed Within Standard (%). The processing standards for home and business loans were increased due to reduced staffing in FY 2012 that will result in longer processing times based on normal disaster activity.

Standards	FY 2006 Standard	FY 2007 Standard	FY 2008 Standard	FY 2009 Standard	FY 2010 Standard	FY 2011 Standard	FY 2012 Standard	FY 2013 Standard
Standard Number of Days to Process Home Applications (Days)	14	12	10	14	14	14	18	27
Standard Number of Days Process Business Physical Applications (Days)	18	17	16	18	18	18	21	30
Standard Number of Days to Process EIDL Applications (Days)	18	17	16	18	18	18	21	30

**Disaster Assistance Loan Volume Over 6 Years**

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
Loan Applications Processed (#)	441,631	34,401	50,184	96,643	42,465	45,760
Loans Approved (#)	137,803	13,716	15,128	21,780	15,356	13,643
Cost per Loan Application Processed (\$)	\$ 4.07	\$ 17.84	\$ 5.19	\$ 3.23	\$ 5.86	\$ 5.54
Cost per Loan Approved (\$)	\$ 13.03	\$ 44.75	\$ 17.22	\$ 14.33	\$ 16.19	\$ 18.58

**Applications Submitted over 6 years**

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
Total Applications Submitted (#)	N/A	N/A	N/A	87,064	40,823	45,829
Electronic Applications Submitted (#)	N/A	N/A	N/A	23,481	11,290	12,122

**Disaster Assistance - Performance Indicator Table (1.4)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Disasters Having Field Presence Within 3 Days (%)	Output	100%	100%	100%	100%	100%	100%	95%	5%	95%	95%
Loans With Initial Disbursements Within 5 Days of Loan Closing (%)	Output	55%	94%	99%	100%	100%	100%	95%	5%	95%	95%
Home Loans Processed Within Standard (%) <sup>(1)</sup>	Output	22%	97%	94%	94%	100%	98%	85%	15%	85%	85%
Business Loans Processed Within Standard (%) <sup>(1)</sup>	Output	14%	93%	91%	81%	99%	99%	85%	16%	85%	85%
EIDL Loans Processed Within Standard (%) <sup>(1)</sup>	Output	38%	89%	89%	84%	100%	99%	85%	16%	85%	85%
SB Sustaining Economic Injury that Remain in Operation 6 Months After Final Disbursement (%)	Outcome	77%	80%	92%	90%	91%	93%	79%	18%	79%	79%
SB Sustaining Physical Damage that are in Operation 6 Months After Final Disbursement (%)	Outcome	74%	62%	69%	57%	61%	73%	65%	12%	65%	65%
Homeowners that Completed Eligible Disaster Repairs Within 6 Months of Final Disbursement (%)	Outcome	61%	58%	71%	70%	91%	64%	79%	-19%	79%	79%
Renters that Completed Eligible Repairs Within 6 Months After Final Disbursement (%)	Outcome	65%	68%	73%	70%	85%	77%	84%	-8%	84%	84%

Budgetary Resources	Budgetary Obligations Incurred					
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
Total Resources (\$000)	\$ 1,795,488	\$ 613,825	\$ 260,496	\$ 312,174	\$ 248,669	\$ 253,428

Budget Requests	
FY 2012 Request	FY 2013 Request
\$ 249,129	\$ 204,154

(1) This performance indicator has been identified as a High Priority Performance Goal (HPPG)

**Variance Explanation**

<b>Disasters Having Field Presence Within 3 Days (5% under target)</b> - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
<b>Loans with Initial Disbursements Within 5 Days of Loan Closing (5% under target)</b> - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
<b>Home Loans Processed Within Standard (15% over target)</b> - Limited disaster activity allowed the Office of Disaster Assistance to exceed loan processing goals.
<b>Business Loans Processed within Standard (16% over target)</b> - Limited disaster activity allowed the Office of Disaster Assistance to exceed loan processing goals.
<b>EIDL Loans Processed Within Standard (16% over target)</b> - Limited disaster activity allowed the Office of Disaster Assistance to exceed loan processing goals.
<b>SB Sustaining Economic Injury that Remain in Operation 6 Months After Final Disbursement (18% over target)</b> - Actual performance impacted by types and severity of disaster declarations seen in FY 2011.
<b>SB Sustaining Physical Damage that are in Operation 6 Months After Final Disbursement (12% over target)</b> - Actual performance impacted by types and severity of disaster declarations seen in FY 2011.
<b>Homeowners that Completed Eligible Disaster Repairs Within 6 Months of Final Disbursement (19% under target)</b> - Economic conditions impacted disaster repairs.
<b>Renters that Completed Eligible Repairs Within 6 Months After Final Disbursement (8% under target)</b> - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.

**FY 2011 Accomplishments**

Through September 30, 2011, the SBA approved 13,643 disaster loans for \$739.4 million. FY 2011 was a record year for the number of SBA declared disasters. The Agency responded to 36 Presidential declarations for Individual Assistance, 94 Presidential declarations for Public Assistance, 69 Governor's requests for disaster assistance, 133 declarations based on the Secretary of Agriculture disaster declarations and the nationwide Military Reservist Economic Injury Disaster declaration.

The Office of Disaster Assistance continued a comprehensive campaign to improve the responsiveness and efficiency of its operations. The SBA re-engineered and enhanced the consistency and responsiveness of the Agency's end-to-end disaster loan process, as well as improved the productivity and quality of work by staff on behalf of disaster victims.

The Disaster Assistance Improvement Plan (DAIP) is required by Executive Order 13411. The order requires that federal agencies create a single application that fulfills the information requirements of all applicable federal disaster assistance programs. As a partner in the requirement, the SBA provided program application content, data elements, identified funding requirements and sources, modified disaster assistance systems to interface with the DAIP, and provided ongoing program and technical support. Costs associated with ongoing compliance with this requirement are included in the budget.

ODA implemented process improvements identified by the mapping project to identify and implement streamlined and more effective operations at its processing and disbursement center located in Ft. Worth, Texas. Based on previous mapping, ODA also implemented streamlined operations at the personnel and administrative servicing center in Herndon, Virginia.

To help small businesses with preparedness planning, the SBA teamed up with Agility Recovery Solutions to encourage small businesses to take the necessary steps to protect employees, important records, and business assets. The SBA and Agility partnered to provide the Prepare My Business website that is a useful tool for small business owners.

Additionally, the SBA teamed up with the American Red Cross to provide mutual support and cooperation concerning readiness and preparedness, including the implementation of the Red Cross Ready Rating™ program. The program offers easy-to-understand and not intimidating solutions for helping an organization take the steps to become prepared for, respond to, and successfully withstand a disaster and or other emergency.

### **FY 2013 Planned Performance**

ODA continues to reevaluate and re-engineer business processes to meet the ever changing needs of the disaster victims it serves. These changes will result in a more efficient operation to process major disaster declarations and enhance customer service. In order to improve operational efficiency and increase customer satisfaction, the SBA selected increasing the use of the electronic loan application as one of its Priority Goals for FY 2012 and FY 2013.

The current level of funding is required to administer the Disaster Assistance loan program and to continue to participate in DAIP. ODA will maintain a trained staff sufficient to respond to normal disaster activity and be prepared for catastrophic disaster declarations.

ODA is looking to the future to help mitigate future disaster damage by promoting disaster preparedness. The SBA provides preparedness information on the SBA website that includes emergency planning for disasters. The Agency will continue to work with its partners to educate individuals and businesses in disaster-prone areas about what can be done to mitigate damages and what must be done after a disaster to minimize the impact.

## Objective 1.5 — Strengthen SBA’s relevance to high-growth entrepreneurs and small businesses to more effectively drive innovation and job creation through both the Agency’s existing programs as well as new initiatives

**Priority Goal: Expand access to long-term capital.** From FY 2012 through September 30 2013, commit at least \$4.3 billion of capital via the Small Business Investment Company program in order to facilitate access to capital for high growth companies and enhance job creation and retention by these companies.

**Goal Owner:** Associate Administrator for Investment and Innovation

### SBIC - Priority Goal Indicator (1.5)

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Debt Leverage Committed to SBICs (\$ Millions)	Output	\$ 477	\$ 708	\$ 1,029	\$ 788	\$ 1,165	\$ 1,827	\$ 1,352	35%	\$ 1,900	\$ 2,400

#### Variance Explanation

**Debt Leverage Committed to SBICs (35% over target)** - The Debt Leverage program exceeded the target goal for FY 2011 by 35% for leverage committed to SBICs. The increase reflects the continued interest in the Debt Leverage program and improvements to the economy allowing SBICs to request more leverage to invest in small businesses.

Research by SBA’s Office of Advocacy and others<sup>4</sup> shows that not only do small businesses drive the majority of net new job creation in the economy, but that this job creation is disproportionately concentrated in a smaller number of high-growth firms. To jumpstart job creation, the SBA is committed to growing the existing programs that serve these firms and targeting new initiatives that serve this critical part of the economy.

#### Milestones for FY 2012 and FY 2013:

- Actively market the SBIC program to potential fund managers and limited partners
- Promote this underutilized program at events focused on investment opportunities in the lower middle market
- Coordinate with relevant trade associations to promote new initiatives, such as Energy Savings Debt Leverage, Impact Funds, Early Stage Innovation Funds, and the Rural Initiative, to formerly disinterested fund managers and limited partners
- Continue organic growth and continuous improvements to lower operational processing times.

### Small Business Innovative Research Program

In January 2012, the SBA received long-term reauthorization of the highly successful Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. The money from these programs will go 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. The SBIR program helps small businesses develop innovations to meet the research and development needs of the federal government and then commercialize those innovations in the marketplace. The program can advance American innovation and competitiveness in the broader economy.

As one of its High Priority Performance Goals in FY 2011, the SBA created an updated database and website for the SBIR program. The system establishes a new standard of excellence for the compilation of awards data. Starting in FY 2012, the SBA is compiling commercialization data from all eleven SBIR agencies in a uniform format. In addition, the Agency will conduct a selective survey of SBIR awardees.

<sup>4</sup> “The Future of Small Business Entrepreneurship: Jobs Generator for the U.S. Economy,” Brookings Institute, Policy Brief #175, June 2010.

With the updated database collection and surveying in FY 2012, the SBA will develop a baseline set of data for commercialization metrics.

**Performance Goal: In order to promote innovation along with commercial success, the SBA will target a TBD percent commercialization rate for SBIR awards in FY 2013. Since the collection and baselining of data will occur in FY 2012, the target percentage for FY 2013 will be determined later in FY 2012.**

**SBIR - Performance Goal Indicator (1.5)**

Performance Goal Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Commercialization Rate (%)	Outcome	N/A*	Baseline	TBD*							

\*N/A - Not Available

\*TBD - To be Determined

**SBIR - Performance Indicator Table (1.5)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Number of Patents (#)	Output	N/A*	Baseline	TBD*							
Additional Outside Investment Received (\$000)	Output	N/A*	Baseline	TBD*							

\*N/A - Not Available

\*TBD - To be Determined

**FY 2011 Accomplishments**

In FY 2011, SBIR updated the commercialization database of TechNet, the government component of the SBIR program. This update, which was one of SBA's High Priority Performance Goals for FY 2011, sets the stage for the Agency to begin collecting commercialization data on firms that participate in the SBIR program from all eleven federal agencies in the program. This update allows tracking of metrics in FY 2012 that will help drive data-driven management decisions for the SBIR program. On the public side, in FY 2011 the SBA incorporated the updated TechNet database into the framework of [SBIR.gov](http://SBIR.gov), a centralized, dynamic website with programmatic data, success stories, and program information to help all small businesses interested in pursuing SBIR opportunities.

**FY 2013 Planned Performance**

The SBIR program will develop a technology platform and performance management system, improve data collection processes, and enhance outreach with particular emphasis on the underserved. In FY 2012, the baseline commercialization metrics will be established. With the baseline in place, in FY 2013 the SBA will work with the eleven federal agencies in the SBIR program to set target commercialization goals.

***Small Business Investment Company Program***

The Small Business Investment Company (SBIC) 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. Funds use private capital plus funds borrowed with an SBA guaranty to make investments in qualifying small businesses. Over 300 SBICs have more than \$17 billion of capital under management. For FY 2013 the SBA requests \$4 billion in authority for the SBIC debenture program, which operates at zero subsidy.

By increasing availability of growth capital to small businesses, the SBA is able to assist entrepreneurs during critical business phases from establishment through growth. This capital is generally longer term “patient” capital that is well suited to high-growth companies. This kind of financing is also critical in the current environment in which a tight credit market has limited the availability of capital for small businesses. Therefore, SBA’s goal to commit at least \$4.3 billion in capital by for the two years ending September 30, 2013 is one of the Agency’s Priority Goals.

### SBIC - Debenture Capital (1.5)

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
Debenture SBIC Capital to Small Businesses (\$ Millions)	Output	\$ 1,207	\$ 1,278	\$ 1,436	\$ 1,227	\$ 1,587	\$ 2,589

### SBIC - Performance Indicator Table (1.5)

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
SB Assisted (#)	Output	2,121	2,057	1,905	1,481	1,331	1,339	1,150	16%	1,500	1,600
Cost per SB Assisted (\$) <sup>(1)</sup>	Efficiency	\$ 7,152	\$ 7,656	\$ 8,975	\$ 12,941	\$ 18,228	\$ 19,645			\$ 18,268	\$ 20,120

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Request	FY 2013 Request
Total Administrative Resources (\$000)	\$ 15,169	\$ 15,749	\$ 17,097	\$ 19,166	\$ 24,262	\$ 26,305	\$ 27,402	\$ 32,192

<sup>(1)</sup> The formula for calculating the “Cost per SB Assisted” was revised in FY 2006 to include only the cost of loan making. Previously, this measure was calculated using Total Administrative Resources.

#### Variance Explanation

**SB Assisted (16% over target)** - The Debenture program exceeded the target goal for FY 2011 in the number of small businesses assisted. The increase reflects improvements to the economy allowing increased financings to small businesses. We are beginning to see the results of program outreach for the Debenture program.

### FY 2011 Accomplishments

During FY 2011 the SBIC program continued a record breaking performance. The SBA issued approximately \$1.8 billion in new debenture commitments to small business investment companies. This represents the second year in a row the Agency provided over 50 percent more dollars than the previous four-year average — FY 2006 to FY 2009 averaged \$750 million per year vs. \$1.2 billion in FY 2010 and \$1.8 billion in FY 2011. Overall, \$2.6 billion in debenture capital was deployed by SBICs to over 1,300 small businesses, 32 percent of which were in low to moderate income areas or to minority- or women-owned businesses. As a result, over 61,000 jobs were supported. Also during FY 2011, the SBA licensed 22 new SBICs which provide private capital of \$840 million. Since FY 2007 the SBA has increased the percentage of women and minority run funds from 11 percent to 26 percent. The Agency continued to improve its evaluation and review processes to make the SBIC program work better, smarter and faster. Processing times for new applications is approximately 5.5 months, an improvement over the 5.8 months of the prior year, which substantially reduced times from 14.6 months in FY 2009. As a result of continued improvements and strong oversight, all these benefits were provided to small businesses at zero cost to taxpayers.

In an effort to expand the reach of the program and make capital more accessible for more small businesses, the Agency has introduced two initiatives, the Impact Fund Initiative and the Early Stage Innovation initiative. Licensing of Impact Funds does not require any change in regulations or statute, so it has been implemented and the first fund was licensed in FY 2011. The Early Stage Innovation initiative requires a change to the regulations. The rule proposing these changes was published in the Federal Register on December 28, 2011; implementation of the initiative is expected in FY 2012.

## **FY 2013 Planned Performance**

For FY 2013 the Office of Investment and Innovation requests \$3 million to support the operation of the SBIC and SBIR programs. The request will allow continued oversight of existing SBICs and outreach activities in the SBIR program. In order to address the growing program while reducing risks, the SBIC program will continue to enhance the web-based financial data collection system developed in FY 2011; continue support to the Early Stage Innovation funds with industry expertise and processes to ensure the best funds are licensed; and, provide sophisticated market research and data collection processes.

The SBA will continue to focus on improving customer service, particularly in the areas of licensing and the ongoing operation of funds, on a daily basis. Goals include continuing the reduction in processing times previously achieved. Progress has been made in improving processing times in the Office of Operations, and this focus will continue during FY 2013, particularly with respect to new leverage commitments which improved by 28 percent between FY 2010 and FY 2011. The SBA will continue to look at methods of expanding the use of the debenture program, particularly in areas that have a positive social impact, such as women- and minority-managed funds and energy saving and LMI-focused funds. With the authority to issue up to \$4 billion in leverage commitments, the SBA will seek to enhance program acceptance in the marketplace and increase the number of funds licensed and the amount of leverage issued so as to improve capital access for small businesses. Continued implementation of the Impact and Early Stage Innovation Funds initiative announced in FY 2011 will assist in the deployment of capital under the debenture program.

## ***Regional Innovation Clusters***

Creating jobs by growing regional economies is a critical priority for the Administration. Across the government, agencies are leveraging programs to better support local efforts that maximize the impact of innovation, competitiveness, and other strengths found in industries in regions throughout the U.S. 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 particular geographic region. Clusters facilitate interaction and strategic partnerships among these groups, which is particularly important for small business owners looking to find new partnerships, programs, and market opportunities to catalyze growth. Within a cluster, businesses are better able to commercialize innovative technology and create products and services that are beyond the resources, capabilities, and capacity of a single small business. The supportive community created by the cluster stimulates and grows specialized entrepreneurial talent that results in increased prosperity, job creation and economic growth.

## **FY 2011 Accomplishments**

The SBA awarded 10 regional innovation clusters in FY 2011. The clusters functioned as accelerators by interconnecting a specific set of geographically concentrated companies, specialized suppliers, service providers, local institutions and angel/venture investors in fields relevant to industry. During FY 2011:

- Full time employment in SBA cluster small businesses increased by 6.6 percent during a time when similar firms outside of SBA clusters reduced employment by 1 percent.
- Part time employment in SBA cluster small businesses increased by 53 percent.
- Cluster small businesses formed 308 collaborative projects, joint product development, joint sales activities, information sourcing agreement/licensing, and joint ventures with other businesses in the region.
- The clusters connected small businesses with angel/venture capital, grants or loans of over \$50 million.
- The clusters assisted in successful commercialization of 28 new technologies.
- The clusters assisted in creating over 19 patents.
- The number of exported products and services was increased by 14 small businesses.

- Over 30 percent of small businesses participating in the cluster won a new contract with a total value of over \$230 million.

Overall, clusters assisted in three predominant forms — information propagation; technical assistance; and, match-making in government funding (such as SBIR/STTR), bank loans and with angel/venture capital. Some specific results include:

- Clusters matched small business innovation with DOD technology requirements and Joint Urgent Operational Needs.
- Clusters provided formal access for small businesses to demonstrate their innovative products directly to the Military Service's end users in Joint Concept Technology Demonstrations.

In addition to the SBA's groundbreaking work on clusters, the SBA partnered with the Departments of Commerce, Labor and Education to coordinate federal efforts and leadership in supporting regional innovation. The partnership is referred to as the Taskforce for the Advancement of Regional Innovation Clusters (TARIC). In FY 2011, using lessons learned from SBA's Regional Innovation Cluster program, the SBA worked with TARIC to create a new initiative called the Jobs and Innovation Accelerator Challenge which supports the development of 20 high-growth industry clusters selected through a competitive interagency grant process. The new program is tightly integrated with the Economic Development Administration (EDA) and the Employment Training Administration (ETA). This cluster program accelerates the formation of new high-growth businesses and growth of existing businesses, develops a skilled and diverse workforce, advances commercialization of federal and private research, and increases exports. The SBA provided \$3 million in funding support specifically to provide technical and management assistance to socially and economically disadvantaged firms, firms located in high unemployment or low income areas, firms owned by a low-income individual, or firms that are part of a HUBZone concern.

### **FY 2013 Planned Performance**

Building on FY 2009 to FY 2011 experience in supporting regional innovation clusters, the SBA requests \$3.4 million to continue these initiatives that are creating jobs and developing businesses. The current cluster programs will be further developed in FY 2013. The SBA will fund a mix of regional innovation clusters, advanced technology clusters, and support a new cluster initiative focused on applying small business innovation to advanced manufacturing with a goal to increase the manufacturing sectors' production capability, capacity and output. Funds will allow the Agency to continue its partnership with the EDA and ETA to integrate economic, business and workforce development into a coherent clusters project. Each funded cluster will tailor services to address the specific barriers that small businesses face in its region, not just general business challenges. Funds will be used to target business development, intellectual property, export and import, finance, marketing, commercialization of new technology, partnerships, alliances, supply chains, collaboration, contracting opportunities, and certifications, all specifically tailored to work in a synergic way within the industry and region of each cluster. Funds will be dedicated to incorporate historically underserved businesses and communities into the economic activities of each cluster. Additionally, the program will be used as a new conduit to provide the suite of SBA tools into the hands of a diverse set of entrepreneurs. The program will foster collaboration between SBA's traditional business assistance resource partners and other new programs specific to each cluster, eliminating silos across traditional Office of Entrepreneurial Development resources.

### ***International Trade Program***

Exporting is critical to the success and viability of small businesses in today's global market. President Obama recognized this in his 2010 State of the Union address when he announced the National Export Initiative (NEI). The goal of the NEI is to help double U.S. exports by 2014 and create two million new jobs. The SBA plays a key role in the implementation of the NEI through its chairmanship of the 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, prepare them to be successful, connect them to export opportunities, and support them once they find international opportunities. Congress recognized SBA's importance to small business exporters and its critical role in the NEI through the Small Business Jobs Act of 2010. The Act provides the SBA necessary tools to identify, prepare, connect, and support small business exporters.

### International Trade (1.5)

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
Loans Approved (\$000)	Output	N/A*	N/A*	N/A*	\$ 626,047	\$ 650,168	\$ 924,292
Loans Approved (#)	Output	N/A*	N/A*	N/A*	1,615	1,516	1,547

N/A\* - The data collection methodology changed in FY 2009.

### International Trade - Performance Indicator Table (1.5)

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
SME Exporters Assisted by USG Finance Programs (#) <sup>(1)</sup>	Output	3,508	3,200	3,167	1,393	1,326	1,346	990	36%	1,100	1,400
Value of Exports Supported by Counseling (\$)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	NG*	Baseline	TBD*
Value of Exports Supported by Financing (\$)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	NG*	Baseline	TBD*
New Markets Entered by US Companies (#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	NG*	Baseline	TBD*
Participants Receiving Export Training (#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	NG*	Baseline	TBD*
Business Counselors Trained on Exporting (#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	NG*	Baseline	TBD*
Cost per SME Exporters Assisted by USG Finance Programs (\$)	Efficiency	\$ 1,227	\$ 1,643	\$ 1,312	\$ 3,345	\$ 6,045	\$ 5,707			\$ 7,265	\$ 6,046

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Request	FY 2013 Request
Total Administrative Resources (\$000)	\$ 4,304	\$ 5,258	\$ 4,154	\$ 4,660	\$ 8,016	\$ 7,681	\$ 7,991	\$ 8,465

\*NA - Not Available

\*NG - New Indicator Not Goaled for FY 2011

\*TBD - To Be Determined

<sup>(1)</sup> In prior years this indicator was titled "SB Assisted". This new title was deemed more appropriate. The methodology for measuring the indicator remains the same.

#### Variance Explanation

SME Exporters Assisted USG Finance Programs (36% over target) - OIT was able to achieve 36% above goal on this element due to the changes to SBA export loan guarantee programs made by the Small Business Jobs Act. Success was primarily due to the increased maximum loan amount and enhanced guarantee percentages for export loans provided by the legislation, but it also reflected the 16% overall increase in U.S. exports during the year. Both increased the relevance of these programs for lenders and small businesses, creating greater demand for these programs. The ability of the Agency to implement fee waivers for the first quarter of the fiscal year also generated additional use of OIT's international lending products.

### FY 2011 Accomplishments

In FY 2011, OIT assisted 1,346 small business exporters to access capital through its three export programs – Export Express, Export Working Capital and International Trade loans – in the amount of \$924 million through 387 lenders, which supported \$1.8 billion in export sales. Staff of the office counseled 5,662 and trained 4,768 small businesses on export finance. The SBA counseled small business exporters at 20 Commerce Department international buyer program events. Additionally, the SBA trained 3,518 and counseled 3,280 lenders on SBA export loan guaranty programs, including the largest ever lenders' roundtable attended by 40 lenders. As a result of this roundtable, OIT signed up additional new PLP lenders increasing the total number by forty percent in FY2011.

In addition to the accomplishments related to helping small businesses gain export financing (Objective 1.1) and export counseling (Objective 1.3), OIT gained the capacity to make significantly stronger impacts

overall. In particular, the Small Business Jobs Act was the most significant legislation affecting OIT since the creation of the U.S. Export Assistance Centers in 1993. The law established the State Trade and Export Promotion (STEP) grant program, made major changes to SBA export finance programs, restructured OIT, required several reports, and mandated new collaborative initiatives with SBA resource partners and other agencies.

OIT implemented the STEP program in FY 2011. Significant milestones included creating the grant program administration and developing program announcements and notices of award. As a result, the SBA issued \$30 million in STEP grants to state agencies in FY 2011 and plans to issue \$30 million more in FY 2012.

The Office of International Trade moved from being a subsection of the Office of Capital Access and was restructured to become an independent office. To accomplish this transition, OIT created a new strategic plan, updated position descriptions, hired and trained new employees to administer export finance programs and oversee STEP and U.S. Export Assistance Centers (USEACs), and appointed an Associate Administrator. The SBA also conducted significant outreach to lenders to educate them on changes to the export loan programs and enroll new preferred lenders. With that aim, the Agency included a new listing of active SBA export lenders on OIT's webpage, published an export working capital lender's manual, and developed a report on rural exporters for the Small Business Working Group. Finally, OIT conducted internal training for new district office international trade officers; developed a small business counselor training certification program in partnership with OED, the Department of Commerce, and TPCC; and trained SBDC counselors on trade during the ASBDC conference.

During FY 2011, OIT began improving its efficiencies through an expanded use of technology to promote training opportunities. The office developed a series of six training videos with *Inc. Magazine* designed to educate small businesses on international trade and to encourage them to export and take their businesses global. This video series allows OIT to continue to provide training to small businesses, with the benefit of reaching business outside of OIT's more conventional training venues.

Another new tool launched by OIT in FY 2011 is the "Small Business Planner," a tool designed to help small businesses develop exporting plans and to acquire the necessary capital. The tool increases the efficiency of SBA resource partners by giving counselors and clients a blueprint for export success that they can customize to their individual business needs.

Additionally, in FY 2012, the SBA built upon the International Trade Loan program to support small businesses seeking to insource or onshore jobs to the U.S.

### **FY 2013 Planned Performance**

In FY 2013, OIT will continue to contribute to the NEI metrics by providing data that measures performance outcomes. The office aims to directly assist 1,400 small business exporters through capital access. It will continue to collaborate with other federal agencies, state agencies, SBA resource partners, internal partners and other export assistance resources to improve program delivery to small business exporters. OIT will also promote small business exporting through marketing and outreach, including the publication of export success stories.

## Objective 1.6 — Strengthen outreach to underserved communities and underserved populations

Underserved communities – including women, minorities, veterans and others – often have extreme difficulty accessing capital, counseling, and federal contracting opportunities. SBA’s unique products, services, and programs provide a path to business ownership for these populations which have been hard-hit by the recession and suffer from disproportionately high levels of unemployment. This Objective is a specific look at how SBA programs within the three general objectives of access to capital, federal contracting, and counseling and training (Objectives 1.1, 1.2, and 1.3) target underserved communities. In addition, several programs that exclusively target underserved markets are 7(j), veterans, Native Americans, 8(a), HUBZone, and faith-based and neighborhood partnerships.

### Veterans Business Development

Through its Office of Veterans Business Development (OVBD), the SBA promotes veterans’ small business ownership by conducting comprehensive outreach, through program and policy development and implementation, ombudsman support, coordinated Agency initiatives, and direct assistance to veterans, service-disabled veterans, Reserve and National Guard members, and discharging active duty service members and their families, reaching approximately 130,000 service members in FY 2011. This is accomplished through: funded SBA district office outreach; OVBD-developed and distributed materials; websites; partnering with DOD, DOL and universities; agreements with regional veterans business outreach centers; direct guidance, training and assistance to Agency veteran customers; and, through enhancements to intra-agency programs used by the military and veteran communities.

**Veterans Affairs - Performance Indicator Table (1.6)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Veterans Assisted (#)	Output	26,597	66,045	93,545	122,901	131,523	137,011	100,000	37%	110,000	112,000
Customer Satisfaction (%)	Outcome	88%	84%	85%	89%	85%	91%	91%	0%	89%	90%
Cost per Veteran assisted (\$)	Efficiency	\$ 135.00	\$ 63.31	\$ 53.58	\$ 42.55	\$ 48.68	\$ 65.65			\$ 84.69	\$ 88.55

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Request	FY 2013 Request
Total Administrative Resources (\$000)	\$ 3,590	\$ 4,181	\$ 5,012	\$ 5,230	\$ 6,402	\$ 8,995	\$ 9,316	\$ 9,918

#### Variance Explanation

**Veterans Assisted (37% over target)** - The Office of Veterans Business Development exceeded its FY2011 goal as a result of better than estimated results from the District Office Outreach Initiative. In addition, in FY2010, the VBOC program grew from eight to sixteen centers, so FY2011 was the first full year for increased centers and performance.

### FY 2011 Accomplishments

OVBD outreach, coordination, ombudsman responsibility and program and policy development resulted in approximately 137,000 veterans, service-disabled veterans, reservists, discharging service members, their family members, and external program partners using SBA services and programs in FY 2011.

In FY 2011, the SBA continued active participation in two significant cooperative agreements with Syracuse University. The first is the *Entrepreneurship Bootcamp for Veterans with Disabilities (EBV)*, which is designed to leverage skills, resources, and infrastructure of higher education to offer cutting edge experiential training in entrepreneurship and small business management to veterans with disabilities resulting from their military service in Iraq and Afghanistan. The second cooperative agreement with Syracuse University provides two complementary entrepreneurship training programs (Veterans as Women Igniting the Spirit of Entrepreneurship [V-WISE] and Endure and Grow) designed to foster an entrepreneurial culture among America’s community of veterans and reserve members. The V-WISE

program was created as a partnership between the SBA and Syracuse University to offer women veterans world-class training in entrepreneurship and small business management. The V-WISE training takes place over three phases that include online coursework, a residency, and post-residency support and mentorship. Over the next two years, V-WISE will be offered in seven cities to groups of 200 women veterans, military family members, and spouses of those who lost their lives in service to the country. SBA's role is one of support, which facilitates the recruitment of program participants, university participants and professional staff; tracking and monitoring of performance; and providing referrals to the SBA.

In FY 2012, OVBD is developing a comprehensive veteran entrepreneurship initiative for transitioning service members. As a first step, the SBA and the U.S. Marines Corps are developing an entrepreneurship/self-employment training pilot program to be launched in 2012. For a description of SBA's FY 2013 initiative for transitioning military members, see Objective 1.3.

### **FY 2013 Planned Performance**

In FY 2013, the SBA, through its Office of Veterans Business Development, will use \$2.5 million in requested appropriated funds to continue making special efforts to reach and inform veterans, service-disabled veterans, Reserve Component members, and discharging service members about the availability of business counseling, training, lending and contracting programs available from federal and state governments and private sector partners. Through these program initiatives, OVBD plans on reaching and providing assistance to more than 85,000 service members in FY 2013. In addition, OVBD will continue to use and explore strategic alliances with other federal, state, private, and not-for-profit partners to help reach the millions of veterans, reservists, active military personnel and their spouses, including already successful veteran businessmen and women. And, OVBD will continue to develop and distribute program information guides and educational packages which market SBA and other Federal programs available to assist service members.

## **Financial Assistance**

**Underserved Markets - Performance Indicator Table (1.6)**

Programs	Performance Indicator <sup>(1)</sup>	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
7(a)	USM - SB Assisted (#)	Output	60,042	61,780	43,699	24,096	25,679	28,389	24,800	14%	24,400	25,300
504	USM - SB Assisted (#)	Output	5,972	6,520	5,613	3,956	4,384	4,548	4,800	-5%	4,000	4,000
Microloan	USM - SB Assisted (#)	Output	2,395	2,427	2,682	2,727	3,798	3,999	4,600	-13%	3,400	2,600
SBIC	USM - SB Assisted (#)	Output	729	721	632	441	392	430	345	25%	390	450
SBIR	USM - SB Assisted (#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/G*	N/A*	Baseline	TBD*

\*N/A - Not Available

\*NG - New Indicator Not Goal for FY 2010

\*TBD - To be Determined

(1) In FY 2009 the SBA expanded the definition of USM (underserved markets) to include specific underserved populations (i.e., veterans, women and minorities). Prior year results have been restated to reflect this change.

#### **Variance**

<b>7(a) USM - SB Assisted (14% over target)</b> - The increase was largely due to implementation of the Small Business Jobs Act. The extension of the fee relief and higher guarantees greatly encouraged small business lending.
<b>504 USM - SB Assisted (5% under target)</b> - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
<b>Microloan USM - SB Assisted (13% under target)</b> - FY2011 activity was overestimated. Intermediaries spent larger amounts of time on training and technical assistance than anticipated. Regardless, more loans were actually made in FY2011 than in any previous year.
<b>SBIC USM - SB Assisted (25% over target)</b> - The Debenture program exceeded the target goal for FY 2011 in the number of underserved businesses assisted. The increase reflects improvements to the economy allowing increased financings to small businesses. We are beginning to see the results of the program outreach that is focused on enhanced penetration to underserved areas and businesses.

## **7(a) Program**

Small businesses in underserved markets have more difficulty than other businesses in accessing and qualifying for credit. Since SBA programs help lenders expand the credit spectrum, they are especially critical in reaching underserved markets. SBA programs in general over-index underserved markets when compared to similar sized conventional loans. Typically, more than 20 to 30 percent of SBA loans go to minority-owned businesses. In the last several years between 17 and 25 percent of loans have gone to businesses in underserved rural markets.

In FY 2011, the SBA launched a strategy to increase the number of points of access and the amount of capital flowing to small businesses in underserved markets. The Agency created a pilot program (Community Advantage) that enables mission-oriented lenders, generally non-profit organizations, to become participating lenders under the 7(a) program for loans of \$350,000 or less.

The SBA worked to simplify its application processes to stimulate more lending to small businesses for smaller dollar amounts which can be more costly overall to lenders. These smaller dollar loans are especially critical to business formation and growth in underserved communities and for minority- and women-owned businesses. In FY 2008, a simplified process was developed for small community banks to increase the points of access for small businesses seeking loans of \$350,000 or less with the full SBA guaranty. In FY 2011, that simplified process was made available to 7(a) participating lenders with delegated authority for loans of \$250,000 or less. This new initiative is called Small Loan Advantage.

For FY 2011 accomplishments and FY 2013 planned performance on Advantage loans, see Objective 1.1.

## **504 Program**

Similar to the 7(a) program, a disproportionate share of 504 loans goes to underserved markets compared with conventional owner occupied commercial mortgages. Like 7(a) in the past several years, between 20 to 31 percent of 504 loans have gone to minority borrowers. A similar percentage has gone to borrowers in underserved rural communities. With a focus on job creation and community economic development, 504 loans are an important tool in strengthening underserved communities.

### **FY 2011 Accomplishments**

Fifty-nine percent of loans approved in the 504 program in FY 2011 went to borrowers in underserved markets.

Thirty-seven percent of mission lenders that have applied to participate in the Community Advantage (CA) program have been SBA certified development companies. Since the CA program requires that at least 60 percent of a lender's 7(a) portfolio be to borrowers from one of several underserved market categories, it will likely provide further encouragement to these lenders to expand the reach of all their lending programs into underserved markets.

### **FY 2013 Planned Performance**

The new 504 program governance regulations anticipated for this year will strengthen the role of community economic development as a broad responsibility. This should have the effect of making more resources available for a range of investments that could strengthen the CDCs' reach and impact into underserved markets. Changes in program regulations that make it simpler for new players to form CDCs will increase the coverage of more underserved communities by both the 504 and Community Advantage programs.

## ***Microloan Program***

Microloan program outreach has been, and will continue to be, expanded. The program office has strengthened partnerships with the Center for Faith-based and Neighborhood Partnerships, the HHS Office of Refugee Resettlement, several industry based associations, and field staff involvement has been increased. Successes include the addition of a lender specializing in loans to service-disabled veterans and improved access to capital in the Mississippi Delta. All available funding for the Microloan program was expended prior to the end of FY 2011. Current economic conditions continue to stretch technical assistance and lending resources as people look to self employment to replace lost jobs.

For FY 2011 accomplishments and FY 2013 planned performance on microloans, see Objective 1.1.

## **Counseling and Training**

### ***Small Business Development Center Program***

SBDC networks collaborate with other resource partners through grant agreements to deliver services to local minority and community groups, immigrant organizations and other stakeholders, and to support economic growth of low- and moderate-income communities and rural and underserved populations. Participation at ASBDC conferences and special interest meetings that focus on technology, international trade, strategic planning, and service delivery through online resources continues to highlight this effort as do the specialty grants administered through OSBDC. For a full discussion of the SBDC program, see Objective 1.3.

### **FY 2011 Accomplishments**

During FY 2011 the SBDC program increased counseling and training services to underserved populations. This information is voluntarily reported, and the number of counseling recipients providing no response as to race and ethnicity also increased, so the actual extent of the increase cannot be accurately measured. However, of those choosing to report ethnicity and race, the services to clients in underserved populations increased as a percentage of total clients served. Approximately 76.5 percent of counseling clients reporting sex, race and ethnicity were women, minorities and/or Hispanic.

### **FY 2013 Planned Performance**

OSBDC will continue to encourage SBDC collaboration with other resource partners and, for the first time, will collect data regarding collaborative activities via the SBDCs' semi-annual reports to the SBA. SBDCs will also be encouraged to focus on underserved communities within their service areas. For a full discussion of the SBDC program, see Objective 1.3.

### ***Women's Business Center Program***

Women continue to be underrepresented in entrepreneurship and small business ownership. Women's business centers provide quality counseling and training services primarily to women entrepreneurs, and especially those who are socially and economically disadvantaged. The program does this by reaching out to targeted populations of would-be entrepreneurs through over 110 non-profit organizations that host the WBCs. Located throughout most of the U.S. and the territories, WBCs exist to help start and grow small firms in the local areas in which they serve to stimulate economic growth. Many WBCs are located in economically distressed communities and are often co-located with other community economic development organizations. A high percentage of WBC clients are low to moderate income clients.

WBCs provide training, counseling, and mentoring on a vast array of topics, ranging from basic training

on how to write a business plan to more specific areas such as training on federal contracting or programs designed specifically for veterans. Many WBCs provide multilingual services. The WBC program also accommodates the needs of women by offering training and counseling on evenings and weekends. For a full discussion of the WBC program, see Objective 1.3.

### **FY 2011 Accomplishments**

In FY 2011, WBCs served a high percentage of clients in underserved communities and underserved populations. Over 30 percent of WBC clients self-reported as being part of a minority group and over 15 percent self-reported as being of Hispanic origin. The WBCs are often located in communities with significant minority representation and are well positioned to continue to serve the underserved communities and populations.

### **FY 2013 Planned Performance**

In FY 2013, the Office of Women's Business Ownership (OWBO) will be in a position of accelerated visibility and the WBCs will be stronger due to increased oversight and training. OWBO will also lead all other federal agencies as the hub for business resources for women. Specifically, OWBO's request includes funding to provide targeted professional development training for the WBCs. This training will be targeted specifically to provide uniform curriculum for WBCs and to create a foundation for WBCs to play a key role in the growth and development of women-owned businesses. OWBO will tailor the training topics and materials based on needs identified in the 2011 and 2012 training conferences and annual programmatic and financial reviews.

## **SCORE**

Many SCORE volunteers offer free advice in Spanish and other languages, online and in person. To help underserved communities, it also provides business research, information and articles to online communities for veterans, manufacturers, women, young entrepreneurs and minorities.

### **FY 2011 Accomplishments**

In support of the White House's Joining Forces initiative, the SCORE Foundation launched a consortium dedicated to helping veterans and their families access tools to facilitate business creation. In partnership with foundations and technology companies, SCORE's new *FastLaunch* initiative provides scholarships to business workshops and software for veterans and military family members interested in entrepreneurship.

### **FY 2013 Planned Performance**

SCORE's service network, delivered through more than 360 chapters and online services, will also continue to offer tailored resources to underserved markets such as young entrepreneurs, rural areas, inner-city communities, and military families. The SBA and SCORE will continue an organizational and funding partnership to ensure that volunteer services are provided by business experts that meet professional, ethical, and diversity standards that benefit the small business clients served.

## ***Emerging Leaders***

The Emerging Leaders initiative accelerates SBA's delivery of products and services in underserved markets to urban and Native American small businesses with high growth potential. Each senior executive receives more than 100 hours of specialized training that focuses on advanced business planning and peer mentoring and includes a 3-year strategic growth action plan. Plans include

benchmarks and performance targets to help business participants emerge as stronger businesses that create more jobs and build communities.

Over 800 small businesses in urban and Native American markets have benefited from this training since its 2008 inception; over 300 small businesses completed the 2011 training. The impacts reported by the 2009 participants are: 500 new jobs created; nearly \$10 million in new financing obtained; over \$112 million in new government contracts secured; 52 percent of the businesses reported an increase in revenue; and, businesses grew customer sales valued at more than \$7 million through the initiative.

### **FY 2011 Accomplishments**

The SBA monitors the delivery of Emerging Leaders training along with business participants' performance. Participating firm executives indicate a continued satisfaction with this training and impressive business results. A survey of the participants showed they averaged \$2 million in revenue; secured new cumulative financing of \$7.2 million; more than half of the businesses had an increase in revenues of \$1.8 million; nearly half secured government contracts with a cumulative total of \$287 million; approximately half hired new workers, 275 FTEs in total; and 85 percent responded they were *satisfied* or *very satisfied* with the overall training series.

### **FY 2013 Planned Performance**

The SBA plans to host this executive training and mentoring series in underserved markets during FY 2013. The nationally acclaimed training curriculum and mentoring model that has resulted in customer satisfaction and participant outcomes will continue to leverage local community partners and experts. The Emerging Leaders initiative also fosters access to numerous Agency programs and services that support high-growth firms through public sector contracting, growth and investment capital needs, and certification programs. In FY 2013, the SBA will continue to leverage interagency resources that support individual firms and regional economies. The Agency will explore opportunities to scale the service to meet wide demand and use technology to offer continued monitoring of performance and access to business development trainings.

### ***Native American Affairs***

The mission of the Office of Native American Affairs (ONAA) is to ensure that American Indians, Alaska Natives, and Native Hawaiians seeking to create, develop and expand small businesses have full access to the necessary business development and expansion tools available through the Agency's entrepreneurial development, lending and contracting programs. ONAA works in coordination with other offices within the Agency to assist in formulating policies specific to Native populations. The program engages in outreach, technical assistance and education, formulates and administers training programs, and coordinates entrepreneurial development opportunities through co-sponsorship agreements with entities and other federal agencies.

ONAA's goals are: (1) to increase financial literacy across a broad section of the community and to educate internally on the roles of tribal governments; (2) to implement SBA-specific tribal consultation and to engage with tribally run economic and business development branches; (3) to conduct a Native American veterans outreach initiative which would increase the use of Patriot Express and counseling services, and; (4) to conduct an in-depth market research analysis in order to fine-tune marketing efforts resulting in a comprehensive communications plan to reach the target market with the end goal being a measurable increase in the use of all SBA tools, with particular emphasis on loans and contracting.

### **FY 2011 Accomplishments**

In FY 2011, the Office of Native American Affairs expanded the successful Emerging Leaders program to 12 Native American communities which counseled approximately 200 small Native American owned

businesses on how to increase job opportunities in their underserved areas. The Native American Veterans Outreach Project provided outreach, education and technical expertise to over 160 Native veterans to help address the challenges of starting a business in Indian Country and accessing capital and other financial assistance. ONAA also completed the preliminary phase of the Technology Transfer Project, which is designed to enhance the ability of tribal colleges and universities to create small technology-based business opportunities on American Indian reservations and will serve as the fuel for sustainable economic engines that will result in new firms and spin-off businesses, job creation, retention of qualified people in the area, and an increase in community assets. ONAA conducted three tribal consultations in Nevada, Wisconsin and Alaska to discuss the Agency's proposed changes to the 8(a) Business Development program, which strengthened SBA's ability to successfully carry out its mission. Through conference co-sponsorships and other outreach activities, ONAA met with at least 45 tribal leaders, 26 tribally-owned firms, and provided outreach to 1,800 contacts through trade shows and conferences on many topics, including business and economic development, procurement assistance, and job creation.

### **FY 2013 Planned Performance**

The Office of Native American Affairs is requesting \$850,000 to maintain and strengthen outreach initiatives and to support the Strategic Objectives of the Agency. ONAA will continue outreach to Native American tribes and Native American, Alaska Native and Native Hawaiian entrepreneurs to ensure access to key SBA programs including entrepreneurial development, lending, and contracting. Specifically, \$722,500 is requested for contractual services to fund the following: Native American entrepreneurial development initiative; Native American veterans outreach series; and tribal UCC development initiative, in conjunction with the Federal Reserve Bank of San Francisco.

ONAA will engage in dialogue with Native American Community Development Financial Institutions (CDFI), administered by Treasury, to better provide access to SBA programs including capital access and the Community Advantage program. ONAA will continue to use the existing tribal colleges and universities structure to assist in engaging rural tribal communities. The office will work in conjunction with and support of small business development centers, strengthen its relationship with SBA district offices, and encourage tribal outreach initiatives.

### ***Center for Faith-based and Neighborhood Partnerships***

The Center for Faith-based and Neighborhood Partnerships was established to make SBA programs and services more accessible by faith-based and community organizations and to strengthen their ability to build awareness of these programs to support and expand entrepreneurship in the communities they serve. The Executive Order that established this initiative states that "faith-based and other neighborhood organizations are vital to the nation's ability to address the needs of low-income and other underserved persons and communities." These organizations have traditionally been outside the business mainstream.

### **FY 2011 Accomplishments**

The Center for Faith-based and Neighborhood Partnerships continued building awareness of SBA programs in faith-based and neighborhood communities. Through extensive outreach, the center compiled a list of approximately 350 individuals and organizations operating in the not-for-profit space that are interested in supporting and promoting small business and entrepreneurship. The center established or deepened relationships with a number of national, regional, and local organizations.

The center took the lead role in planning a White House Symposium on Economic Recovery and Job Creation Through Faith-based and Neighborhood Partnerships. The center also: participated in the White House Office of Faith-based and Neighborhood Partnerships' Connecting Communities for the Common Good Tour events in Philadelphia, New Orleans, Denver and Detroit; represented the Office of Capital

Access at a number of community leaders briefing sessions; and represented the SBA on the Space Industry Workforce and Economic Development task force.

The center planned and hosted a microloan webinar for approximately 150 non-profit organizations. It also developed a “microloan roadmap,” detailing steps that “mission” organizations need to take in order to apply to become a microloan intermediary. The center is also participating in an effort to increase veteran participation in SBA’s Microloan program by working with veterans’ groups to build awareness.

**FY 2013 Planned Performance**

In collaboration with SBA district offices, the Center for Faith-based and Neighborhood Partnerships will continue to work with faith-based and neighborhood organizations to build awareness of SBA’s programs among their congregants, members and neighbors. Additionally, the center will redouble its efforts to identify faith-based and neighborhood partners that are viable prospects for selection as SBA microloan Intermediaries. In pursuit of these goals — building awareness and increasing the number of SBA microloan intermediaries — center staff will participate in a variety of outreach activities, e.g. business panels, speeches, and faith-based conferences and meetings with particular focus on economic recovery and job creation.

**7(j) Program**

The SBA is authorized under section 7(j) of the Small Business Act, to enter into grants, cooperative agreements or contracts with public or private organizations that can deliver management and/or technical assistance to individuals and enterprises eligible for assistance under the Act. This assistance is delivered through the 7(j) program to 8(a) certified firms, small disadvantaged businesses, businesses operating in areas of high unemployment or low-income, or firms owned by low-income individuals.

Under the 7(j) program, grants, cooperative agreements or contracts are awarded to qualified service providers that have the capability to provide business development assistance to eligible clients. Program funding is not available to finance a business, purchase a business or use as expansion capital for an existing business.

Assistance under the 7(j) program may be given for projects that respond to needs outlined in a solicitation announcement or for an unsolicited proposal that could provide valuable business development assistance for 8(a) and other socially and economically disadvantaged small businesses. This assistance may include accounting and marketing services, feasibility studies, marketing/presentation analyses and advertising expertise, loan packaging, proposal/bid preparation, industry specific technical assistance, and other specialized management, training and technical services. Additionally, an executive education program is offered for owners and senior officers of 8(a) firms to take part in intensive week-long training sessions.

**7(j) - Performance Indicator Table (1.6)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
SB Assisted (#)	Output	2,317	2,486	2,021	2,865	3,480	3,550	3,550	0%	3,550	3,550
Cost per SB Assisted (\$)	Efficiency	\$ 988	\$ 1,344	\$ 2,356	\$ 1,703	\$ 1,574	\$ 1,832			\$ 921	\$ 836

Budgetary Resources	Budgetary Obligations Incurred					
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
Total Administrative Resources (\$000)	\$2,289	\$3,340	\$4,761	\$4,880	\$5,478	\$ 6,502

Budget Requests	
FY 2012 Request	FY 2013 Request
\$ 3,270	\$ 2,968

### **FY 2011 Accomplishments**

In FY 2011, the Office of Business Development used the 7(j) program to focus management and technical assistance on underserved communities in particular by ensuring opportunities for 8(a) participants to receive, in addition to training courses, specialized management and technical assistance. In half of SBA's regions, contracts were issued through which numerous companies received direct and personalized assistance. Many companies received new accounting systems and marketing assistance; and a number received training on how to improve their quality control systems. Additionally, to facilitate the provision of such services to the remaining portfolio, the SBA entered into cooperative agreements to provide these services in the remaining five regions.

### **FY 2013 Planned Performance**

In FY 2013, the Office of Business Development will continue to focus on training and assistance to underserved communities. It will do so through continued use of the direct management and technical assistance initiative and it will develop an initiative to better assist eligible companies in preparing for and transitioning out of the 8(a) program. This will help 8(a) firms maximize the benefits of program participation.

## **Contracting Assistance**

### ***Women-Owned Small Business Program***

The Women-Owned Small Business contracting program provides equal access to federal contracting opportunities for women-owned small businesses (WOSB) and economically disadvantaged women-owned small businesses (EDWOSBs) that have been underrepresented in over 300 industries. The program allows contracting officers to set aside specific federal contracts for WOSBs and EDWOSBs, helping meet the statutory goal of 5 percent of federal contracts going to woman-owned firms.

### **FY 2011 Accomplishments**

In FY 2011, the SBA launched and implemented the Women-Owned Small Business (WOSB) program. This required publishing a final rule in the Federal Register and regulations in the Federal Acquisition Regulation, building and launching the WOSB repository where firms submit documentation to prove their eligibility, conducting outreach and training for small businesses and contracting officers, and reviewing and approving third party certifiers for the program. As of September 30, 2011, there were 7,471 women-owned firms in the SBA repository. The number of awards was 132, valued at \$14.5 million. In FY 2012, the SBA will be focused on ensuring both women-owned small businesses and contracting officers are appropriately trained and educated on the program in order to maximize the number of WOSB set-asides.

### **FY 2013 Planned Performance**

In FY 2013, the Office of Government Contracting (GC) will continue to conduct strong outreach and training on the Women-Owned Small Business contracting program. It will collaborate with federal agencies to increase opportunities for eligible women-owned small businesses to compete for and win federal contracts. GC will also process protests related to the program, conduct eligibility reviews, continue monitoring third party certifiers' compliance, and take enforcement action as necessary. This will ensure the benefits of the program flow to the intended recipients.

## 8(a) Program

The SBA's 8(a) Business Development program provides various forms of assistance (management and technical assistance, government contracting assistance and advocacy support) to foster the growth and development of businesses owned and controlled by socially and economically disadvantaged individuals. The SBA assists these businesses, during their up-to-nine-year tenure in the 8(a) Business Development program, to gain equal access to the resources necessary to develop their businesses and improve their ability to compete for both public and private contracts.

An applicant firm must: (1) be a small business; (2) be unconditionally owned and controlled by one or more socially and economically disadvantaged individuals who are of good character and citizens of the United States; and (3) demonstrate potential for success.

**8(a) - Performance Indicator Table (1.6)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
SB Assisted (#)	Output	9,600	9,536	9,122	8,854	8,442	7,814	9,457	-17%	8,500	8,300
Cost per SB Assisted (\$)	Efficiency	\$ 3,081	\$ 4,320	\$ 5,678	\$ 5,925	\$ 6,730	\$ 7,458			\$ 7,266	\$ 7,717

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Request	FY 2013 Request
Total Administrative Resources (\$000)	\$29,582	\$41,191	\$51,795	\$52,458	\$56,817	\$58,274	\$61,758	\$64,052

### Variance Explanation

**SB Assisted (17% under target)** - The variance is due to a variety of factors including: higher than average numbers of voluntary withdrawals and terminations from the program and lower approval rates for new applications.

## FY 2011 Accomplishments

The 8(a) program is a key component of supporting the goal of strengthening outreach to underserved communities. In FY 2011, approximately 7,200 companies participated in the program. Nearly 1,700 applications were acted upon, and 900 new companies were approved into the program.

In FY 2011, the SBA published revisions to the 8(a) Business Development regulations, which was the first comprehensive overhaul of the program in more than 10 years. The changes will strengthen the program, ensure that its benefits flow to the intended recipients, and help prevent fraud, waste and abuse.

Also in FY 2011, there were nearly 500 active mentor-protégé agreements resulting in more than 100 joint venture contract awards. Through 8(a), participating firms (called protégés) link up with mentors who can be either large businesses, other small businesses, or graduated 8(a) companies. Mentors provide specific business development assistance to protégés and are also able to work together with protégés on joint ventures.

In addition to strengthening outreach to underserved communities, the 8(a) business development staff participated in consultations with Native American communities. Staff also participated in national and local conferences and seminars targeted at enhancing contracting and capital access opportunities for underserved communities and populations.

In FY 2012, the SBA is developing programs to provide support to firms before and after they are in the 8(a) program. Additionally, the SBA is focused on creating business development opportunities for 8(a) firms by increasing their access to both federal and commercial supply chains.

## FY 2013 Planned Performance

For FY 2013, the Office of Business Development requests funding to make necessary system enhancements, continue headquarters and field training initiatives, and provide third party verification to selected 8(a) program applications. The SBA will also look for more ways to link suppliers in the 8(a) program to commercial opportunities with larger U.S. firms, helping drive innovation and competitiveness into the supply chain.

## **HUBZone Program**

The Historically Underutilized Business Zones program (HUBZone) is the only federal contracting program that provides a contracting vehicle for small businesses located in economically distressed areas. This unique program creates jobs where they are needed most by encouraging economic development, job creation and capital investment in the poorest areas of the country by providing sole-source and set-aside contracting opportunities as well as price evaluation preferences to firms that are HUBZone certified.

To qualify for the program, a small business (except tribally-owned concerns) must: be a small business by SBA standards; be directly and unconditionally owned and controlled at least 51 percent by U.S. citizens, a community development corporation, an agricultural cooperative, or an Indian tribe; have its principal office within a HUBZone; and have at least 35 percent of its employees residing in a HUBZone.

**HUBZone - Performance Indicator Table (1.6)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
SB Assisted (#) <sup>(1)</sup>	Output	5,044	2,833	3,218	701	6,405	5,801	4,000	45%	9,875	6,475
Annual Value of Federal Contracts (\$ Billion)	Output	\$ 7.2	\$ 8.5	\$ 10.3	\$ 12.4	\$ 12.0	N/A	\$ 12.0	N/A	\$ 13.0	\$ 13.1
Cost per SB Assisted (\$)	Efficiency	\$ 1,486	\$ 2,389	\$ 2,686	\$ 18,454	\$ 2,649	\$ 2,684			\$ 1,232	\$ 1,823
Cost per Federal Contract Dollar (\$)	Efficiency	\$ 0.0010	\$ 0.0008	\$ 0.0008	\$ 0.0010	\$ 0.0014	N/A			\$ 0.0009	\$ 0.0009

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Request	FY 2013 Request
Total Administrative Resources (\$000)	\$ 7,496	\$ 6,767	\$ 8,644	\$ 12,936	\$ 16,969	\$ 15,569	\$ 12,165	\$ 11,807

(1) Methodology was changed retroactively

### **Variance Explanation**

**SB Assisted (45% over target)** - As a result of the business process reengineering in FY 09 to reduce fraud, waste, and abuse, SBA established stronger internal controls and additional HUBZone firms were reviewed to ensure their continued eligibility.

## FY 2011 Accomplishments

In FY 2011, the HUBZone program achieved an average application throughput time of 90 days or less (from time of electronic submission to final submission) and developed and implemented internal and external communication plans to enhance stakeholder relationships. To further reduce fraud, waste, and abuse, the HUBZone program began the systematic Legacy Portfolio Review of firms that were certified as a HUBZone prior to the FY 2009 policy of full document review for initial certification. During FY 2011, 2,040 firms completed the Legacy Portfolio Review. The SBA also conducted and received 987 site visit reports from its field staff conveying whether or not the firm appeared to be operating from the HUBZone principal office. This amount is in sharp contrast with the seven site visits that had been conducted in FY 2008. In FY 2012, the SBA will be rolling out a HUBZone recruitment initiative to target firms that may be HUBZone eligible and educate them on the benefits of the program.

## **FY 2013 Planned Performance**

In FY 2013, the HUBZone program will continue to focus on creating jobs where they are needed most: the historically underutilized and underserved areas of the country, including economically distressed rural and urban areas, base closure areas, and lands designated as Indian Country. The FY 2013 budget requested will provide the means of pursuing this mission by funding the staff and infrastructure necessary to certify and recertify firms, provide program examination of firms, which includes site visits, and outreach to firms that are eligible for the HUBZone program. Improving the quality of the portfolio, combined with targeted outreach, will result in an increase of 5 to 10 percent of HUBZone small businesses receiving HUBZone contracts.

The HUBZone program will achieve an average application throughput time of 90 days or less (from time of electronic submission to final submission) to keep the wait time down to a minimum for the small businesses in such communities. By processing initial HUBZone applications in a predictable and quick time, small businesses in underserved communities will be able to achieve HUBZone certification more efficiently. These efforts will increase federal contracts to underserved communities. To accomplish this, staff productivity is expected to increase by 66 percent, the initial certification withdrawal to be reduced by 50 percent, and the decertification rate to go down by 25 percent.

To reach potential firms that can benefit from certification, the HUBZone program will communicate to underserved populations and communities to inform them of the program's benefits. By rigorously ensuring only eligible firms receive HUBZone certification and monitoring the program's portfolio of currently certified HUBZone firms, the program's record and reputation will allow federal agencies to more confidently seek out HUBZone firms, resulting in increased contracts and jobs.

A major FY 2013 investment is the One-Track Certification and Management System (One-Track CMS) which will require staff time and budget for technical support. One-Track CMS is a joint 8(a)/HUBZone System. To reap the benefit of the FY 2012 investment, the program will leverage the new system by increasing the productivity as the heavily manual work-arounds needed to accommodate updated workflows will have been eliminated. Improved monitoring of existing firms will be facilitated by the reporting tools of the new system and the ease of updating monitoring actions within records (i.e., record reviews performed as part of material changes, recertification, program exam, site visit, protest, etc.). The new technology and processes will provide better customer service for applicants and certified firms.

The HUBZone program will partner with the Department of Housing and Urban Development (HUD) in the mapping component of the program. HUD, which has signed an interagency agreement with the SBA, will collaborate in providing HUBZone Maps — a critical component for determining eligibility requirements — to applicants, certified firms and other stakeholders. The HUD partnership will produce a 20 percent cost savings for the SBA.

## ***Service-Disabled Veteran-Owned Small Business program***

The Service-Disabled Veteran-Owned Small Business program is a federal government contracting program that allows contracting officers to set aside a requirement for a service-disabled veteran-owned small business if it meets certain requirements. The SBA manages this program, which includes self-certification, a protest process and any enforcement actions, as needed.

## **FY 2011 Accomplishments**

Due to the reporting cycle of federal procurement data, the FY 2011 results for the government-wide target of 3 percent are not available at the time of publication and will not be available until summer 2012 when the 24 CFO Act agencies certify their data in FPDS-NG.

### **FY 2013 Planned Performance**

In FY 2013, the Office of Government Contracting will continue to collaborate with federal agencies to increase opportunities for eligible service-disabled veteran-owned small businesses to compete for and win federal contracts. The office will also continue to process protests related to the program and take enforcement action as necessary to ensure the benefits of the program flow to the intended recipients.

## **Investment and Innovation**

### ***Small Business Innovative Research Program***

In FY 2011, the SBA initiated discussions with the agencies participating in the SBIR program to develop plans for specialized outreach to firms owned by members of underserved communities. The SBA is also compiling the activities of Federal and State Technology (FAST) Partnership grant awardees. A major component of the FAST grants is to conduct outreach to the underserved.

### **FY 2011 Accomplishments**

The SBA held two conference calls with state and federal SBIR program managers to begin a dialogue of implementing best practices to increase program participation by underserved small businesses. A committee was established to develop a detailed outreach plan. Tentative plans are being put in place to make outreach to the underserved a focal point at an SBIR national conference in FY 2012.

### **FY 2013 Planned Performance**

In FY 2013, SBIR will have an increased focus on underserved populations via the implementation of the outreach plan developed by SBIR program managers in FY 2012. The plan will also be shared with state SBIR program managers.

### ***Small Business Investment Company Program***

To address gaps in the capital structure of small businesses, the SBIC program has initiated a number of steps. In addition to continued outreach efforts designed to increase the breadth of the program overall, the program focuses on increasing penetration among underserved populations. The SBA is dedicated to improving participation in the program among women and minority managers and has significantly worked to increase the number of applications from women and minority management teams. As a result, the percentage of women- and minority-run SBIC funds increased from 11 percent in FY 2007 to 26 percent in FY 2011.

As part of Startup America, a government-wide effort to spur entrepreneurship and small business growth to create jobs and strengthen the economy, initiatives to increase funding to underserved populations and for earlier stage companies through Impact funds and Early Stage Innovation funds have also been implemented.

### **FY 2011 Accomplishments**

During FY 2011, the Office of Investment and Innovation continued to increase applications from women- and minority- managed teams. Proposed regulations were issued on the energy savings debenture and the Early Stage Innovation Fund initiative, and the first Impact Fund was licensed. These efforts are designed to increase funding available to underserved markets and further Administration priorities.

### **FY 2013 Planned Performance**

In FY 2013 the Office of Investment and Innovation intends to fully utilize its allocation for the Impact and Early Stage Innovation Funds (\$200 million each) and its allocation for the energy savings debenture. Impact investing funds will focus on underserved communities such as LMI, economically and distressed areas, plus emerging sectors such as clean energy and education. Early Stage Innovation funds will permit early stage equity investing.

By leveraging the standard debenture program, the SBA will further address the capital gap facing small businesses.

## Strategic Goal Two – Building an SBA that meets the needs of today's and tomorrow's small businesses

### Objective 2.1 – Strengthen SBA's core programs to ensure that they are high performing, effective, and relevant to the needs of the small business community

#### Office of the Chief Information Officer

SBA's information technology (IT) program provides leadership and supports the mission of the Agency with a secure technology infrastructure that connects 3,500 employees and contractors at locations throughout the country. In FY 2011, the program started a series of technology innovations that will result in a more efficient, secure, stable, and consolidated computing infrastructure that will position the SBA to remain innovation leaders for the next decade. These innovations include:

- Expanded telecommunications capacity through GSA's Networkx program, which will lead to a 25 percent improvement in response time on the Agency's network.
- A migration of SBA's computing infrastructure and major applications to new and consolidated high-performance data centers, which will reduce costs and boost SBA's information system availability to 99.99 percent of the time.
- The adoption of best-practice-tiered calling center technologies for IT support, ensuring that SBA's technology support calls exceed industry standards for first call resolution.
- State-of-art cybersecurity monitoring technologies, which will allow the SBA to focus on priority security threats, identify mitigation strategies, and minimize risks to SBA's program mission.
- Investment in new technologies, methodologies, and processes designed to boost the overall satisfaction with SBA's IT program to 95 percent, measured in quarterly employee surveys.

These innovations will be tracked and reported each quarter through the performance indicators listed in table 2.1:

Chief Information Officer - Performance Indicator Table (2.1)

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Network availability (%)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	N/A*	99.9%	99.9%
Network response time (#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	N/A*	8	8
Incoming Calls to IT Service Desk Resolved on First Call (%)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	N/A*	80%	80%
IT Security Incidents Reported to US CERT within specified timeframes (%)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	N/A*	100%	100%
Overall IT satisfaction (%)	Outcomes	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	N/A*	80%	80%

\*N/A - Not Available

\*NG - New Indicator Not Goaled for FY 2011

\*TBD - To Be Determined

#### Definitions

Network availability—minutes of all server outages, relative to possible service minutes
Network response time—average latency, in milliseconds, measured across all SBA telcom circuits.
Incoming Calls to IT Service Desk Resolved on First Call —percent of incoming calls to IT Service Desk resolved on first call.
IT Security Incidents Reported to US CERT within specified timeframes —Percentage of IT security incidents reported to US CERT within Standard
Overall IT satisfaction—overall ranking of IT from quarterly surveys.

Underlying these performance indicators are a series of specific technology innovations that the SBA began to design and implement in FY 2011 and will be completed in time to support SBA's program delivery in FY 2013. The most significant innovations include:

- Integrating and consolidating disparate certification and re-certification processes for small businesses that participate in SBA's business development and government contracting programs into a single, streamlined, coordinated system that minimizes processing time and reduces paper submissions ("One Track CMS". See Objective 1.6 for more). This system will also provide the SBA with a business intelligence capability that can boost robust analytics and reporting.
- Transforming and accelerating SBA's loan origination process by renovating legacy code and systems and porting them to a secure, consolidated, expandable cloud-based processing center.
- Implementing secure wireless communication for all SBA locations in order to improve productivity and mobility, enabling lightweight tablet and smartphone computing platforms for SBA employees. Mobility innovations under SBA's Building On Light Technologies (BOLT) initiative will expand the Agency's capability to deliver field-based support to its financial and assistance partners and, ultimately, improve SBA's responsiveness to the small business community.
- Transitioning SBA's network security to a "Trusted Internet Connection (TIC)" service that allows more rapid adaptation to the latest intelligence on Internet-based cyber threats, and controlling access to SBA computing resources through the universal use of "personal identity validation" cards and tokens.
- Ensuring the development of SBA's information technology workforce through the adoption of online training and certification programs, development plans, and career paths.

### **FY 2011 Accomplishments**

*Issued and published SBA's Five-Year (2012-2016) IT Strategic Plan* — OCIO worked with agency customers and stakeholders across the country to develop and publish the Agency's FY 2012-2016 IT Strategic Plan. This Plan, mandated under the 1996 Clinger-Cohen Act, sets out the Agency's enterprise-level IT management principles and framework for the next five years, aligning SBA's technology mission, vision, and objectives with the Agency's Strategic Plan.

*Converted to state-of-the-art telecommunications circuits* — The SBA transitioned telecommunications services from the expiring FTS2001 contracts to a single Network Universal contract. This transition involved the "like-for-like" transition of over 24,000 SBA telecommunications assets. As a part of the Federal-wide adoption of the TIC strategy, the SBA transitioned its connections to the public Internet and other external connections through the AT&T Managed Trusted Internet Protocol Service (MTIPS).

*Consolidated servers and reduced environmental impacts* — The SBA began implementation of state-of-art server virtualization that will enable platform level cloud computing and promote the consolidation of physical servers into an integrated environment that improves efficiency and reduces SBA's physical footprint and electrical demands. This is a critical step in SBA's effort to implement the Federal Data Center Consolidation Initiative.

*Met the needs of new small business loan programs* — OCIO modified and upgraded the Loan Accounting System to support technology modernization required for expanded loan amounts and new financial programs provided under the American Reinvestment and Recovery Act and the Small Business Jobs Act.

*Expanded protection of the SBA network* — OCIO partnered with the Department of Homeland Security to obtain National Cyber Security Protection (NCSP) Services. NCPS will allow SBA to more actively monitor network traffic.

Tested tablet computing and mobile messaging — Under OCIO's leadership, the SBA began a pilot project to test the encryption and secure configuration of new tablet and smartphone devices in order to expand the Agency's computing options to include new personal and enterprise handhelds.

Training SBA technology users in security concepts — OCIO conducted Computer Security Awareness Training (CSAT) for all SBA network users, including specialized training for SBA system owners and ISSOs through the newly established agency-wide "IT Security Coordinating Committee."

## **FY 2013 Planned Performance**

Adopt commodity application development techniques through a new Common Application Support Environment (CASE) — The SBA plans to integrate and consolidate critical SBA applications requiring workflow or document management into a single, agility-based, shared-development environment that securely includes a data sharing environment, business intelligence, and corporate analytics. This standardized application environment will be known as SBA's Common Application Services Environment (CASE).

Refresh Desktops and Servers — The SBA will continue to implement a sustainable refresh strategy for the Agency technology infrastructure, including server and client hardware that will update 25 percent of the hardware each year.

Data Center Consolidation — The SBA has partnered with another large federal agency to gain access to industry-standard data center services. In FY 2013, the Agency will continue transitioning from developing and operating its own data centers to a shared service arrangement, through an interagency agreement. SBA's currently sub-standard datacenters will be moved into a geographically dispersed pair of primary and secondary facilities that will vastly increase disaster recovery and cyber-security capabilities and secure stable, secure infrastructure for SBA's business lines. This will result in the maturing of SBA's technology portfolio into cloud and managed services technologies, resulting in a reduction in direct Agency hardware ownership and maintenance over time. The Agency requests \$5 million in FY 2013 to complete its data center consolidation efforts.

Consolidate system backup and recovery technologies — To reduce the disparate architecture of its backup systems, which has resulted in growing administrative overhead, increasing security vulnerabilities, and unnecessary costs, the SBA will consolidate its backup systems into a single centralized, cloud-based backup system.

Develop Mobile Applications — The SBA will continue to promote the development of mobile applications for better access to critical systems for SBA business partners or applicants on tablet and smartphone platforms.

Continue to expand compliance with Federal IT Security Policies — The SBA will continue to (1) meet all IT security requirements specified under FISMA and OMB policy guidelines and mandates, and; (2) implement SBA Standard Operating Procedure 90.47.3, which establishes an Agency-wide approach to implementing the federal IT security requirements in accordance with FISMA. As a result, the SBA will remain ahead of the ever expanding range of security threats through increasing maturity of its continuous monitoring program across the Agency.

Voice over Internet Protocol (VoIP) — The SBA will upgrade the Agency's telecommunications systems to fully implement Voice over Internet Protocol (VoIP), leveraging the Agency's current wide area network (WAN) to transmit voice communications and multimedia sessions. The SBA is an active partner with other agencies in defining and implementing future innovations, such as fully leveraging next-generation unified communications and customer engagement strategies that will assist the Agency further in its mission.

## Communicating SBA's Message — Office of Communication and Public Liaison

The Office of Communication and Public Liaison (OCPL) develops and implements plans, operating procedures and standards for articulating and communicating the Agency's programs and priorities to America's entrepreneurs and small business owners. The office leverages a number of strategies in order to maximize the reach and impact of the SBA, including but not limited to:

- working with news outlets to amplify announcements of new and/or improved SBA tools and resources, as well as other federal resources, for entrepreneurs and small business owners;
- maintaining dynamic online content, tools, and resources aimed specifically at Americans who are, or want to become, small business owners;
- creating high-quality marketing, print and video materials targeted at small business owners and their stakeholders, raising awareness and understanding of SBA resources;
- leading and engaging small business owners and entrepreneurs in robust dialogue through in-person events, online webinars and conference calls, and SBA's social media channels; and
- coordinating and executing strategic partnerships and co-sponsorships with private and nonprofit organizations whose goals are aligned with the SBA.

In all of these activities, OCPL collaborates closely with Agency experts in specific program and policy areas. OCPL also coordinates with SBA field staff and key partners to disseminate new information to small business communities throughout the U.S.

**SBA.gov - Performance Indicator Table (2.1)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
SBA.gov Site Visits (#)	Outputs	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	N/A*	1,200,000	1,300,000
SBA.gov Customer Satisfaction Score (%)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	N/A*	71%	73%
Percentage of Unique Visitors to SBA.gov who use the SBA Direct tool (%)	Outputs	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	N/A*	6.5%	7.5%
Percentage of ACSI (Forsee Results) survey takers that responded to the question of finding what they were looking for on SBA.gov. (%)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	N/A*	85%	87%
Number of SBA.gov Community Unique visitors (#)	Outputs	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	N/A*	110,000	150,000

\*N/A - Not Available

\*NG - New Indicator Not Goaled for FY 2011

### FY 2011 Accomplishments

**New website – SBA.gov** — OCPL successfully completed the overhaul of SBA's website, transforming its online presence from a static and outdated platform to a dynamic, customer-oriented resource hub for America's small business owners, their partners and stakeholders. The new site includes a tool (SBADirect) that allows small business owners to quickly find local and free resources in their community. The site also includes a robust online community with several blogs written by top SBA officials, OCPL staff, and experts in the U.S. small business community.

**Small Business Jobs Act Rollout** — As the largest piece of U.S. small business legislation in over a decade, the Small Business Jobs Act, signed into law in September 2010, included a number of new and/or improved programs, initiatives and resources for small business owners. OCPL played the SBA's lead role in coordinating announcements as key Jobs Act tools were designed and implemented. This included major outreach, communications, and events regarding enhanced SBA loans; increased loan sizes; stronger federal contracting tools for small businesses; more resources for SBA-affiliated counselors; stronger export financing and counseling tools; and other efforts that are mentioned throughout this document. Notably, due in part to OCPL's efforts to alert the lending community to the availability of enhanced SBA loans, the SBA had the highest lending record in the Agency's history in the first quarter of FY 2011.

**Startup America Rollout** — The SBA took a lead role in Startup America, a government-wide effort to spur entrepreneurship and small business growth in order to create jobs and strengthen the economy. OCPL

was highly engaged in rolling out and coordinating communications surrounding SBA's Agency-specific contributions to Startup America (a new \$1 billion Impact Investment Fund, a new nationwide Entrepreneurial Mentor Corps, an eight-city tour aimed at reducing barriers, etc.) as well as coordinating with other departments and agencies that were engaged in key Startup America initiatives.

*Underserved Communities* — OCPL played a lead role in communicating key initiatives and efforts targeted at helping entrepreneurs and small business owners from underserved communities, many of whom were hit hardest by the recession. For example, OCPL helped develop strategic communications for both small business owners and lenders announcing a new platform, Advantage loans, aimed at increasing points of access to capital for women, minorities, veterans, rural businesses and other underserved communities. Also, OCPL helped communicate key milestones in the rollout of the new Women-owned Small Business federal contracting program.

### **FY 2013 Planned Performance**

*Strengthen Online Presence* — As entrepreneurs and small business owners continue to rely more heavily on online and social media resources, so will the SBA through efforts led by OCPL. Specifically, the Agency intends to create more robust online navigation tools for small businesses, working collaboratively with agencies throughout the federal government. It will strengthen its online outreach to young and underserved entrepreneurs and will explore more ways to solicit feedback directly from small business owners through social media. OCPL will continue to measure web traffic and social media activity as key indicators of progress, shifting strategies as necessary to maximize positive trends and impacts while discarding strategies that result in limited returns.

*BusinessUSA* — The SBA will continue to lead efforts and will work collaboratively with other agencies and the Office of Management and Budget, and requests \$6 million to help develop, lead, promote and market [BusinessUSA.gov](http://BusinessUSA.gov). OCPL will involve other Agency staff to help raise awareness of the new site and make sure small business owners can find the tools and resources they need to start and grow their businesses.

*Amplify Existing Tools and New Initiatives* — OCPL will continue to play a key role in communicating to and engaging with small business owners on new SBA efforts aimed at meeting critical gaps and needs in the small business community, whether that be strengthening supply chains of small manufacturers, helping high-growth-potential firms that need early-stage investments, continuing efforts aimed at serving underserved communities, or other targeted efforts to ensure that small business owners have the information, tools and resources to grow and create jobs.

### ***Office of Performance Management and the Chief Financial Officer***

*Performance* — The Office of Performance Management is the driving force behind promoting operational effectiveness, accountability and transparency within the SBA. This mission is accomplished by developing, coordinating, and maintaining Agency efforts to transition to an outcome-oriented, customer-focused, employee-enabled, more accountable and transparent organization. This office is also the leader in the Agency's Performance Improvement initiative to build the Agency's capacity for result-based management through data driven reviews, analysis, outreach to program offices, and training. This initiative was designed to develop better performance measures in order to facilitate SBA's continued movement from measuring activity outputs to measuring programmatic and Agency outcomes. The office supports the Agency's strategic planning and prepares annual accountability and performance reports.

*Financial* — The Office of the Chief Financial Officer conducts and promotes effective financial management activities for the SBA, including budget, credit subsidy, financial operations, financial systems and internal controls. It develops and maintains integrated accounting and financial management systems; directs, manages, and provides policy guidance and oversight of all Agency financial management personnel, activities, and operations; approves and manages financial

management systems design and enhancement projects; develops budgets for financial management operations and improvements; monitors the financial execution of the Agency budget in relation to actual expenditures; and issues reports on budgetary and financial results.

**Acquisitions** — On October 1, 2010, the SBA transferred its acquisition function from the Office of Management and Administration to the Office of the Chief Financial Officer’s Denver Finance Center and rebranded the office as the Acquisition Division. The realignment promotes integrated financial and acquisition planning. Now, the Acquisition Division performs cradle-to-grave acquisitions services in accordance with division-established timelines and regulatory/policy guidance. Services include all internal and external reporting as well as end user advisement on processes such as acquisition type, planning and configuration.

**Chief Financial Officer - Performance Indicator Table (2.1)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Unqualified Opinions for Audit Year	Outcomes	Yes	0%	Yes	Yes						

**FY 2011 Accomplishments**

**Performance** — For the fifth year in a row, the SBA received the Association of Government Accountants’ “Certificate of Excellence in Accountability Reporting” for its Performance and Accountability report. The award reflects the Agency’s continuing dedication toward the goal of financial and performance budget integration. The SBA implemented an enhanced weekly, monthly and quarterly performance reporting process to track progress against Agency goals, including the High Priority Performance Goals, and used internal resources to automate the creation of an Executive Performance Dashboard. The office developed content for SBA’s portion of OMB’s [Performance.gov](http://www.performance.gov) portal and updated the content on a quarterly basis. The Agency also created a performance portal on SBA’s redesigned website ([www.sba.gov/performance](http://www.sba.gov/performance)) to provide easy access to the Agency’s performance information. The office also led the Agency’s strategic planning initiatives, which included updating a strategic plan to guide the Office of the Chief Financial Officer as well as preparing an Addendum to SBA’s FY 2011 – FY 2016 Strategic Plan. The SBA achieved a greater integration between budget and performance by submitting a budget request that linked the request to the Agency’s Strategic Goals and Objectives. As part of the Agency’s efforts to invest in its people, a data analysis and presentation training course and contest was launched to develop more advanced analytical/presentation skills among analysts and managers, and help the SBA analyze the wealth of information that is collected regularly from its program offices.

**Financial** — The SBA continued to maintain excellence in financial management during FY 2011, including an unqualified opinion with no material weaknesses in its FY 2011 financial statement audit. Also during FY 2011, the Agency successfully (1) implemented budgetary funds control, accounting and system changes for the Small Business Jobs Act that provided needed credit access to small business as well as to launch the Intermediary Lending Pilot program as part of the Jobs Act; (2) “retooled” the Loan Management and Accounting System projects to conduct essential system development and to move additional systems off of the SBA mainframe; (3) conducted the acquisition of goods and services for the SBA in compliance with federal contracting guidelines as part of the reorganization of SBA procurement; (4) implemented improvements required under the Improper Payments Elimination and Recovery Act; (5) revamped how the Agency processes outstanding receivables to speed the collection of \$25 million in outstanding debt; (6) made needed improvements to SBA’s referral of defaulted loans to Treasury for further collection efforts required under the Debt Collection Improvement Act, and; (7) initiated a project to improve the accuracy of loan guaranty reporting in the Form 1502 report.

**Acquisitions** — Since the realignment of the Acquisition Division the SBA has taken a number of steps to strengthen the function. The SBA has integrated the management of its Contract Management System and financial systems within the CFO’s Office of Financial Systems. By coordinating the Agency’s financial and acquisition management, the SBA has strengthened its acquisition function and built its

capacity to produce high-performing, low-risk contracts. In addition, the SBA has implemented a new Data Quality Plan and improved training for contracting officers to ensure high quality contracting data.

### **FY 2013 Planned Performance**

*Performance* — 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 in FY 2013. The SBA will utilize performance results at both the program and Agency-wide level throughout the year to identify issues, improve programs and policies, and drive management decisions. A pilot training course to train staff on integrating data analysis to make recommendations will continue to embed a performance culture into the Agency. The Office of Performance Management will look to continually improve the timeliness and quality of performance data for Priority and Performance Goals as well as indicators and further integrate budget and performance in program offices and Agency-wide.

*Financial* — 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 address each item to complete work as soon as possible. Internal control activities over financial management processes will be enhanced based on previous year experience. Incremental improvement to loan accounting systems begun in FY 2011 will continue to move additional systems off of the SBA mainframe.

*Acquisitions* — The SBA will enhance the capacity of the function by involving the entire Agency, rebuilding internal structures, and revamping policy and procedures. The SBA will train contracting officer technical representatives on proper acquisition procedures; rewrite the Agency's acquisition SOP to incorporate federal best practices; and, add a performance element to increase accountability for contracting officers that specifically addresses the quality of contracting data entered by contracting entities in the Federal Procurement Data System Next Generation (FPDS-NG).

### ***Office of Financial Program Operations (OFPO) — Loan Processing Centers***

The SBA has established a quality control and assurance program across all centers to ensure quality standards are met and continually improved, allowing internal loan processes to be performed with greater consistency and accuracy. These benefits extend to the small business borrower through lower costs, ease of use, with increased consistency and accuracy. OFPO provides training, productivity tools, flexible work schedules and telecommuting to boost employee satisfaction and productivity as well as customer service. OFPO began an in-depth assessment of center activities with the help of a financial services consultant to identify areas for enhancements and improvements focusing on leveraging technology, eliminating non value-added activities, and modernizing policy. One such process improvement project is a paperless platform for processing all 7(a) and 504 loan servicing that provides the infrastructure for the Agency's Priority Goal under Strategic Objective 1.1.

### **FY 2011 Accomplishments**

In FY 2011, the OFPO persisted with re-engineering projects across all loan processing centers that expanded paperless processing for the 7(a) and 504 loan programs, enhanced productivity through workflow technology tools and improved metric reporting, and strengthened quality control by finalizing a quality control process manual. OFPO also modernized processing and policy in the disaster loan servicing and resolution centers by standardizing processing forms and creating an employee training manual as a reference guide. These actions resulted in better quality controls and improved customer service.

## **FY 2013 Planned Performance**

In FY 2013, OFPO will continue an initiative to maximize efficiency and effectiveness by leveraging systems and technology, standardizing best practices across the centers, removing non value-added activities and analyzing the workforce, and updating standard operating procedures. This commitment to continuous improvement will lead to more efficient paperless processing, improved quality control, reduction of improper payments, more effective allocation of staff resources from form processing to the more complex activities, and modernized policy and procedures that are more in line with current business practices.

## ***Office of Field Operations***

The Office of Field Operations (OFO) works as the front line operating team for the SBA. Most SBA programs and services are executed through regional, district, and branch field offices located in every state the District of Columbia, Puerto Rico, American Samoa, the U.S. Virgin Islands, and Guam. The purpose of OFO is to facilitate, advocate, communicate, and educate field operations in delivering business and entrepreneur development, financial and technical services, and marketing strategies to its small business customers.

## **FY 2011 Accomplishments**

As SBA's representatives in communities across the country, OFO staff played a key role in helping the Agency achieve key milestones in FY 2011 including an all-time record lending year. During FY 2011, OFO increased oversight, training, and goal metrics to deliver superior program outputs and initiatives to help small businesses gain access to capital, counseling, coaching and entrepreneurship education, and opportunities in government contracting and business development. OFO executed employee enhancement (e.g. training mentorships) initiatives, succession and knowledge transfer strategies; and focused on employee talent and development, mentorships, and subject expert conferences. OFO initiated shared goals, measures, and innovative mechanisms to increase cross-department accountability. Through updated training programs and the use of new information technology instruments (CRM, SharePoint, etc.), OFO increased coordination and collaboration to streamline and strengthen key programs. In addition, OFO executed hundreds of lender and contracting outreach and matchmaking activities that helped deliver more loans and federal contracts into the hands of small business owners. OFO continued to provide comprehensive small business services through district offices and alternative work site offices, as well as through SBA's many local, state, and federal partners and stakeholders.

## **Capital Access**

In coordination with the Office of Capital Access, lender relations specialists at district offices strengthened efforts to recruit, train and retain lenders in SBA's loan guaranty programs, particularly in underserved communities which were hit hard by the recession. OFO helped pair small businesses seeking loans with SBA resource partners such as SCORE, women's business centers, and SBDC networks. The districts also executed SBA's initiatives to train lending partners and these counselors on important areas such as commercial real estate refinancing in order to help small businesses avoid foreclosure. Because of these efforts, Preferred Lender program participants and SBA Express renewals (renewing lenders and determining their renewal term) increased from the previous year.

## **Entrepreneurial Development**

In coordination with the Office of Entrepreneurial Development, district offices offered a variety of business seminars — business planning, marketing, government contracting, financing, taxes, and veterans assistance — as well as networking opportunities with area lenders and organizations. Through process innovation and strengthened employee skills, OFO improved its efficiency and effectiveness in

equipping small businesses to build their businesses and create new jobs. District offices also continued referring small businesses to SBA resource partners, resulting in substantial increases from FY 2010 in interactions with SCORE mentors, veterans business outreach centers, and more. For example, government contracting events with veteran communities exceeded planned targets (428) by 30 percent (614). Small business referrals to resource partners exceeded the goal by 50 percent.

### **Government Contracting and Business Development**

In coordination with the Office of Government Contracting and Business Development, district offices completed extensive market research and compliance initiatives to ensure accountability and dedicated service to veterans, women, minorities, and other small business owners that are helped by statutorily-driven federal contracting programs. SBA's business development officers supported and/or organized business conferences, contracting workshops, and other activities to help small business owners understand government contracting as well as connect directly with government agencies looking for products and services. Importantly, district offices proactively reached out to veterans' organizations and state and federal agencies that serve the veteran community. Based on these initiatives, participation increased and quality services improved by an average of 40 percent.

### **FY 2013 Planned Performance**

OFO will meet its mission requirements through increased technology-driven training tools and streamlined review processes, reducing costs by \$500,000. The office will focus on bolstering performance in FY 2013, having fully transitioned to updated employee job descriptions and performance standards and updated district and regional strategic planning processes. In FY 2012 and FY 2013, district offices will have action plans and goals that directly align to SBA's Strategic Plan, with measurable results and outcomes for each employee's Personal Business Commitment Plan. New automated tools developed in FY 2011 and FY 2012 will help document and track OFO results for use in real-time by SBA's core program offices. The increased level of clarity and transparency in performance metrics is expected to lead to higher levels of job satisfaction as well as Agency effectiveness and results.

OFO will focus on the Strong Cities, Strong Communities (SC2) initiative to spark economic growth in local communities while ensuring taxpayer dollars are used wisely and efficiently. In addition, OFO will concentrate on the Small Business Jobs Act provisions, and other administrative initiatives to assist small business performance and growth.

### ***Office of Management and Administration***

The Office of Management and Administration (M&A) is responsible for planning, implementing, and overseeing administrative support programs across the Agency, such as human resources, grants management, correspondence, facilities and real estate, asset management, property inventory, fleet management and operations, office equipment and administrative services, physical and building security, records management, and mail and print management. In addition, M&A is responsible for planning and executing several highly visible, cross-agency special initiatives generated by Presidential directives or statutes, to include OIG audit follow up and Management Challenge oversight, Emergency Preparedness and Response, Sustainability, Open Government, and execution of the Administration mandate to Promote Effective and Efficient Operations.

### **FY 2011 Accomplishments**

The SBA created and published an Agency-wide Sustainability Plan which included a range of deliverables to achieve in FY 2012, including: energy efficiency (e.g., reduce local printers, use more fuel efficient cars); resource conservation (e.g., duplex printing, recycled paper, mobile work pilots, increased recycling); efficient transportation (e.g., right-size vehicle fleet, increase telework, reduce single car

commuting); real estate rent reductions through more efficient use of space; and, green procurement concepts.

The Agency implemented several Executive Orders and Presidential memorandums to achieve more efficient operations and cost reductions, including: reducing executive fleet costs by over 100 percent by transitioning from a commercial lease to GSA leased vehicles; reducing rental costs by nearly \$1 million by reducing and/or redesigning existing space configurations; transition in-house of three internally created web-based continuity distance learning tools; and, reduction in overdue OIG audit findings and continued improvement in addressing OIG challenges. Through re-competition of the emergency alert system contract, the SBA is estimating savings of \$150,000 annually beginning in FY 2012.

### **FY 2013 Planned Performance**

Plans for FY 2013 include publication and implementation of performance targets contained in updated Sustainability, Open Government, and Continuity Plans; implementation of Managed Print Services through use of GSA Federal Strategic Sourcing Initiative resulting in significant cost savings; continued reduction in real property savings due to reduced footprint and consolidation of leases; and cross Agency Project Execution, to include continued cost cutting initiatives in the administrative management area.

### ***Office of Human Resources Solutions***

The Office of Human Resources Solutions (OHRS) strives to create a work environment that attracts and retains a talented and high performing workforce. SBA's Strategic Human Capital Plan establishes a systematic Agency-wide approach to human capital management aligned to SBA's mission, vision and goals.

### **FY 2011 Accomplishments**

In FY 2011, OHRS strengthened its recruitment strategy and succession planning efforts. For example, the SBA actively participated in recruitment efforts at jobs fairs, including those focused on workforce diversity. Also, OHRS drafted the Agency's Veterans Recruitment and Employment Operational Action Plan for FY 2011 and FY 2012, establishing SBA's goals to increase opportunities for prospective employees who are service-disabled veterans as well as those who are have a disability but are not veterans.

For FY 2011, the Agency's recruitment efforts to increase veterans employment opportunities within SBA were very positive. In fact, veterans represented 31.1 percent of all SBA permanent new hires. The SBA's veterans recruitment efforts increased the total number of veterans to 17.3 percent of all employees on the Agency rolls as reported by the Office of Personnel Management (OPM). The SBA veterans employment rate of 17.3 percent surpassed the 13.6 percent goal set by OPM for the Agency.

The SBA continued to implement hiring reform initiatives during FY 2011. The Agency developed a comprehensive strategy for improving the hiring process and the Agency's "time to hire" rate established by OPM while ensuring highly qualified candidates are recruited and retained.

During FY 2011, in order to achieve a results-oriented performance culture, the Agency further improved its performance management system. Leaders, managers and employees' performance plans were revised to include standards that: (1) established a direct connection between employee performance expectations and the Agency's mission, strategic goals, and operational goals; (2) provided incentives for high performers by distinguishing between levels of employee performance, and; (3) promoted accountability for achieving performance goals at the individual and organization level.

During FY 2011, OHRS and its Agency partners began a major initiative to rewrite mission-critical occupations position descriptions for the Office of Field Operations (OFO). New position descriptions and

performance plans were developed and realigned for more than 900 non-headquarters employees. OHRS and OFO realignment of these mission-critical positions ensured the district offices' Strategic Marketing and Outreach Plan and the Agency's Strategic Plan goals will be achieved. Implementation of the new position descriptions, critical elements and performance standards took effect at the beginning of FY 2012. This initiative will result in better workforce alignment to effectively deliver SBA programs and services by proactively responding in real-time to local small business communities and market forces needed at the grassroots level.

The SBA continued to fill the critical jobs needed to increase the Agency's staffing capacity to execute its mission in support of the Small Business Jobs Act of 2010. OHRS provided consultative services and support to SBA managers' recruitment efforts. OHRS proactive recruitment efforts enabled program offices to promptly hire new employees. In total, the SBA filled 50 Jobs Act positions.

### **FY 2013 Planned Performance**

Recognizing the need to provide enhanced and effective services to the SBA, OHRS is committed to enhancing and procuring the Human Resources Line of Business e-tools. Transitioning OHRS' legacy HR manual systems to e-tools is essential for the Agency to realize operations cost savings through modernization. A workforce planning system was one of the most critical e-tool acquisitions made during the fiscal year. With the launch of an Agency-wide workforce analytic e-tool in FY 2012, the SBA will have an effective system to assess, realign, and manage its human capital resources. The workforce planning system will allow the Agency to restructure its workforce and strategies to meet the ever-evolving small business needs. The SBA plans to improve its hiring processes with the goal of achieving a "time-to-hire" that is less than OPM's standard of 80 days.

## Objective 2.2 – Invest in SBA's employees so they can effectively serve small businesses

### Office of Human Resources Solutions

The Office of Human Resources Solutions (OHRS) develops strategic human capital solutions to workforce issues and strives to create a work environment that attracts and retains the talented and high performing workforce the SBA needs to accomplish its mission. Effective human capital planning must be dynamic and adaptable to ever-changing mission requirements as significant events, accomplishments, and new major requirements are encountered. The Agency's Strategic Human Capital Plan takes into consideration these expectations and provides a framework for effectively improving the Agency's human capital management challenges.

**Human Resources Solutions - Performance Indicator Table (2.2)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Annual Employee Survey of Overall Satisfaction Rating (%)	Outcome	N/A*	N/A*	66.9%	72.2%	66.7%	67.0%	70.5%	-5.0%	71.0%	71.0%
Number of Average Days for SBA "Time-to-Hire" (Days)	Efficiency	N/A*	N/A*	75	76	97	112	108	3.7%	100	80
Retention Rate for New Hires (%)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	79%	Baseline	N/A	TBD*	TBD*
Quality of new hire based on Hiring Manager Surveys (%)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	68%	Baseline	N/A	TBD*	TBD*

\*N/A - Not Available

\*TBD - To be Determined

#### Variance Explanation

Annual Employee Survey of Overall Satisfaction Rating (5% under target) - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
Number of Average Days for SBA "Time-to-Hire" (3.7% over target) - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.

### FY 2011 Accomplishments

OHRS developed an Agency-wide action plan in response to the FY 2010 Employee Viewpoint Survey results. OHRS met with program office leadership to share results, review the action plan, and identify critical points of contact to ensure the plan's success throughout the Agency. The plan focused on four key areas: building awareness of the health and wellness programs, hiring through category rating, building awareness of the online training tools (SkillPort), and conducting training needs assessments.

The FY 2011 Employee Viewpoint Survey was administered to employees in May 2011. SBA's participation rate was 72 percent, a 3 point increase over the FY 2010 response rate. This response rate was the fifth highest among the 37 largest federal agencies. In addition, the Agency's overall score improved for the second year in a row – while most federal agencies experienced a drop – showing significant increases in survey questions related to training and development, strategic management, and Agency leadership.

In accordance with OPM policy, agencies designed programs that create more flexible, responsive work environments supportive of commitments to community, home and loved ones. As a result:

- The SBA strengthened its telework policies resulting in a 35 percent increase in participation from FY 2010 to FY 2011. SBA's 45 percent telework rate for FY2011 indicates the Agency made significant progress in creating a robust and responsive telework program. The Agency's telework participation rate greatly exceeded the federal government-wide rate of 20 percent.
- The SBA administered a Well Check Needs Assessment which uncovered a desire for more health screening, health education opportunities, and greater support from SBA's leaders.
- The Agency hired a full-time Work-Life program manager.

- The SBA spearheaded the creation of a Health and Wellness network of employee Executive Champions and program office contacts to disseminate WorkLife information and receive employee feedback.
- OHRS executed numerous employee-centered Work-Life program initiatives: Bring Your Daughters and Sons to Work Day; Public Service Recognition Week; Feds Feed Families; SBA's Work-Life Program Intranet Page; SBA's Health and Wellness Communications Network; and weekly Wednesday Walks for Health and Wellness.

In FY 2011, the SBA delivered comprehensive performance management training to more than 150 first-line managers and supervisors to help them gain the core skills, practices, and behaviors of a successful manager. Also, the SBA provided 40 hours of targeted competency and skills development training for more than 160 administrative support employees.

The SBA promoted employee development through online training courses and e-training aimed at unifying, simplifying, and increasing access to e-learning products and services. SkillPort Complete, the on-line training provider with over 1,900 courses, helped employees rapidly develop skills across a wide range of business and technology subjects, and provided instant access to trusted learning resources. Employees also gained access to Books24X7, which contains on-demand business, technical, and engineering content containing digitized "best-in-class" books, book summaries, research reports, and best practices.

Also in FY 2011, eight aspiring SBA leaders participated in the Partnership for Public Service's Excellence in Government Fellows Program (EIG). The program brings world-class public, private, and nonprofit-sector leaders together to help the EIG Fellows learn and apply leading management principles, including the government's Executive Core Qualifications.

In the spirit of cooperation and productive labor-management relations, and in support of the President's Executive Order 13522, the SBA actively worked with American Federation of Government Employees (AFGE) union. The Agency committed financial resources to cooperative labor-management relations and held several partnership meetings with the AFGE at off-site facilities to pursue collaborative opportunities. The parties met on pre-decisional conditions of employment and other permissive matters affecting all SBA employees. The parties envision finalizing negotiations on the Agency's Master Agreement in FY 2012.

### **FY 2013 Planned Performance**

The SBA will continue to improve its annual employee survey "overall employee satisfaction" rating, with a goal of 71 percent for FY 2013. This requires effective human capital planning and implementing best practice strategies to invigorate the Agency's workforce.

The SBA and AFGE will continue to collaborate concerning pre-decisional conditions of employment and explore other opportunities to work together on issues that affect SBA employees. The SBA and AFGE will take a leadership role, with a new Master Labor Agreement signed in FY 2012, in identifying training opportunities for employees, especially those seeking upward mobility opportunities.

The Agency will continue to grow and cultivate employees who have demonstrated leadership potential by using a structured approach to talent management and succession planning. This is strategically important given the Agency's anticipated critical shortage of non-management staff, supervisors, and managers over the next five years due to retirements. As part of the Human Capital Plan strategic imperative, the SBA will continue to invest in employee, manager, and leadership training and development programs. The Agency will revise training plans and strategies to continually improve job competencies and skills where gaps exist.

The SBA will design a strategic onboarding process to attract new employees, reaffirm their employment decisions, adapt them to the organization's culture, and prepare them to contribute to a desired

performance level as quickly as possible. This onboarding process will be a critical part of the human capital management strategic plan that will be used across organizational boundaries.

## Objective 2.3 — Mitigate risk to taxpayers and improve oversight across SBA programs

**Risk Management - Performance Indicator Table (2.3)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Number of Onsite Reviews of Lenders (#)	Output	55	80	223	200	98	182	190	-4%	180	200
Number of Offsite Reviews of Lenders (#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	NG*	N/A*	4	4
Completed Annual 8(a) Reviews (%)	Output	82%	100%	100%	100%	99.4%	99%	100%	-1%	100%	100%
Completed Annual 8(a) Reviews (#)	Output	5,095	5,881	5,999	7,250	7,720	7,302	7,354	-1%	6,863	7,610
HUBZone site visits (%)	Output	N/A*	N/A*	N/A*	100%	141.9%	99%	100%	-1%	100%	100%
HUBZone site visits (#)	Output	675	615	680	911	1,070	988	1,000	-1%	1,000	1,000
Number of Financial Reviews of Entrepreneurial Development Resource Partners (#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	45	45	0%	45	75
Number of Programmatic Reviews of Disaster Assistance Program (#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	2	1	100%	1	4

\*N/A - Not Available

\*NG - New for FY 2010 - Not Goal

### Variance Explanation

Number of Onsite Reviews of Lenders (4% under target) - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
Completed Annual 8(a) Reviews (%) (1% under target) - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
Completed Annual 8(a) Reviews (#) (1% under target) - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
HUBZone site visits (%) (1% under target) - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
HUBZone site visits (#) (1% under target) - The performance goal was set at an approximate target level, and the deviation from that level is within 10%. There was no effect on overall program or activity performance.
Number of Programmatic Reviews of Disaster Assistance Program (100% over target) - Disaster anticipated completing only one programmatic review as a target, however they completed two.

## Credit Risk Management and Program Oversight

Effective risk management and oversight of SBA lending programs is a key Agency strategy in eliminating fraud, waste and abuse. OCRM applies a comprehensive approach that is focused on 7(a) lenders and 504 certified development companies (CDC) that pose the most risk to the SBA. Portfolio analytics are performed to identify and understand lender performance trends and assess the quality of the overall SBA 7(a), 504 CDC, and disaster loan portfolios. These efforts support Objective 1.1 as improved risk assessment and mitigation provides for stronger Agency loan programs that can support more small businesses.

OCRM also supports the Office of International Trade (OIT), performing oversight and risk management of export trade finance loans. OCRM performs analyses and provides approval decisioning of lenders for OIT's Export Working Capital Program Preferred Lender Program.

### FY 2011 Accomplishments

OCRM continued to maintain reasonable levels of credit risk in FY2011. Specifically, the office performed 174 on-site lender risk-based reviews (RBR) and 8 on-site safety and soundness exams (S&SE) with the objective of reviewing the large and mid-sized 7(a) lenders and 504 CDCs to ensure that large and midsized 7(a) lenders and CDCs (whose portfolios comprise more than 80 percent of the Agency's guaranteed 7(a) and 504 dollars outstanding) were managing their portfolios in a prudent manner. The office monitored all SBA lenders (large and small) through programmatic reviews using the off-site Loan and Lender Monitoring System (L/LMS) that tracks the monthly performance of all 7(a) and 504 loans, and the quarterly credit scores for these loans, and quarterly Lender Risk Ratings for all active lenders.

OCRM monitored and provided oversight to the American Recovery and Reinvestment Act and Small Business Jobs Act initiatives. Specifically, the office conducted on-site reviews of all lenders who applied

to become delegated Dealer Floor Plan lenders; participated in the development of the 504 Debt Refinancing program; and developed risk mitigation plans for other Recovery Act and Small Business Jobs Act programs. In addition, the office developed a comprehensive process to review all applications to become Community Advantage lenders.

In FY 2011, OCRM also started the process of redeveloping the L/LMS lender risk rating modeling and improved the Portfolio Analysis Committee experience with a more meaningful presentation of risk information.

### **FY 2013 Planned Performance**

OCRM will continue working to drive down levels of credit program risk. The office will mitigate risk to taxpayers and improve oversight across SBA programs by: improving the risk-based targeting of and content of on-site reviews of 7(a) lenders and 504 CDCs and the examinations of SBA supervised lenders; and continuing programmatic reviews by monitoring all SBA lenders through the L/LMS which credit scores all 7(a) and 504 loans and risk rates all 7(a) lenders and 504 CDCs. These quarterly programmatic reviews include various reports such as the Lender Performance Report, the Off-Site Lender Oversight Committee Report, and the Portfolio Analysis Committee report.

OCRM will also continue to monitor the SBA's disaster loan portfolio through a composite credit score (personal and/or business depending upon the type of borrower). And, for the first time, OCRM will begin oversight of the Microloan program to expand actions to mitigate risk to taxpayers and improve program oversight.

### ***Office of the Chief Financial Officer***

The Office of the Chief Financial Officer, through its Office of Internal Controls (OIC), promotes the continuous monitoring of internal control as part of daily program and operations management to strengthen management accountability, enhance program performance, and improve operations. In compliance with OMB Circular A-123, Appendix A, Internal Controls over Financial Reporting, the OIC conducts internal control assessments annually to ensure offices have established and maintain sound internal controls as a primary means of improving accountability, effectiveness, and efficiency in achieving program goals and objectives and in preventing fraud, waste, and mismanagement. Each year the OIC strives to go beyond compliance to promote improved risk management and operating performance in all offices.

It is management's responsibility to develop and maintain effective internal control and to ensure federal resources are used efficiently and effectively to be good stewards of taxpayer funds. Adequate internal controls will enable management to prevent or promptly detect any activity that would adversely affect SBA's ability to achieve its mission. The OIC supports management by providing training and guidance on program, operational, and administrative internal controls and ensures that management is in compliance with the Federal Managers' Financial Integrity Act of 1982.

### **FY 2011 Accomplishments**

In FY 2011, the OIC performed 22 on-site internal control assessments in compliance with OMB Circular A-123, Appendix A, Internal Controls over Financial Reporting. The areas of review included the 7(a) Guaranty Loan program, the 504/CDC program, Disaster Assistance loans, payroll, credit reform, grants management, small business investment companies, Women's Business Ownership program, property, payroll, purchase cards, financial reporting, and other financial processes. The OIC documented the process and internal controls, assessed the design and operating effectiveness of those controls, identified needed improvements, and worked with management to ensure that appropriate and cost-effective internal controls are in place.

The OIC provided training and tools to assist management in its own assessment of program, operational and administrative internal controls in compliance with the Federal Managers' Financial Integrity Act of 1982. The assessments culminate in management assurance letters that support the Administrator's assurance letter to the public that proper oversight is provided and adequate internal controls are in place.

### **FY 2013 Planned Performance**

In FY 2013, the OIC will continue to perform on-site internal control assessments which will require travel to the centers and offices to document and test controls. Working with SBA senior management, the OIC will identify the high risk areas for review and any areas of concern to management. In FY 2013, the focus will be on promoting efficiency and effectiveness to reduce costs and improve procedures, including more reliance on technology where possible and reducing the number of steps to accomplish a single task. The OIC will also continue to support management through training and providing tools to conduct their own internal assessments to program, operational and administrative controls.

### ***Office of Field Operations***

The Office of Field Operations (OFO) is primarily responsible for the direct execution of SBA's products and services. OFO, through the quality service review (QSR) process, serves as a critical part of the Agency's responsibility to ensure stewardship and accountability over taxpayer dollars by prudent financial management and oversight. QSRs are conducted on SBA district offices using audit-like steps to measure each office's performance and compliance regarding federal statutory mandates, regulations, and SBA policy and procedures. QSRs provide an objective assessment of district office strengths, weaknesses, and best practices. They correct critical program risks, identify required revisions of information systems, and ensure proper internal controls are in place to prevent fraud, waste, and abuse.

In support of the Agency's efforts to reduce fraud, waste and abuse in the 8(a) and HUBZone programs, the district offices perform compliance reviews and site visits of 8(a) and HUBZone firms that are located in their districts.

### **FY 2011 Accomplishments**

In FY 2011, the QSR compliance review portion was revamped to include additional site visits to SBA's resource partners, which are partially funded by the SBA. The purpose of these visits was to ensure the district's working relationship with its resource partners was efficient and to ensure that services are, in fact, being delivered. For FY 2012, the QSR process was enhanced to include innovative technology to assist the districts with their portfolio management, to oversee initiatives, and to streamline reporting.

### **FY 2013 Planned Performance**

OFO will continue to strengthen its QSR process to identify and resolve fraud, waste, and abuse in SBA's small business programs, building on the 140 recommendations (with a 90 percent implementation rate) that have been made after 20 district office reviews over the past two years. OFO will: increase and improve compliance reviews to ensure efficiency and effectiveness; examine key operational and programmatic functions assigned to district offices; ensure that compliance review requirements are met; and, identify interaction with community, business, economic, and congressional staffs to improve small business participation. OFO will use innovation to track, measure, and mitigate risk to taxpayers and improve oversight across SBA programs.

## ***Small Business Investment Companies (SBIC) and Small Business Innovative Research (SBIR) Programs***

The Office of Investment and Innovation (OII) is responsible for overseeing the SBIC and SBIR programs. OII has taken many steps to improve oversight and program management.

### **FY 2011 Accomplishments**

The SBA worked closely with the Inspector General Working Group to provide better oversight of SBIR around the areas of fraud, waste, and abuse. This includes participating in an IG-sponsored fraud, waste, and abuse conference as well as putting improved search capabilities in the TechNet database system to check for duplicative program proposals.

In order to manage risk associated with program growth, the SBIC program initiated numerous processes and systems. A web-based financial system was developed, along with revised reporting forms, to improve data collection. Various analytics were performed using a number of industry variables such as: size of fund, sector focus, first time fund, and instrument structures which will improve decision making and allow the program to be consistent with industry best practices. A scorecard system was implemented to monitor fund performance in the most efficient and effective way.

### **FY 2013 Planned Performance**

In FY 2013, the SBA will work with SBIR agencies to use certification forms during the procurement process to discourage fraud and to improve the success of IG prosecutions. The SBA will also continue to identify processes and controls to further strengthen the monitoring and oversight of program funds.

## **Government Contracting and Business Development (GCBD)**

The Office of Government Contracting and Business Development (GCBD) is committed to continued and effective oversight and program management. GCBD has developed and implemented a three-pronged strategy to reduce fraud, waste and abuse. First, GCBD emphasizes effective up-front certification processes through comprehensive preliminary eligibility screening to ensure that only qualified firms participate in SBA contracting and business development programs. Second, GCBD emphasizes continued surveillance and monitoring. By strengthening existing monitoring through site visits, eligibility reviews and protests, and an enhanced automated certification, tracking, and data collection/management system, GCBD can evaluate the continuing eligibility of participating businesses. And third, GCBD uses a range of timely and robust enforcement tools, working through the Agency's suspension and debarment task force as well as with the SBA's Inspector General and/or the U.S. Department of Justice, as appropriate.

### ***Contracting***

The Office of Government Contracting (GC) works to create an environment where small businesses can maximize participation in federal government prime and subcontracting. GC is committed to effective oversight and management of the prime and subcontracting small business statutory procurement goals program. The office produces an annual Small Business Procurement Scorecard for 24 CFO Act agencies, and it works closely with the Office of General Counsel and the Inspector General on suspension and debarment issues, and fraud investigations.

### **FY 2011 Accomplishments**

GC continued measuring the progress of all federal agencies in meeting the statutory prime and subcontracting goals, using its small business procurement scorecard report grading system and goaling

report. The office has taken meaningful steps to ensure the quality of its contracting data by conducting additional analysis of small business contracting data prior to releasing the goaling report and scorecards. To further reduce fraud, waste and abuse in federal contracting, GC conducted 42 surveillance reviews of contracting agencies' small business programs and their impacts on small business contracting activities. GC also reviewed and processed protests related to size and status, and conducted eligibility reviews to ensure contracts are awarded to eligible firms. GC's team of area directors and procurement center representatives continually work with federal agencies to increase federal contracts awarded to small businesses.

### **FY 2013 Planned Performance**

GC will persist in enhancing oversight and management of prime and subcontracting, women-owned, and service-disabled veteran-owned small business programs. GC will continue to enhance its utilization of surveillance reviews for prime contracts, subcontracting compliance reviews of large business prime contractors, the protest process, eligibility reviews for the WOSB Program, and certificate of competency reviews. Additionally, GC will maintain its size standards review to ensure that federal set-aside contracts are awarded to small businesses.

### ***8(a) Program***

SBA's 8(a) Business Development program provides various forms of assistance to foster the growth and development of businesses owned and controlled by socially and economically disadvantaged individuals. GDBD's three-pronged strategy to combat fraud, waste, and abuse is important in ensuring that the benefits of the 8(a) program flow to the intended recipients.

### **FY 2011 Accomplishments**

In order to mitigate risk to taxpayers and improve the oversight of business development programs, the Office of Business Development (BD) issued new 8(a) BD program regulations to address program vulnerabilities. As the first major review of these regulations in over a decade, this was a major undertaking that involved extensive outreach to small business communities nationwide. The new 8(a) regulations clarify continued eligibility standards and authorize early graduation for firms exceeding size standards and also clarify the removal process of non-compliant firms. The SBA provided specialized risk/fraud mitigation training for its program eligibility staff and all SBA field office program staff. BD also offered 8(a) BD program training for all headquarters and field 8(a) BD program staff to ensure full and consistent implementation of the new program regulations, and instituted the use of an automated third party verification tool to assist with program eligibility related determinations. The Office of Business Development dedicated staff to the development, implementation, and monitoring of the 8(a) program fraud detection and mitigation plan.

### **FY 2013 Planned Performance**

In FY 2013, BD will have fully executed its fraud detection and mitigation program and will be using tools to identify high risk program participants and offer third-party verification in a sustainable way to significantly improve program monitoring and oversight. These measures will ultimately reduce fraud, waste, and abuse in the 8(a) program. The SBA will maintain ongoing staff training and development.

### ***HUBZone Program***

The HUBZone Program assists small businesses with offices located in historically underutilized business zones and/or businesses whose employees reside in these areas. SBA staff minimizes risk to taxpayers and provides oversight through HUBZone portfolio monitoring, which includes site visits, legacy reviews, recertifications and other program examination tools. GDBD's three-pronged strategy to combat waste,

fraud, and abuse is important in ensuring that the benefits of the HUBZone program flow to intended recipients.

### **FY 2011 Accomplishments**

In FY 2011, the SBA accomplished the following in the HUBZone program:

- Began a process of systematically conducting a Legacy Portfolio Review (LPR) of firms which were certified HUBZone prior to implementation of full document review for initial certification (November 1, 2010)
- Completed 50 percent of the firms certified prior to implementation of full document review
- Worked with the Office of the Inspector General and Office of General Counsel to pursue cases of the most egregious misrepresentations
- Implemented detailed certification and portfolio monitoring metrics and systems and processes to continuously measure and report them
- Partnered with the Office of Field Operations and conducted 1,000 site visits

### **FY 2013 Planned Performance**

In FY 2013, the HUBZone program will continue to combat fraud waste and abuse in order to minimize risk to taxpayers and provide oversight. The program will do so by continuing its rigorous initial certification processes and portfolio monitoring. The FY 2013 budget will provide the means of pursuing this mission by funding the staff and infrastructure necessary to certify and recertify firms, provide program examination of firms which includes site visits, and reach out to firms that are eligible for the HUBZone program.

The HUBZone program will work with the Office of Field Operations to conduct site visits to validate eligibility of applicants and certified firms. The program will partner with the SBA Office of Inspector General and Office of General Counsel to pursue cases of most egregious misrepresentations across all GCBD program offices.

Another major FY 2013 investment is the One-Track Certification and Management System (One-Track CMS) which will require staff time and budget for technical support. One-Track CMS is a joint 8(a)/HUBZone system. The new technology and processes will help flag fraud, waste and abuse in the initial certification and portfolio monitoring. The system will provide new capability for addressing fraud, waste, and abuse and will provide a centralized data repository and knowledge base.

### ***Service-Disabled Veteran-Owned Small Business Program***

The Service-Disabled Veteran-Owned Small Business (SDVOB) program assists eligible veterans in competing for federal contracting opportunities. GDBD's three-pronged strategy to combat fraud, waste and abuse is important in ensuring that the benefits of the SDVOSB program flow to intended recipients.

### **FY 2011 Accomplishments**

The Office of Government Contracting (GC) continued to process protests filed by interested parties on set-aside contracts for service-disabled veteran-owned small businesses. GC also presented at several Department of Veterans Affairs conferences discussing self-certification requirements for service-disabled veteran-owned small businesses to ensure firms are aware of the eligibility requirements. Additionally, SBA took enforcement actions (e.g., suspension, proposed debarment, debarment) against firms that misrepresented their status.

### **FY 2013 Planned Performance**

GC will continue to conduct outreach and training to ensure only eligible firms benefit from this program. Additionally, it will continue to process service-disabled veteran-owned small businesses protests and take enforcement actions as necessary.

### ***Women-Owned Small Business Program***

The Women-Owned Small Business program is a federal contracting program that allows contracting officers to set aside specific federal contracts in over 300 industries for women-owned small businesses and economically disadvantaged women-owned small businesses. This program helps the federal government meet the statutory goal of 5 percent of prime contracts going to women-owned firms.

### **FY 2011 Accomplishments**

In FY 2011, the SBA implemented regulations establishing the Women-Owned Small Business program. This included regulations requiring businesses to submit documents proving eligibility (with the option of having a third-party certifier) and to sign an OMB-approved form stating that they meet the eligibility requirements. The Office of Government Contracting developed and implemented a Repository to capture documentation to be used in the process of status verification. Furthermore, GC processed status protests and established procedures for eligibility reviews to ensure only eligible firms benefit from the program.

### **FY 2013 Planned Performance**

GC will continue to process women-owned small business protests. It will enhance the integrity of the Repository by conducting ad hoc program reviews of documents and will continue to conduct eligibility reviews of firms that both self-certify or certify through a third party certifier.

### **Office of Entrepreneurial Development**

The Office of Entrepreneurial Development is committed to continued and effective oversight and program management. For example, in FY 2011 OED implemented a pilot project to incorporate all of the financial examination oversight reviews of the small business development centers and women's business centers into a centralized, independent financial examination unit (FEU) as part of OED's immediate office. The purpose of the pilot was to establish a common framework and consistent standards on which all OED resource partners are evaluated from a financial management and compliance perspective. OED intends to make this pilot permanent, extending to FY 2013.

For financial examinations, FEU, in coordination with OSBDC, is required by mandate to conduct on-site exams of each SBDC every six years. FEU has developed a tier-based risk assessment model. Level 1 status of self-certification is accorded to SBDCs that pose minimal risk; Level 2 status of a desk review is accorded to SBDCs that need more follow-up, and; Level 3 status of an on-site review is accorded to SBDCs that pose risk. On average, FEU, in coordination with OSBDC, conducts 14 mandatory on-site reviews each year, including about 10 Level 3 exams, six Level 2 exams, and 12 Level 1 exams.

FEU plans to do 14 mandatory Level 3 on-site reviews along with 8 to 10 Level 3 reviews based on SBDC risk assessments. In addition, FEU, in coordination with OSBDC, will likely conduct 8 to 20 more on-site reviews for the Small Business Jobs Act grants awarded in FY 2011.

In FY 2011, FEU, in coordination with OSBDC, conducted 14 Level 3 on-site exams, 7 Level 2 desk review exams, and 10 Level 1 self-certification exams.

While centralizing the financial examination oversight reviews, each program office retained the responsibility for its own programmatic oversight.

### ***Small Business Development Center Program***

The Office of Small Business Development Centers (OSBDC) closely monitors the performance of SBDCs, which are partially funded by the SBA. OSBDC assesses the economic impact of SBDCs by measuring the assistance provided to small businesses, including: capital obtained, new businesses created, and jobs created and retained. In addition, OSBDC continually reviews these standards while developing and disseminating improvements and efficiencies.

#### **FY 2011 Accomplishments**

OSBDC refined its programmatic reviews to move from a compliance-only base to a performance management policy. Project officers were trained to perform service center reviews, enabling OSBDC to have a deeper reach and to review more service centers than the program managers have been able to do historically. This provides a more accurate picture of the performance of each of the networks and enables OSBDC to focus on best practices and the correction of deficiencies, and to develop relationships with the networks.

#### **FY 2013 Planned Performance**

Program managers will continue to conduct site visits and more program performance management analyses, evaluate programmatic deficiencies and best practices within the SBDCs, follow up on financial deficiencies, and address the improvement of their programmatic and financial performance.

### ***Women's Business Center Program***

The Office of Women's Business Ownership (OWBO) conducts financial exams on the 110 women's business centers in its portfolio, as these entities are partially funded by SBA. In recent years, OWBO has increased oversight and monitoring of the WBC program, including increased employee training in grants management and better training for field employees in monitoring nearby women's business centers. OWBO has also continued the practice of conducting pre-award internal control reviews on each new WBC to ensure that the prospective awardee is in a strong position to properly administer the WBC grant.

#### **FY 2011 Accomplishments**

In FY 2011, FEU completed 41 financial exams on WBCs. OWBO, in collaboration with FEU, is on schedule to complete a financial exam on every WBC by the end of FY 2012. These financial exams ensure that federal tax dollars are being used effectively by each of the WBCs. In a few cases, the SBA has recouped money from WBCs that did not have sufficient documentation to substantiate grant charges. The financial exams have also provided OWBO with the opportunity to guide the WBCs in better financial management of their centers, thus adding measures to mitigate the risk of potential misuse.

OWBO also conducted a national training for district office technical representatives (DOTR). Each DOTR has an oversight role in monitoring the programmatic and financial activities of the WBCs. By providing intense training, OWBO helped ensure that local field staffs are well equipped to monitor WBC activities.

OWBO continued to use the Department of Health and Human Services (HHS) payment system. This cost effective way to manage grant payments has allowed OWBO to more efficiently disburse grant funds

while maintaining adequate controls to prevent a WBC from drawing unauthorized funds. OWBO also continued to streamline internal grants review processes in order to create better efficiency, allowing more time for in depth oversight.

### **FY 2013 Planned Performance**

In FY 2013, OWBO intends to continue efforts to ensure that the WBC portfolio retains the highest of performance standards. Program managers will continue to conduct targeted on-site programmatic reviews to ensure that the WBCs are in compliance with the Notices of Awards and are effectively providing client services.

By continuing the improved financial monitoring begun in FY 2010, the SBA will have the ability to guarantee the soundness of all WBCs and will be able to meet the legislative mandate which requires a pre-award site visit to any potential new WBC project. OWBO, in partnership with the FEU, will have conducted at least one financial exam on each WBC by the end of FY 2012 and will use a risk-based model beginning in FY 2013 to ensure that the highest risk centers are scheduled for full on-site financial reviews and low-risk centers will be reviewed using a desk audit. This will help to ensure the soundness of the program while minimizing the cost to conduct reviews.

In FY 2013, OWBO will continue to use the HHS payment system. This system has been a cost effective way to process payments while freeing up staff to focus on the performance management and oversight of the WBCs, building relationships with the WBC program directors as well as the DOTRs. As OWBO continues to refine the grants management process, this allows staff to focus more on delivery of services.

## ***Strategic Goal Three – Serving as the voice for small business***

### **Objective 3.1 – Collaborate with other agencies to strengthen the delivery of programs, resources and services**

The SBA recognizes that communities throughout the U.S. benefit from coordinated, flexible, regionally-customized investments in business development. To ensure effective delivery of programs and services, the SBA has made collaboration with other federal agencies a top priority. The Agency is a leading participant in interagency collaborations that focus on innovation, government contracting, veterans and reservists, disaster recovery, access to capital, entrepreneurial education, and more.

These agencies include, but are not limited to: the Department of State; Department of Commerce; U.S. Trade Representative; Department of Agriculture Foreign Agriculture Service; Department of Defense; the Environmental Protection Agency's Green Supplier Network; and, the Department of Veterans Affairs.

#### ***International Trade Program***

The mission of the National Export Initiative (NEI) is to promote economic growth by doubling the number of U.S. exports by 2014 and by cultivating foreign markets interested in purchasing Made-in-America goods. The Office of International Trade (OIT) chairs the Trade Promotion Coordinating Committee's Small Business Working Group (SBWG) which coordinates interagency cooperation on small business export promotion as part of the NEI. 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 SBWG, in conjunction with the other working groups, developed NEI performance metrics to chart progress toward doubling exports and creating two million new jobs. OIT submits data to support the following government-wide measures: dollar value of exports supported by counseling; number of new markets entered by U.S. companies; number of participants receiving export training; number of lenders trained; number of business counselors trained on exporting; dollar value of exports supported by finance programs, and; the number of small business exports assisted by government finance programs.

#### **FY 2011 Accomplishments**

OIT's leadership on the SBWG resulted in key outcomes for small businesses, including improved access to information on government programs and better coordination in delivering training and trade finance resources and opportunities. In addition, OIT collaborated with the Federal Reserve and the Office of the Comptroller of the Currency to provide training on SBA export financing programs to community banks at several locations across the country, and to provide a webinar on those programs. OIT served as an active participant in the President's Export Council, while most U.S. Export Assistance Center personnel continued to actively participate in their local district export councils, the advisory group to the domestic Commercial Service office in the U.S. Department of Commerce. For the fourth year in a row, OIT offered, in cooperation with the Office of Entrepreneurial Development and the TPCC, export and trade training certification at the annual conference of the Association of Small Business Development Centers, one of SBA's strongest counseling networks.

Working with SBDC international trade experts, OIT developed and launched the Export Business Planning Tool at [www.sba.gov](http://www.sba.gov). OIT also teamed with private sector firms to assist small businesses, including a YouTube export video contest in collaboration with Visa which highlighted small business export success stories as well as *Take Your Business Global*, a series of videos designed to educate small business on international trade and encourage them to export, produced in cooperation with *Inc. Magazine* (see Objective 1.5).

OIT also worked to foster robust international relationships which provided opportunities for increased trade and partnerships for U.S.-based small businesses. As a subject matter expert, OIT representatives worked directly with the State Department, Commerce Department and Office of the U.S. Trade Representative to implement the Administration's foreign policy objectives. For example, the Agency provided technical assistance to the Russian Federation under the U.S.-Russia Presidential Bilateral Commission. Through SBA's resource partner network, OIT also began providing technical assistance to the Organization of American States as it supports the development of a small business development center network in Latin America and the Caribbean. OIT also acted as the voice of small business in its role on the Asian Pacific Economic Cooperation and Organization for Economic Co-operation and Development in discussions related to small business exporters and regulations and programs impacting their success.

### **FY 2013 Planned Performance**

OIT will continue to collaborate with other federal agencies, state agencies, SBA resource partners, internal partners and other export assistance resources to drive more tools into the hands of small business exporters. This includes working closely with the TPCC and the Office of Entrepreneurial Development to provide international trade training to SBA resource partners in states throughout the country and online via [Export.gov](http://Export.gov) and [BusinessUSA.gov](http://BusinessUSA.gov). OIT will also collaborate with the Department of Commerce's Commercial Service and the U.S. Department of Agriculture/Foreign Agricultural Service in their International Buyer program at major domestic trade shows and in international trade shows by sending international trade finance specialists to provide on-the-ground finance counseling at these events. OIT will collaborate closely with the Office of Field Operations by providing technical support and training, with the objective of getting small business exporters to the most appropriate resources for assistance. OIT will provide training to lenders on SBA's three export finance programs, working in collaboration with district offices, lenders' associations, the Federal Reserve Bank and the Comptroller of the Currency, and will continue to conduct the annual Office of International Trade Lender's Roundtable.

### ***Prime Contracting***

The Office of Government Contracting (GC) works to create an environment in which small businesses can maximize participation in federal government prime and subcontracting. GC advocates on behalf of small businesses in the federal contracting arena, working closely with major procuring agencies, including DOD's Procurement Technical Assistance Centers (PTAC), to ensure that they meet the prime and subcontracting small business contracting goals.

### **FY 2011 Accomplishments**

During FY 2011, GC chaired the Small Business Procurement Advisory Council (SBPAC), which is comprised of directors of federal agency offices of small and disadvantaged business utilization (OSDBU). GC also co-hosted a major joint Department of Defense and SBA conference regarding small businesses and federal contracting. SBA's procurement center representatives, contracts management representatives, area directors, and size and industrial specialists were in constant contact with federal agency contracting personnel. Furthermore, SBA staff members, including top SBA officials, often spoke at federal agencies' small business procurement outreach, training and matchmaking events. Additionally, the SBA co-led the White House Small Business Procurement Group, which is designed to keep agencies accountable to their small business goals at the most senior levels within each agency. The SBA will continue to build upon these efforts in FY 2012.

### **FY 2013 Planned Performance**

In FY 2013, the SBA will continue to collaborate and work closely with federal agencies to meet or exceed the statutory goal of awarding 23 percent of eligible contracting dollars to small businesses. The Agency

will continue to chair the monthly SBPAC meetings, provide guidance and support to agencies and participate in agencies' outreach, training and matchmaking events. The SBA will also continue to have procurement center representatives, contracts management representatives, area directors, size and industrial specialists work closely with the largest procuring agencies to find increased opportunities for small business contracting.

### ***Small Business Development Center Program***

SBDCs have increasingly become partners in collaborative efforts at the federal, regional, state and local levels.

#### **FY 2011 Accomplishments**

The SBA partnered with six federal agencies on the Energy Regional Innovation Cluster (E-RIC) grant which was focused on the commercialization of new technologies related to green buildings, green infrastructure and green jobs. The announcement served as a catalyst to bring together local and regional economic development entities. The award recipient — Greater Philadelphia Innovation Cluster — is working closely with the local SBDC.

The OSBDC collaborated with an EPA laboratory in Cincinnati to form a "clean water" cluster to promote small business development in that region.

Furthermore, many SBDCs were involved in awards given through a joint solicitation among SBA, the U.S. Department of Commerce and other agencies, called Jobs and Innovation Accelerator awards. This included an award to the "Space Coast" area in Florida what was negatively affected by the termination of the NASA Shuttle program.

OSBDC also worked on several interagency initiatives, including E3 (Economy, Energy and Environment), a federal and local public-private partnership to assist manufacturers in becoming more efficient, competitive and sustainable. Working collaboratively with the Environmental Protection Agency's Green Supplier Network, the Departments of Energy and Labor, and Commerce's Manufacturing Extension Program, new pilots were created in FY 2010 in Michigan and Alabama.

OSBDC was also instrumental in the development and implementation of an MOU with eleven other federal agencies promoting green jobs and green businesses in the 13-state Appalachian Regional Development Initiative. The SBA identified local district directors and regional administrators to serve on regional steering committees within Appalachia to collaborate and coordinate services to small businesses at the local level.

#### **FY 2013 Planned Performance**

OSBDC plans to continue its participation in existing efforts and to seek out new opportunities to collaborate with other federal, state and local resources to avoid duplication of effort and to increase efficiencies regarding delivery of service.

### ***Regional Innovation Clusters***

As described in Objective 1.3, the SBA is a federal leader in identifying and fostering the growth of Regional Innovation Clusters.

### **FY 2011 Accomplishments**

The SBA's leadership role in the federal government's clustering efforts continued to grow in FY 2011. The Agency collaborated with the Taskforce for the Advancement of Regional Innovation Clusters (TARIC) to create a first of its kind interagency grant initiative called the Jobs and Innovation Accelerator Challenge (JIAC). The program broke the typical stove-piped business development, economic development, and workforce development federal grants and instead offered a unique integrated funding opportunity from the Economic Development Administration, Employment and Training Administration, and the SBA as a single package. The JIAC program funded 20 regional clusters that will develop a skilled workforce, promote sustainable economic growth in the region, advance commercialization, support small business formation, and integrate historically underserved businesses and communities into these economic activities. Additionally, the TARIC created a federal support team to assist the JIAC clusters. The team is made up of thirteen government agencies: USDA, ITA, MBDA, NIST, MEP, DOD, ED, DOE, HHS, HUD, DOT, Treasury, EPA, and NSF in addition to the three primary funding agencies. Each of these agencies has pledged a designated point of contact in each cluster's region to quickly break down obstacles encountered by each cluster. This multi-agency collaborative initiative fosters synergy across workforce, business and economic development achieving higher economic outcomes for each region than that of individual grants. It has created an unprecedented platform for integrating and coordinating the wide range of federal economic development resources.

### **FY 2013 Planned Performance**

The SBA and its partner agencies will continue to support and monitor the development of the 20 JAIC clusters and document lessons learned regarding how to best leverage the full power of the federal government to maximize the strengths of regional economies in order to drive U.S. innovation, competitiveness, and job creation.

The SBA will also continue to work with the Interagency Network of Enterprise Assistance Providers to investigate developing common small business development metrics to measure outcomes from various programs in a consistent way. The group will develop a standard for measuring impact of business services delivered both within and across departments or agencies. The following agencies – SBA, NIST/MEP, USDA, Commerce, GSA, VA, MBDA, and EPA – meet monthly.

### ***Veterans Business Development***

The Interagency Task Force on Veterans Small Business Development was created by Executive Order 13540 in 2010. The purpose of the task force is to coordinate the efforts of federal agencies to improve capital, business development opportunities and achieve pre-established federal contracting goals for small business concerns owned and controlled by veterans and service-disabled veterans. The task force is chaired by the SBA Deputy Administrator and its members include representatives from Treasury, Defense, Labor, Veterans Affairs, OMB, General Services Administration, the SBA and four military associations or organizations. The task force delivered its report to the President on November 1, 2011 and will continue to meet and deliberate in FY 2012.

### **FY 2011 Accomplishments**

In FY 2011, five public task force meetings and numerous subcommittee meetings were held to identify and develop recommendations for improvement in six focus areas of the task force. As a result, 18 recommendations were consolidated into a report to the President during the first quarter of FY 2012.

### **FY 2013 Planned Performance**

The SBA will continue leading the Interagency Task Force on Veterans Small Business Development, helping identify and implement key recommendations from the Task Force's report. The Agency will help

coordinate administrative and regulatory activities, and continue work to improve access to capital, improve capacity, improve training and counseling services, improve federal contracting goal achievements for veterans and service-disabled veterans, and more.

The SBA will work with Agency partners at the Department of Defense, including coordination with the Secretary of Defense Yellow Ribbon Reintegration Program, the National Committee for Employer Support of the Guard and Reserve, the Department of Labor Assistant Secretary for Veterans Employment and Training Advisory Committee on Veterans Employment, Training and Employer Outreach, and the Department of Veterans Affairs Vocational Rehabilitation and Employment and Office of Small Disadvantaged Utilization to ensure that veterans, disabled veterans, reservists, service members and their spouses are aware of and have access to the full range of federal programs and services, including those from SBA.

## **Objective 3.2 — Foster a small business-friendly environment by reducing burdens on small business and improving collection of relevant small business data**

The SBA makes government more responsive to small businesses by:

- reducing excessive federal regulatory burden;
- protecting them from excessive federal regulatory enforcement; and
- providing automated tools and information on how to comply with laws and regulations.

America's small businesses, some 27.5 million strong<sup>5</sup> in FY 2009, are a major sector of the national economy. They represent 99.7 percent of all employer firms,<sup>6</sup> account for half of the country's gross domestic product,<sup>7</sup> and created 65 percent of net new jobs between 1993 and 2009.<sup>8</sup> Despite the importance of small businesses to the economy, government regulation and excessive paperwork can disproportionately affect them.

### ***Office of the National Ombudsman***

The Office of the National Ombudsman (ONO) helps address issues associated with unfair enforcement of regulations. As required under the Small Business Regulatory Enforcement Fairness Act, ONO works with each federal agency with regulatory authority over small businesses to ensure that small businesses that receive or are subject to an audit, on-site inspection, compliance assistance effort, or other enforcement related communication or contact by Agency personnel are provided with a means to comment on the enforcement activity conducted by such personnel.

The National Ombudsman receives comments from small business concerns and acts as a liaison between them and federal agencies. Comments received from small businesses are forwarded to federal agencies for a high level review and federal agencies are requested to consider the fairness of their enforcement action.

A copy of the agency's response is sent to the small business owner by the Office of the National Ombudsman. In some cases, fines have been lowered or eliminated and decisions changed in favor of the small business owner.

The national ombudsman, as well as the members of the 10 Regional Regulatory Fairness Boards across the country, participates in public events throughout the country to listen to and record comments from small business owners and representatives of small businesses. Additionally, the national ombudsman receives advice from the RegFair boards about matters of concern to small businesses relating to the enforcement activities of agencies. The national ombudsman prepares and submits an annual report to Congress evaluating the enforcement activities of federal agency personnel regarding small business.

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<sup>5</sup> Source: Office of Advocacy estimates based on data from the U.S. Department of Commerce, Bureau of the Census (Census).

<sup>6</sup> Source: Office of Advocacy estimates based on data from Census.

<sup>7</sup> Source: Office of Advocacy-funded research by Kathryn Kobe, 2007.

<sup>8</sup> Source: Office of Advocacy estimates based on data from Census.

**Ombudsman - Performance Indicator Table (3.2)**

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2011 Target	FY 2011 Variance	FY 2012 Target	FY 2013 Target
Days in Processing to Send Comments to Agencies (Days)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	2	2	0%	4	4
Days in Processing to Send Agency Responses to Commenter (Days)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	2	2	0%	4	4

Budgetary Resources	Budgetary Obligations Incurred					
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
	\$ 1,111	\$ 1,375	\$ 1,518	\$ 1,622	\$ 1,426	\$ 1,787

Budget Requests	
FY 2012 Request	FY 2013 Request
\$ 1,859	\$ 1,946

\*N/A - Not Available

**FY 2011 Accomplishments**

ONO processed 328 small business comments of varying degree of complexity; responded to at least 2800 public inquiries (email and telephone conversations); administered and/or participated in 68 public events, including hearings, roundtables, panel presentations and speeches in 20 states, the U.S. Virgin Islands and Puerto Rico; produced and submitted the FY 2010 Annual Report to Congress to federal agencies, RegFair Board members and to members of Congress; recruited/added 14 Regional RegFair board members; conducted 6 high-level federal agency meetings/briefings; executed MOUs with the Internal Revenue Service and SBA Office of Advocacy; and, held the legislatively-required annual RegFair Board meeting in Washington, DC.

Outreach activities more than tripled in FY2011, increasing to 68 activities from 22 in FY 2010. This increased outreach resulted in an increase of small business comments from 250 in 2010 to 328 in FY 2011, a 31 percent increase; and the number of public inquiries more than doubled from 1,040 in FY 2010 to 2800 in FY 2011.

**FY 2013 Planned Performance**

To serve as the voice of small business, ONO will continue to hold public events such as hearings, roundtables, meetings and speech presentations, and participate on panels to comply with its mission to provide a means by which small business concerns may submit comments about federal agency compliance issues. These activities will take place throughout the nation, coordinating with RegFair Board members, SBA field staff, and other SBA partners. The national ombudsman will conduct program briefings with federal agency liaisons to ensure that up-to-date information about the Small Business Regulatory Enforcement Fairness Act is readily available. ONO will also produce, publish and disseminate the FY 2012 Annual Report to Congress. As required, the national ombudsman will organize and conduct a National RegFair Board member annual meeting of all 10 regional regulatory fairness boards. The national ombudsman will continue to recruit and screen viable candidates for all the regional boards as the three-year terms necessitate proactive actions to reach and maintain the 50-member Regulatory Fairness Boards (five members for each of the ten regions). In order to be responsive and timely to small business commenters ONO has established a goal to submit small business comments to federal agencies within two business days of receipt of a completed comment form and then forward the federal agencies' responses to the small business by no more than two business days of receipt from the agencies.

## **Objective 3.3 — Promote the availability, analysis, and dissemination of the most current, accurate, and detailed statistics possible on small business.**

### ***Small Business Statistics***

SBA's policy analysts are responsible for evaluating the existing policies and programs of the SBA as well as translating economic, social and demographic trends that have an impact on small business competitiveness into policy prescriptions that will allow the Agency to be more proactive in addressing the needs of small business.

### **FY 2011 Accomplishments**

The SBA maintained a strong working relationship with the U.S. Department of Agriculture by continuously exchanging best practices in the area of financial assistance to small business. Likewise, the SBA worked closely with the Export-Import Bank of the United States by continuously exchanging best practices in the area of financial assistance to small businesses seeking to export their goods and services abroad.

The SBA was a frequent participant in many conferences sponsored by the Board of Governors of the Federal Reserve System and its regional banks. The Agency worked closely with the National Association of Government Guaranteed Lenders and the National Association of Development Companies with continuous outreach and educational support on small business financial assistance programs. In addition, SBA staff maintained a strong working relationship with the U.S. Census Bureau by leading a working group on small business related data.

### **FY 2013 Planned Performance**

In FY 2012, the SBA partnered with the National Economic Council to work collaboratively with key agencies, including the Council of Economic Advisers, Consumer Finance Protection Bureau, Department of Commerce and Department of Labor, to streamline small business and economic data analysis. By developing a common dataset and approach to conduct analysis, this effort will better inform policy decisions made across the federal government. In FY 2013, the SBA plans on continuing to serve as the voice for small business with similar activities to ensure policy decisions are rooted in rigorous, fact-based analysis.