

U.S. Small Business Administration

FY 2014 CONGRESSIONAL BUDGET JUSTIFICATION

AND

FY 2012 ANNUAL PERFORMANCE REPORT



PERFORMANCE BUDGET — PERFORMANCE REPORT



FY 2014 Congressional Budget Justification and FY 2012 Annual Performance Report



Table of Contents

Overview of Budget Request	1
Understanding the Budget Tables	15
Budget Tables.....	17
FY 2014 Performance Plan and FY 2012 Performance Report	31
<i>Strategic Goal One – Growing businesses and creating jobs</i>	<i>34</i>
<i>Strategic Goal Two – Building an SBA that meets the needs of today’s and tomorrow’s small businesses.....</i>	<i>74</i>
<i>Strategic Goal Three – Serving as the voice for small business</i>	<i>90</i>

Appendices

(located online at FY 2014 Congressional Budget Justification and FY 2012 Annual Performance Report:
www.sba.gov/performance)

- Appendix 1 – Appropriations Language*
- Appendix 2 – Data Validation and Certification*
- Appendix 3 – New and Discontinued Indicators*
- Appendix 5 – SBA Programs and Offices*
- Appendix 6 – Glossary*

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 and improving small business research
- 3.3 – Promote the availability, analysis, and dissemination of the most current, accurate, and detailed statistics possible on small business

Overview of Budget Request

Over the last two decades, small and new businesses have been responsible for creating two out of every three net new jobs in the U.S., and today over half of all working Americans own or work for a small business. The Small Business Administration (SBA) ensures that these businesses have the tools and resources they need to start and grow their operations and create new jobs.

The FY 2014 budget submission builds on SBA's proven track record of assisting America's small businesses by increasing and improving access to capital, federal contracting opportunities, entrepreneurial development and disaster assistance. The budget submission also focuses on America's long-term competitiveness by making sure that small business owners and entrepreneurs have the wind at their backs so they are well positioned to take advantage of new opportunities and new markets as the economy improves.

Helping Small Businesses Strengthen and Grow

Over the last three years, the SBA helped small businesses grow by navigating a challenging economic environment while laying the foundation for these businesses to emerge from the economic downturn stronger and more competitive than before. When credit markets froze in 2008, small businesses were hit particularly hard. The SBA stepped in to make sure these businesses had the capital, the counseling and the access to federal contracting opportunities they needed to weather the worst economy since the Great Depression.

From January 2009 through January 2013, the SBA has supported more than \$106 billion in lending to over 193,000 small businesses. In addition, from January 2009 through September 2012, the SBA has helped counsel and train more than three million small business owners and entrepreneurs through its resource partner network and through September 2011 helped small businesses access more than \$286.3 billion in federal contracts. That is \$32 billion more in small business contracting than the previous three years, even as overall contract spending decreased during those three years.

Creating Access and Opportunity for Small Businesses and Entrepreneurs Across the Country

Today, the SBA continues to be well-positioned to assist small businesses as they seek opportunities to grow, hire and diversify their business in a growing economy. The Agency continues to build on the strong foundation it has laid over the last three years and is now focused on the next phase of support for America's small business owners and entrepreneurs.

More Doors; More Dollars

To get more small businesses the capital they needed, the SBA adopted a "More Doors; More Dollars" approach. The Agency secured a commitment from the nation's 13 largest commercial banks to increase small business lending by \$20 billion over a three year time frame. The Agency also brought 1,000 community banks back to SBA lending for the first time since 2007 and opened up its product lines to qualified financial institutions. This ensured that small businesses had more points of access through which to get the capital they needed to run and grow their businesses.

SBA lending is currently running above 2008 levels. In FY 2012, the SBA built on its record-breaking year in FY 2011 with its second consecutive year supporting more than \$30 billion in lending to more than 47,000 companies.

Today, commercial lending markets continue to improve and the economy is growing stronger. However, gaps remain for smaller dollar loans and loans to underserved communities.

Streamlined and Simplified Programs Across the Agency

To help fill these gaps, the SBA has streamlined and simplified its programs and opened them up to more lending institutions. For example, the SBA revamped Small Loan Advantage (SLA), the key initiative aimed at expanding access to its 7(a) product for loans under \$350,000, eliminating more than 100 pages of paperwork that lenders and borrowers previously had to review and fill out. In addition, this new platform makes it easier to process low-dollar 7(a) loans by expanding the pool of lenders to include entities outside of SBA's Preferred Lender program. These changes have resulted in a more than 140 percent increase in SLA loans and an over 200 percent increase in the number of lenders using the program.

The SBA also revamped its CAPLines program, which is designed to help small businesses meet their short-term and cyclical working capital needs. The program is now experiencing loan volumes up over 200 percent by dollar volume and 300 percent by number. The Agency also continues to implement changes to its Community Advantage program, which focuses on expanding access to capital for small businesses and entrepreneurs in underserved communities, and has received excellent feedback from lenders and borrowers on the proposed enhancements.

All across the Agency, the SBA has made streamlining and simplifying its programs and products a top priority. For example, for high-growth businesses looking for "patient capital," the SBA reduced the processing times to license new Small Business Investment Company (SBIC) funds to just 5.4 months from an average of 14.6 months in 2009. SBIC funds that are eligible for SBA's new fast track process often get licensed in as little as two months. As a result of these efforts, the SBA supported \$1.9 billion in capital to its SBIC funds in 2012, the most capital in the 50-plus-year history of the program; and total capital to portfolio companies was a record \$3 billion. Today, the SBA is using this streamlined program to drive investments that fill funding gaps for early stage companies and economically disadvantaged regions of the country.

The Agency also transformed its Office of Disaster Assistance. A hallmark of these efforts is the Agency's streamlined disaster loan application. During Hurricane Katrina, it took almost 77 days to get a disaster loan turned around. Today, following important reforms, over 50 percent of the Sandy applications are coming in online and being turned around in approximately three weeks. The SBA will continue to streamline and simplify its capital access, contracting, counseling and disaster programs in an effort to ensure that small business owners, lenders and the American taxpayer get the most "bang for their buck" from SBA programs.

Strengthening In-Person and Online Delivery of SBA Programs, Tools and Initiatives

To further assist small business owners and entrepreneurs, the SBA has strengthened, tailored and expanded the delivery of its mentoring, counseling and training initiatives. The Agency has put in place a national structure to effectively deliver these programs both in person and through enhanced online tools.

Today, SBA Online Learning Systems (courses, assessments and mobile app) serve on average 500,000 online clients per year on topics ranging from business planning to winning government contracts to preparing a loan package. And the Agency continues to grow its online presence through the re-launched SBA.gov and targeted platforms focused on key demographics.

The SBA also continues to focus on expanding the entrepreneurial playing field by targeting the delivery of its mentoring and counseling programs to a wide range of promising small business owners, from young

entrepreneurs just starting out to seasoned executives looking to use their experience to strike out on their own. To better reach these entrepreneurs, the Agency has expanded its reach through key interagency and public-private partnerships. For example, the SBA is working with AARP to train and counsel more than 100,000 “encore entrepreneurs” (those over 50) next year on opportunities to use their experience and skills to start and grow new businesses; and the Agency is partnering with the Marines to pilot a new program to promote entrepreneurship and small business ownership to returning service members. This program, which is called Boots to Business: From Service to Startup, will be rolled out across the military in 2014. In addition, the SBA has partnered with the Department of Labor on an initiative called Start Young, which is focused on training young entrepreneurs on potential business opportunities.

The SBA also co-hosted a series of Economic Forums with the White House. These events, which have focused on both urban and rural communities, bring together local community officials, small business owners and government leaders to discuss the obstacles and opportunities to small business ownership. In addition, they provide a venue for the SBA to educate and expand the reach of the Agency’s services to more small business owners in more communities. To date, Economic Forums have been held in eight cities and have reached more than 2,500 in-person participants and over 25,000 online viewers. There have been over 800 mentor relationships facilitated and over 14.6 million Twitter followers.

“No Wrong Door Approach” for Small Businesses Looking to Access Government Programs and Resources

The SBA also has worked across federal agencies to improve the points of entry through which small businesses can access resources and pertinent information. By adopting a “No Wrong Door Approach,” small businesses seeking federal assistance gain the information they need, regardless of what agency or department they initially contact.

A key part of these efforts is an initiative called BusinessUSA (see Strategic Objective 3.1), a user-friendly, virtual, one-stop destination for accessing small business-related programs across the federal government. Agencies across the government will have a BusinessUSA entry point to provide relevant information and assistance.

Foundation for an Economy Built to Last

As the economic recovery continues to take root, it’s critical that small businesses and entrepreneurs are at the forefront of the economy — fueling innovation, job creation and building a strong foundation for American companies and workers to design and build products that are sold in markets around the globe.

Small businesses and entrepreneurs drive American competitiveness and job creation. The SBA has the tools and the proven track record to help expand the entrepreneurial playing field to more regions, more communities and more industries. In FY 2014, the SBA is focused on the next phase of small business growth and job creation. SBA’s FY 2014 budget will build on the strong foundation the Agency has laid over the last three years by focusing on several key priorities that support American competitiveness and job creation. These include:

- Making small businesses more globally competitive through export growth.
- Developing place-based ecosystems (i.e. regional clusters and growth accelerators that support innovation).
- Building capacity and depth in America’s small business supply chain (both commercial and government) to strengthen American manufacturing, exporting and encourage insourcing. To this

end, the SBA is focused on investing in strategic resources and personnel (e.g., procurement center representatives) to increase small business procurement at key government agencies. The SBA has launched the American Supplier Initiative, a federal government-wide program to build capacity and create opportunities for small businesses up and down the supply chain. The program focuses on matchmaking, access to working capital and counseling. It also draws on public-private partnerships, including one with IBM to support Supplier Connection, a free portal designed to more easily link large corporations to small American suppliers.

- Inclusive entrepreneurship, ensuring access and opportunity to promising entrepreneurs all across the country.
- Getting capital into the hands of more small businesses by building on successful efforts to streamline and simplify SBA's existing lending platforms.

SBA's total budget request for FY 2014 is \$810 million. Of this amount, \$111.6 million is for business loan subsidy and \$210 million is for non-credit programs. Other budget amounts include \$19.4 million for the Office of the Inspector General and \$8.5 million for the Office of Advocacy. An additional \$158.7 million is requested for disaster loan administration under the disaster relief cap adjustment authorized in the Budget Control Act.

Strategic Goal One: Growing businesses and creating jobs

Strategic Objective 1.1 – Expand access to capital through SBA's extensive lending network

Access to capital is critical to the long-term success of America's small businesses. When credit markets froze during the height of the financial crisis in 2008, small businesses were hit hard by diminished access to capital and falling sales. The top priority at the SBA was getting lending flowing to small businesses at this critical juncture. As the markets have improved, the SBA is working to make sure that remaining gaps in the commercial markets are filled and that small businesses are well positioned to take advantage of opportunities as the economy strengthens. The SBA also continues to streamline and simplify its loan programs to make its products more attractive to lenders and borrowers.

SBA's FY 2014 budget request of subsidy funds will support a total of more than \$25 billion in small business financing through the **7(a) loan program** and the **504/Certified Development Company (CDC) loan program**.

For its 7(a) guaranty loan program, the SBA requests budget authority that will support a program level of \$17.5 billion which includes \$15.7 billion in term loans and \$1.8 billion in revolving lines of credit facilities. The latter is expected to support \$41.3 billion in total disbursement activity as borrowers draw and repay over the life of the guaranty¹. Therefore, when included with 7(a) term loans, the budget supports \$56.9 billion in total 7(a) credit activity. For the 504/CDC program, the SBA requests \$107 million of credit subsidy budget authority that combined with prior year carryover of subsidy funds will support a program level of \$7.5 billion.

As part of SBA's More Doors, More Dollars approach, the Agency has conducted extensive outreach with lenders and borrowers to address the challenges in today's small business lending market. This outreach has focused on concrete ways to reduce barriers, attract new lenders, grow loan volumes of existing lenders and

¹ OMB Circular A-11 requires that the SBA revise its 7(a) program level to reflect 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.

improve access to capital for small businesses and entrepreneurs. These conversations build on SBA's successful efforts to streamline and simplify the Agency's core loan programs and to take them to the next level. In support of this initiative, the SBA plans to waive fees on 7(a) loans of \$150,000 or less, which will be achieved with zero credit subsidy.

Based on feedback from these conversations, the SBA requests \$7 million in funding to launch SBA ONE. Over the next 18-24 months, SBA ONE will move the Agency to a single application for most SBA loans and allow borrowers and lenders to populate forms from secure information storage. A key result will be to make the SBA loan application process easier for SBA lending partners, so the Agency can engage with more CDFI and other community lenders, and provide more points of access in rural and underserved communities. One of the main goals of SBA ONE is to get 1,000 lenders making more than 10 SBA loans per year, up from the historical annual average of just 500 to 700 lenders producing this type of loan volume. Achieving this goal would allow the SBA to expand access to capital for small business owners and entrepreneurs by leveraging existing relationships. If SBA ONE is successful, it could also serve as a model for other agencies that provide small business lending.

Strategic 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.

Small business contracting is one of the most important federal programs to help America's small businesses grow and create jobs. The program is a win-win: the federal government gets to work with the most innovative small businesses in America today – often with direct access to senior management – and small businesses get critical revenue to build and scale their operations. One does not have to look any further than the small businesses that worked with NASA to make the Curiosity rover landing on Mars a success to understand the impact that small business innovation can have on the country and the economy.

SBA's goal is to make sure that at least 23 percent of federal prime contracting dollars go to small businesses, which is typically over \$100 billion each year. And to do it, the SBA is improving coordination and communication across the federal government, facilitating matchmaking events, increasing online trainings and holding senior officials accountable for meeting their agencies' small business goals. The SBA also continues to lower barriers to entry for contracting and is strengthening the certification process and data for federal contracting. In addition, the Agency continues to aggressively root out fraud, waste and abuse in small business contracting to ensure that contracting dollars go to deserving small businesses.

To ensure the infrastructure is in place to reach the 23 percent goal, the SBA requests \$4 million in funding to increase the number of procurement center representatives (PCR) and commercial marketing representatives (CMR) in the field by 32. This request acts on evidence-based analysis conducted by an independent third-party that highlights the effectiveness of PCRs in increasing small business contracting. By focusing on agencies with an identified gap between small business contracting opportunities and results, the analysis shows that the additional PCR's can influence approximately \$7 billion in small business contracting by targeting industries and buying activities with the highest small business opportunities. These additional PCRs and CMRs will serve as an important tool in helping the federal government reach the 23 percent goal for small business contracting.

Another important tool to attract small business contractors is QuickPay. The Administration recently enhanced this popular program, which was introduced in October 2011. QuickPay accelerated payment to small businesses that are federal prime contractors to 15 days, down from 30 days. Based on its success, in July

2012 the program was expanded to all prime contractors with the understanding that large prime contractors will also accelerate payment to their small business subcontractors.

To build capacity and depth in America's small business supply chain, the SBA will also continue its leadership role in the American Supplier Initiative, an Administration-wide effort focused on investing in — and building capacity throughout — the nation's small business supply chain through: increased market access for small businesses; counseling and mentoring services to assist small suppliers; ready sources of capital to support sales, and; addressing the skills gap facing many small manufacturers and suppliers. The American Supplier Initiative allows the SBA to leverage its government contracting expertise, and the Agency's expansive small business network, to get more firms plugged into commercial supply chains. Building depth in the small business supply chain not only makes U.S.-based manufacturers more competitive, but it will encourage more manufacturers to consider insourcing production from overseas.

Strategic 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. SBA's resource partner network – including 63 small business development centers (SBDCs) with over 900 outreach locations, 110 women's business centers (WBCs), and 12,000 SCORE volunteers – assists more than one million business owners and entrepreneurs each year, providing valuable counseling and mentoring for every stage of business growth and development.

The FY 2014 budget includes grant funding of \$104.7 million for SBDCs, \$13 million for WBCs, and \$6.5 million to support SCORE's volunteer cadre of business professionals. In addition to in-person training and counseling, the SBA continues to grow its online presence to provide training to small businesses whenever and wherever they are. Since 2009, more than 2.5 million people took one of the 31 training courses available on SBA.gov in topics as diverse as how to write a business plan to navigating the federal contracting landscape. The SBA also requests \$700,000 in FY 2014 to perform an evaluation of SBA's non-credit business technical assistance programs.

In support of the President's White House Council on Strong Cities, Strong Communities, the SBA requests \$300,000 to provide technical assistance support in the to-be-selected six to ten communities.

And the SBA continues to build partnerships that expand the Agency's reach to more small business owners in more communities across the country. These partnerships are designed to make sure that SBA's proven training platforms are available and easily accessible to organizations and agencies whose participants can benefit from the Agency's small business tools and resources. The partnerships help the SBA reach important and growing demographics of small business owners and entrepreneurs.

The FY 2014 budget includes \$7 million for Boots to Business: From Service to Start-Up, which is designed to expose the more than 250,000 service members returning each year to the opportunities of small business ownership and entrepreneurship. The initial rollout of the pilot is being implemented by the Marines. The goal is to provide training and counseling services for approximately 20,000 returning Marines in four pilot locations: Quantico, Virginia; Cherry Point, North Carolina; Camp Pendleton, California; and Twenty-Nine

Palms, California. Following the assessment of the pilot, Boots to Business will roll out nationally to all branches of the military in FY 2014.

In addition, the SBA continues to build partnerships to increase entrepreneurial opportunities across key demographics. For example, the SBA is working with AARP to train and counsel more than 100,000 “encore entrepreneurs” (those over 50) next year on opportunities to use their experience and skills to start and grow new businesses.

Strategic 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.

The FY 2014 budget request will support a disaster loan volume of \$1.1 billion in direct lending, the Agency’s 10-year average based upon “normalized” activity adjusted for inflation. The SBA requests \$158.7 million 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 requests an additional \$33.3 million to fund administrative expenses incurred from other disasters, including those declared by the SBA Administrator.

The SBA continues to work to streamline and improve its disaster assistance programs. For example, the Agency launched a streamlined disaster loan application in June 2012, which reduced the electronic loan application from 80 screen shots to 20 screen shots. The screen shots consist of a simplified 3 to 4 page application, plus program background, privacy information and two-factor authentication. This streamlining has reduced the electronic loan application paperwork by 70 percent and the turn-around time for disaster loans to an average of 10 days. The SBA also now has a 2,000-plus disaster reserve team that is prepared to deploy around the country to assist businesses, homeowners and renters in the event of a disaster. In addition, the disaster team has seating capacity, computer capacity and a simplified approach to disbursing loans with one point of contact. These enhancements have resulted in improved communications and response times, as evidenced by the 80 percent Customer Satisfaction Index, which exceeded the 71 percent goal.

Strategic 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

High-growth businesses create almost all of the net new jobs in our economy today. Through longer-term “patient” capital, growth accelerators and regional innovation clusters, federal R&D grants, and export assistance, the SBA plays a critical role in the ongoing success of high-growth small businesses and entrepreneurs.

Through its Small Business Investment Company (SBIC) program, the SBA is currently authorized to invest up to \$3 billion annually, making the Agency one of the larger players in funding high-growth businesses. To better serve these businesses, the SBA has streamlined this program and expanded its reach through two

initiatives: an Impact Fund that is focused on economically distressed regions, and an Early Stage Fund. Both utilize the existing SBIC platform and are designed to fill gaps in the current market and to spur new business starts, which have lagged as a result of the economic downturn. SBICs use private capital plus funds borrowed with an SBA guaranty to make investments in qualifying small businesses. Over 300 SBICs have more than \$18 billion in capital under management. And it's important to note that this program operates at no subsidy cost to the American taxpayer.

For FY 2014, the SBA requests \$4 billion in authority for the SBIC Debenture program. By the end of FY 2012, the SBA committed \$2.0 billion to SBICs. These SBICs have in turn issued almost \$3.0 billion in small business financing, exceeding FY 2011's record amount of \$2.6 billion. This means the SBA is currently pushing up against its limit. By increasing its authority to \$4 billion, the SBA will be well positioned to ensure that high-growth small businesses have access to the patient capital they need to build their companies.

In addition, SBA's Small Business Innovation Research (SBIR) program continues to have an extraordinary impact on the ability of small businesses to commercialize promising R&D; and the long-term reauthorization of the SBIR program gives small businesses the stability and confidence they need to make full use of the program. Research by the National Academies shows that about half of the firms that receive SBIR funding report bringing a product to market, while a study by R&D Magazine showed that 25 percent of the top 100 innovations between 2002 and 2006 came from firms that got SBIR funds at some point. For FY 2014, the SBA requests \$2 million to conduct an evaluation of the SBIR program.

Important tools for high-growth businesses are clusters and growth accelerators. To expand the reach and effectiveness of these programs, the SBA requests \$5 million in funding for the highly successful Regional Innovation Clusters (RIC) program in FY 2014. Regional innovation clusters bring together small businesses and entrepreneurs with venture capitalists, universities and regional industry leaders who can help leverage a region's unique assets to turn entrepreneurial ideas into high-growth small businesses.

The Agency pioneered the federal government's official cluster support strategy by launching 10 clusters in the fall of 2010. Today the federal government is investing in 56 clusters across America. This is a collaborative partnership with the Departments of Commerce, Energy and Labor. The FY 2014 request builds on evidence derived from analysis of SBA's 10 pilot clusters. Research shows that total small business participation in SBA's 10 pilot clusters grew by over 275 percent in one year. On average, total employment grew by 11.2 percent in the small businesses that participated in the 10 pilot clusters, and over two thirds (69 percent) of small businesses that sought cluster services reported that they developed new products or services. Today, the federal government is invested in more than 56 clusters across the country. These clusters continue to play a key role in supporting a growing manufacturing sector and other key growth industries.

The SBA also requests \$5 million in funding to support the Agency's growth accelerators initiative. Over the last year, the SBA has convened more than 100 accelerators to determine needs and begin to establish best practices. Under this funding proposal, the federal government would provide matching grants to university and private sector accelerators to start a new accelerator program (based on successful models) or scale an existing program. The program would run as a competitive process and would feature a required 4:1 private sector match.

Research shows that accelerators can play a critical role in stimulating and supporting entrepreneurship outside of traditional startup hubs, whether that is the large concentration of engineers and manufacturing in Michigan or the health care and medical industry in Nashville. This request builds on input from the Start-Up America Initiative, which solicited feedback from more than 1,000 entrepreneurs, venture capitalists,

academics, economic development experts, small business owners and thought leaders about how government could reduce the barriers to growth for entrepreneurs. It is also based on feedback from a series of stakeholder convenings hosted by the SBA into the ways to promote regional innovation.

Clusters and growth accelerators complement interagency priorities, including the National Network of Manufacturing Innovation, by building and supporting a strong ecosystem of small business activity in targeted regions and across key industries.

In addition to supporting regional innovation, the SBA continues to make sure that small businesses have the tools and resources they need to make exporting a growing part of their operation. Small businesses that can tap into the global market have the potential for vast expansion and growth. Expanding the base of small business exporters and making the process as easy as possible for them is key to the National Export Initiative. To accomplish this, the SBA continues to partner with the Department of Commerce, Export-Import Bank and others on the Trade Promotion Coordination Committee to market exporting opportunities and trade shows, expand access to trade financing through products such as Global Business Solutions, and train business counselors and banks on exporting services.

The SBA also plays a key role in the implementation of the National Export Initiative 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.

The SBA, as part of the President's Export Promotion Cabinet, has set the goal of supporting 50,000 new small business exporters by 2017. To achieve this goal, the Agency is working as part of an interagency process on the development of a national marketing campaign, the launch of new products that will make it easier for more commercial lending institutions to offer trade financing, targeted trade promotion programs that ease the costs of finding foreign buyers and a push to market trade finance products to more community banks. In addition, the SBA is working to ensure that its resource partner network is certified to provide export counseling. The SBA requests \$2 million to execute the goals of the President's Export Promotion Cabinet.

Strategic 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 SBA continues to make outreach to underserved communities a key priority, including co-hosting a series of national White House Economic Forums, convening SBA's Council on Underserved Communities and strategic partnerships that build awareness for SBA products and services. And the SBA continues to build key interagency partnerships. One example of SBA's efforts is the Boots to Business initiative, which is described under Strategic Objective 1.3.

The FY 2014 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 associations and others to tailor and target programs to meet their needs. For

management and technical assistance programs that serve these communities, the FY 2014 budget requests \$20 million for microloan technical assistance, \$1 million for Native American outreach, \$1 million for the National Women's Business Council, \$2.5 million for veterans business development, \$2.8 million for the 7(j) program and \$2 million for the HUBZone contracting assistance program. In addition, the SBA requests \$4.6 million in credit subsidy budget authority to support a Microloan direct program level of \$25 million.

The SBA requests \$40 million in funding for Entrepreneurship Education that will be offered in 40 locations and to create an online training program, which is intensive online entrepreneurship education for small businesses. SBA will also conduct a rigorous evaluation of Entrepreneurship Education. Entrepreneurship Education is a training initiative that specifically focuses on executives of established businesses currently poised for growth from communities across the country and provides them the organizational framework, resource network, and motivation required to build a sustainable business of size and scale.

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

Strategic 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, small business owners and lenders have limited time and resources. The SBA works to continuously strengthen, streamline and simplify its programs to meet their needs. For example, the SBA has strengthened its human resource capabilities, improved processes for managing fraud, waste and abuse and made strategic investments in its physical and IT infrastructure (Strategic Objectives 2.1, 2.2, 2.3). These ongoing efforts have contributed to improved delivery of services and more efficient processes.

The SBA has conducted outreach with lenders and borrowers to isolate the greatest burdens they face and to discern ways the SBA could reduce barriers. The Agency conducted over 117 roundtables with lenders and borrowers over the past 12 months, with an average of 26 banks per roundtable. The SBA also hosted six NAGGL and NADCO regional events, with nearly 1,000 lenders in total. This outreach has resulted in the reduction of paperwork and process burdens. It has also made SBA loan products more attractive for lenders, encouraged more lenders to make SBA loans and opened up more points of capital access for small businesses wherever they do business.

In addition, the SBA continues to strengthen and enhance its online presence and tools, including SBA.gov and BusinessUSA (see Strategic Objective 3.1), with a primary focus on improved navigation, access to information and the development of mobile device tools that make accessing the SBA and interagency resources easier.

The SBA also continues to move from paper-based processes to electronic platforms and to reduce overhead through its efforts to promote effective and efficient operations (see Strategic Objective 2.1), which includes reducing travel expenses, consolidating real estate, improving fleet management and reducing redundancies in IT functions.

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

The SBA continues to make training and leadership development an Agency priority. The SBA has launched a new Leadership Development program and is working to ensure that across the Agency there is a strong career path for the next generation of SBA leaders.

The Agency's Strategic Human Capital Plan provides a framework for effectively improving human capital management challenges by hiring quality employees, providing training and work-life balance, strategic succession management, and modernizing and integrating its human resources systems.

The Agency also completed a successful VERA/VSIP (Voluntary Early Retirement Authority and Voluntary Separation Incentive) program last year and is now in the process of recruiting and training the next generation of SBA leaders both at headquarters and in the field.

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. These investments are the result of feedback from the annual Employee Viewpoint Survey, and are effective strategies aimed at improving the Agency's annual employee survey "overall employee satisfaction" rating, with a goal of 70 percent in FY 2014.

This budget, excluding disaster, the Office of the Inspector General, Office of Advocacy and line item initiatives, supports 2,270 employees with \$287 million projected in compensation and benefits.

Strategic 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 SBA takes a zero tolerance stance on fraud, waste and abuse in all of its programs. Over the last three years, the SBA has engaged in an extensive review and redesign of both its government contracting and lender oversight activities. Based on its review, the Agency adopted a three-prong approach to managing risk: (1) effective certification processes, (2) continued surveillance and monitoring, and (3) robust and timely enforcement. This approach has been extremely successful in efforts to root out fraud, waste and abuse.

For example, the SBA worked together with the Office of Inspector General (OIG) to close 80 OIG lender oversight recommendations in just the last year alone. To further increase the intensity of SBA's oversight activities, the Agency is incorporating best practices from its sister agencies, including the FDIC, the Federal Reserve and the Office of the Comptroller of the Currency, as well as private sector financial institutions.

The SBA also increased the activity of the Lender Oversight Committee and initiated a new Lender Supervision and Enforcement Task Force with the aim of originating enhanced supervision and enforcement actions. Over the past three fiscal years, the SBA declined to renew delegated lending authority over 300 times for SBA lenders, where these entities did not meet SBA loan standards. And the Agency suspended or debarred over 50 loan officers, loan brokers, packagers, and applicants in the 7(a) program.

In government contracting, the SBA has assembled a Suspension and Debarment Task Force, led by the Office of General Counsel. The task force, which works closely with the OIG, has developed a strategic framework for suspension and debarment of firms that use fraud or other wrongful practices to gain improper access to programs intended to benefit small businesses. Since 2009, the work of the task force has led to 27 suspensions, 13 debarments and 30 additional proposed debarments.

Strategic Goal Three – Serving as the voice for small business

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

The SBA is the voice of small business and works to advocate for small business owners and entrepreneurs across government agencies. In this capacity, the SBA takes a leadership role in ensuring effective delivery of federal small business programs and services, collaborating across a broad array of 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 across the federal government.

SBA's FY 2014 budget ensures that the Agency's active participation in interagency initiatives, such as Start Young with the Department of Labor and HUBZone targeted recruitment with the USDA, will continue and that small businesses have "a seat at the table" in key policy discussions across the government.

Key SBA interagency priorities in FY 2014 are:

- Supporting American manufacturing through supply chain opportunities, exporting, insourcing
- Supporting place-based growth initiatives
- Addressing the needs of underserved communities, including building on successful rural and veterans initiatives
- Supporting economic diplomacy

To do this, the SBA will build on successful interagency efforts such as the Small Business Innovation Research program, the National Export Initiative, the Regional Innovation Clusters program, White House Economic Forums, support for rural businesses through the President's Rural Council, matchmaking events for small businesses interested in federal contracting and exporting, assistance for returning veterans, and various clean/renewable energy and advanced manufacturing and supply chain initiatives.

In addition, the SBA continues to make accessing small business programs across the federal government easier and more efficient. The FY 2014 budget includes a request for \$6 million to lead efforts in coordination with other agencies to develop BusinessUSA.gov. The request will support the goals of client tracking and management across agencies, standardized customer service practices, and a means to solicit input from users as to how to improve the site.

Strategic Objective 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 businesses.

The SBA plays a critical role in the Administration's ongoing efforts to reduce regulatory barriers to entrepreneurship, innovation and U.S. competitiveness. As part of the Start-Up America initiative, government leaders met with more than 1,000 entrepreneurs across the country to talk about ways to reduce barriers for small business growth. These conversations continue to guide SBA policy and programmatic decisions. In addition, SBA's national ombudsman plays a key role in helping small business owners deal with specific regulatory burdens and challenges that result from federal agency processes.

The SBA will continue to work with partners across the federal government 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 (ONO) will continue to deliver on its mission to provide a means by which small business concerns may submit comments about federal regulatory enforcement activities or comment about federal agency compliance issues by holding hearings, hosting roundtables and participating on panels.

In FY 2012, ONO conducted 55 Regulatory Fairness small business outreach events, including roundtables, forums, speeches and media activities. ONO also processed over 200 small business comments and carried out approximately 2,100 responses to small businesses and customer service actions. In addition, ONO collaborated with numerous federal agencies on outreach events and to resolve small business regulatory issues. In order to be responsive and timely, ONO 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, SBA's independent Office of Advocacy contributes significantly to Strategic Objective 3.2. In FY 2014, Advocacy expects its intervention activities will reduce the regulatory burden on small businesses by at least \$6.5 billion. The Office of Advocacy provides a separate budget submission which includes descriptions of their strategic goals, accomplishments, performance plan and budget justification. These can be found in their submission.

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

To ensure it is addressing the needs of small businesses most effectively, the SBA places great importance on the collection and analysis of small business-related data. In order to make fact-based policy and programmatic decisions, SBA's program offices and policy team analyze key metrics, statistics and historical trends. The SBA also monitors the progress of these policy and programmatic decisions to ensure they are delivering the desired outcomes.

For example, SBA's Office of Government Contracting and Business Development has been working closely with the Office of Federal Procurement Policy and representatives from federal agencies to improve the quality of small business contracting data. Through this effort, the SBA has developed new tools and resources to help federal agencies validate the accuracy of their small business contracting data, while also making this data more accessible and transparent to the public.

Furthermore, the SBA is focused on and committed to not only compiling and studying internal SBA data, but also partnering with the key federal agencies to gather the most robust data sets to make informed policy decisions.

Specifically, the SBA is working with the Council of Economic Advisers, National Economic Council, SBA's Office of Advocacy, Department of Commerce and the Census Bureau on a small business data initiative called the Smarter Data, Smarter Policy to address key data gaps as well as to ensure that, across the Administration, a common data set is utilized to analyze small business issues.

In addition, SBA's Office of Advocacy supports Strategic Objective 3.3. In FY 2014, Advocacy will publish over 20 research and data products related to small businesses, hold at least 360 outreach events disseminating their research, and contribute at least 12 presentations on small business research to academic, media or policy audiences. The Office of Advocacy's strategic goals, accomplishments, performance plan and budget justification can be found in their submission.

IT Reduction and Reinvestment

OMB Memorandum M-12-12 stated that an agency's "FY 2014 budget submission should achieve an agency-wide 10 percent reduction in IT spending, compared to the average spending on IT from FY 2010 through 2012." For the SBA that translates into an \$11 million reduction in the FY 2014 operating budget. To achieve this reduction, the SBA conducted a review of all IT investments to determine specific reductions that could be achieved. SBA's proposed reductions are \$2 million in the Loan Management and Accounting System, the cancellation of a \$4 million contract that provided IT project management, and a savings of \$5 million in IT infrastructure services and support.

The SBA proposes to reinvest half of the savings in two innovative IT solutions that will produce a favorable return on investment and achieve administrative efficiencies. The first proposed reinvestment is in voice technology, which would replace SBA's telephone system with new equipment. Voice technology will greatly reduce telephone service fees by leveraging SBA's previous investments in a data network for voice services, including telephony. A \$1.5 million investment in FY 2014 is estimated to result in \$1 million in savings in FY 2014 and a total of \$3 million through FY 2017. The second proposed reinvestment is \$7 million in system enhancements in the loan and contracting certification systems in support of SBA ONE.

Lower-Priority Program Activities

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

Understanding the Budget Tables

This budget request is being submitted in accordance with the FY 2014 Budget Guidance memorandum dated May 18, 2012, from the Office of Management and Budget. The FY 2012 column represents estimates, including carryover from the previous year. The FY 2013 column represents the annualized continuing resolution level.

Table 1 – Summary of New Budget Authority

This table shows the gross amount of new funding appropriated by Congress for FY 2012, the FY 2013 Annualized CR level, and the requested funding for FY 2014. 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.

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

Tables 2 - 6 – Salaries and Expenses Budget

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

- *Office Operating Budgets (Table 3)*. These are the funds that program and administrative offices directly manage for daily operations, e.g., travel, supplies, and contracted services. The one exception is a line item inserted at the bottom of the table for the BusinessUSA Initiative for which funding is requested in FY 2013 and FY 2014.
- *Agency-wide Costs (Table 4)*. These are costs such as rent and telecommunications, which are managed centrally by the Agency.
- *Compensation and Benefits*. All Compensation and Benefits for the SBA are managed centrally. The Full Time Equivalents supported by Compensation and Benefits appear in **Table 9**, in addition to the FTEs that support Disaster, the Inspector General, the Office of Advocacy, and Line Item Initiatives.
- *Non-Credit Programs (Table 6)*. Separate funding for these programs, specifically identified within the Salaries and Expenses appropriation.
- *Reimbursable Expenses*. These are programs for which the SBA receives reimbursable budget authority from other federal government agencies.

Summary of Changes in the Agency Operating Budget (Table 5) is a reconciliation of the amounts needed for the Salaries and Expenses operating budget shown in Table 2. The amount requested for FY 2014 is reconciled to the actual level in FY 2012. The Adjustment section shows the major reasons for a requested increase or decrease in funding.

Table 7 – Sources of Funds: Appropriation Detail

This table shows the detail for all of the appropriation accounts. The Disaster Assistance and Business Loans programs accounts include additional detail regarding the administrative and loan program components. The Business Loan administrative account and a portion of the Disaster administrative account are transferred to and combined with the Salaries and Expenses and Inspector General accounts to cover the administrative cost of operating those programs.

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.

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.

Table 11 – Summary of Changes

This table is a reconciliation of the amounts requested in FY 2014 to the enacted level for FY 2012 for all accounts. The adjustments show the major reasons for the requested increase or decrease in funding.

Budget Tables

Table 1
FY 2014 Congressional Budget Justification
SUMMARY OF NEW BUDGET AUTHORITY

(Dollars in Thousands)

	FY 2012 Actual	FY 2013 Annualized CR Level ¹	FY 2014 Request	FY 2014 Incr/Decr vs FY 2012
Gross New Budget Authority				
Salaries and Expenses	\$ 417,348	\$ 417,348	\$ 485,923	\$ 68,575
Business Loan Program				
Administration	\$ 147,958	\$ 147,958	\$ 151,560	\$ 3,602
Loan Subsidy ^{2\}	\$ 210,778	\$ 337,278	\$ 111,600	\$ (99,178)
Disaster Loan Program				
Administration-Presidential Disaster ^{3\}	\$ 117,300	\$ 117,300	\$ 158,650	\$ 41,350
Administration-Non-Presidential Disaster ^{3\}	\$ 0	\$ 0	\$ 33,250	\$ 33,250
Inspector General	\$ 16,267	\$ 16,267	\$ 19,400	\$ 3,133
Office of Advocacy	\$ 9,120	\$ 9,120	\$ 8,455	\$ (665)
Surety Bond Guarantee	\$ 0	\$ 0	\$ 0	\$ 0
Total, Gross New Budget Authority	\$ 918,771	\$ 1,045,271	\$ 810,188	\$ (108,583)
Total, Gross New Budget Authority, Including Presidential Disaster Funding ^{4\}			\$ 968,838	

1\ The impacts of sequestration and the across the board rescission included in the full year FY 2013 continuing resolution are not included in the FY 2013 Annualized CR column.

2\ FY2013 reflects anomaly of \$333,600 for guaranteed business loan subsidy included in H.R. 933.

3\ The \$159 million request for administrative expenses is provided under the disaster relief cap adjustment authorized in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011. These funds will be used for administrative expenses resulting from major disasters pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

4\ Amounts do not include funding provided under the Disaster Relief Appropriations Act of 2013.

Table 2
FY 2014 Congressional Budget Justification
SALARIES & EXPENSES BUDGET
SOURCES and EXPENDITURES

(Dollars in Thousands)

	FY 2012 Actual	FY 2013 Annualized CR Level ¹	FY 2014 Request	FY 2014 Incr/Decr vs FY 2012
SOURCES: Salaries & Expenses Budget				
Salaries and Expenses Appropriation	\$ 417,348	\$ 417,348	\$ 485,923	\$ 68,575
Business Loan Administration Appropriation	\$ 147,958	\$ 147,958	\$ 151,560	\$ 3,602
Subtotal, Appropriated Funds	\$ 565,306	\$ 565,306	\$ 637,483	\$ 72,177
Transfer from Disaster Loans	\$ 6,000	\$ 6,000	\$ 9,000	\$ 3,000
Carryover	\$ (2,513)	\$ -	\$ -	\$ 2,513
Reimbursable Expenses	\$ 78	\$ 300	\$ 300	\$ 222
Estimated Fee Income	\$ 11,505	\$ 12,100	\$ 12,100	\$ 595
Recoveries and Unobligated Balances	\$ (6,584)	\$ -	\$ -	\$ 6,584
Business Transfer	\$ 257	\$ 257	\$ 322	\$ 65
Total Sources of Funds ^{2\}	\$ 574,049	\$ 583,963	\$ 659,205	\$ 85,156
EXPENDITURES: Salaries & Expenses Budget				
Office Operating Budgets	\$ 97,774	\$ 88,242	\$ 102,947	\$ 5,173
Agency-Wide Costs	\$ 50,678	\$ 53,518	\$ 58,941	\$ 8,263
Compensation and Benefits	\$ 252,583	\$ 269,555	\$ 286,677	\$ 34,094
Subtotal, Agency Operating Budget	\$ 401,035	\$ 411,315	\$ 448,565	\$ 47,530
Non-Credit Programs	\$ 172,936	\$ 172,348	\$ 210,340	\$ 37,404
Reimbursable Expenses	\$ 78	\$ 300	\$ 300	\$ 222
Total Expenditures of Funds ^{2\}	\$ 574,049	\$ 583,963	\$ 659,205	\$ 85,156

1\ The impacts of sequestration and the across the board rescission included in the full year FY 2013 continuing resolution are not included in the FY 2013 Annualized CR column.

2\ Amounts do not include funding provided under the Disaster Relief Appropriations Act of 2013.

Table 3
FY 2014 Congressional Budget Justification
OFFICE OPERATING BUDGETS
(Dollars in Thousands)

	FY 2012	FY 2013	FY 2014	FY 2014
	Actual	Annualized CR Level ¹	Request	Incr/Decr vs FY 2012
Executive Direction	\$ 25,208	\$ 20,887	\$ 25,892	\$ 684
Capital Access	\$ 11,883	\$ 8,400	\$ 15,400	\$ 3,517
Credit Risk Management	\$ 8,363	\$ 8,600	\$ 8,600	\$ 237
Investments & Innovation	\$ 5,239	\$ 4,650	\$ 4,650	\$ (589)
Gov't Contracting/Business Development	\$ 1,862	\$ 2,255	\$ 2,255	\$ 393
Entrepreneurial Development	\$ 1,600	\$ 1,500	\$ 2,200	\$ 600
Management and Administration	\$ 8,153	\$ 8,400	\$ 8,400	\$ 247
Chief Information Officer	\$ 30,110	\$ 28,300	\$ 28,300	\$ (1,810)
International Trade	\$ 533	\$ 700	\$ 2,700	\$ 2,167
Regional and District Offices	\$ 4,823	\$ 4,550	\$ 4,550	\$ (273)
Total ^{2\}	<u>\$ 97,774</u>	<u>\$ 88,242</u>	<u>\$ 102,947</u>	<u>\$ 5,173</u>

1\ The impacts of sequestration and the across the board rescission included in the full year FY 2013 continuing resolution are not included in the FY 2013 Annualized CR column.

2\ Amounts do not include funding provided under the Disaster Relief Appropriations Act of 2013.

Table 4
FY 2014 Congressional Budget Justification

AGENCY-WIDE COSTS

(Dollars in Thousands)

	FY 2012 Actual	FY 2013 Annualized CR Level ¹	FY 2014 Request	FY 2014 Incr/Decr vs FY 2012
Express Mail	\$ 384	\$ 501	\$ 496	\$ 112
Judgment Fund	\$ 147	\$ 782	\$ 763	\$ 616
Office Security	\$ 3,512	\$ 3,097	\$ 3,597	\$ 85
Performance Awards	\$ 2,617	\$ 2,454	\$ 2,795	\$ 178
Postage	\$ 382	\$ 736	\$ 680	\$ 298
Reasonable Accommodations	\$ 35	\$ 103	\$ 110	\$ 75
Relocation	\$ 5	\$ 379	\$ -	\$ (5)
Rent	\$ 35,381	\$ 35,193	\$ 39,857	\$ 4,476
Telecommunications	\$ 4,847	\$ 4,954	\$ 5,326	\$ 479
Transit Subsidy	\$ 1,368	\$ 2,983	\$ 2,959	\$ 1,591
Unemployment Compensation	\$ 404	\$ 730	\$ 708	\$ 304
Workers Compensation	\$ 1,596	\$ 1,606	\$ 1,650	\$ 54
Total	\$ 50,678	\$ 53,518	\$ 58,941	\$ 8,263

1\ The impacts of sequestration and the across the board rescission included in the full year FY 2013 continuing resolution are not included in the FY 2013 Annualized CR column.

Table 5
FY 2014 Congressional Budget Justification
SUMMARY OF CHANGES - Agency Operating Budget
(Dollars in Thousands)

Agency Operating Budget

FY 2012 Actual	\$ 401,035
FY 2014 Request	<u>\$ 448,565</u>
Change - Increase/(Decrease)	<u><u>\$ 47,530</u></u>

Summary of Changes:

Mandatory salary and other pay adjustments	\$ 7,720
Insourcing of 77 FTEs to service guaranteed loans	\$ 7,795
Increase for 32 additional Procurement Center	\$ 4,000
Cost for rehiring of field positions vacated during VERA/VSIP over a two-year period	\$ 14,279
Strong Cities, Strong Communities	\$ 300
Increase in Agency-wide costs	\$ 8,263
Initiatives	
SBA ONE	\$ 7,000
BusinessUSA	\$ 6,000
SBIR Evaluation	\$ 2,000
Technical Assistance Evaluation	\$ 700
Export Promotion Cabinet	\$ 2,000
Reduction in LMAS	\$ (4,920)
Elimination of FAST	\$ (2,000)
Campaign to Cut Waste	\$ (5,607)
Total Change - Increase/(Decrease)	<u><u>\$ 47,530</u></u>

Table 6
FY 2014 Congressional Budget Justification
NON-CREDIT PROGRAMS

(Dollars in Thousands)

	FY 2012	FY 2013	FY 2014	FY 2014
	Actual	Annualized CR Level ¹	Request	Incr/Decr vs FY 2012
7(j) Technical Assistance Program	\$ 4,768	\$ 3,100	\$ 2,790	\$ (1,978)
Entrepreneurship Education	\$ -	\$ -	\$ 40,000	\$ 40,000
Growth Accelerators	\$ -	\$ -	\$ 5,000	\$ 5,000
HUBZone Program	\$ 2,155	\$ 2,500	\$ 2,000	\$ (155)
Microloan Technical Assistance	\$ 19,446	\$ 20,000	\$ 19,850	\$ 404
Boots to Business	\$ -	\$ -	\$ 7,000	\$ 7,000
National Women's Business Council	\$ 875	\$ 998	\$ 900	\$ 25
Native American Outreach	\$ 1,245	\$ 1,250	\$ 1,050	\$ (195)
PRIME Technical Assistance	\$ 3,343	\$ 3,500	\$ -	\$ (3,343)
Regional Innovation Clusters	\$ 3,325	\$ 5,000	\$ 5,000	\$ 1,675
Small Business Development Centers (SBDC)	\$ 114,558	\$ 112,500	\$ 104,680	\$ (9,878)
SCORE	\$ 7,000	\$ 7,000	\$ 6,520	\$ (480)
Veterans Business Outreach Centers (VBOC)	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Women's Business Centers (WBC)	\$ 13,721	\$ 14,000	\$ 13,050	\$ (671)
Total, Non-Credit Programs	\$ 172,936	\$ 172,348	\$ 210,340	\$ 37,404

1 \ The impacts of sequestration and the across the board rescission included in the full year FY 2013 continuing resolution are not included in the FY 2013 Annualized CR column.

Table 7
FY 2014 Congressional Budget Justification
SOURCES OF FUNDS: APPROPRIATION DETAIL

(Dollars in Thousands)

	FY 2012 Actual	FY 2013 Annualized CR Level ¹	FY 2014 Request	FY 2014 Incr/Decr vs FY 2012
Salaries and Expenses Appropriation				
Net New Budget Authority	\$ 417,348	\$ 417,348	\$ 485,923	\$ 68,575
Carryover from prior year	\$ 26,187	\$ 28,700	\$ 28,700	\$ 2,513
Carryover into next fiscal year	\$ (28,700)	\$ (28,700)	\$ (28,700)	\$ -
Transfer from Business Loans	\$ 147,958	\$ 147,958	\$ 151,560	\$ 3,602
Transfer from Business Microloans	\$ 257	\$ 257	\$ 322	\$ 65
Transfer from Disaster Loans	\$ 6,000	\$ 6,000	\$ 9,000	\$ 3,000
Reimbursable Expenses	\$ 78	\$ 300	\$ 300	\$ 222
Estimated Fee Income	\$ 11,505	\$ 12,100	\$ 12,100	\$ 595
Recoveries & Unobligated balances	\$ (6,584)	\$ -	\$ -	\$ 6,584
Total Budget Authority	\$ 574,049	\$ 583,963	\$ 659,205	\$ 85,156
Business Loans Appropriation				
<i>Administrative Expenses</i>				
New Budget Authority	\$ 147,958	\$ 147,958	\$ 151,560	\$ 3,602
Transfer to Salaries & Expenses	\$ (147,958)	\$ (147,958)	\$ (151,560)	\$ (3,602)
Total Budget Authority	\$ -	\$ -	\$ -	\$ -
<i>Loan Subsidy</i>				
New Budget Authority	\$ 210,778	\$ 337,278	\$ 111,600	\$ (99,178)
Carryover from prior fiscal year	\$ 41,382	\$ 67,053	\$ -	\$ (41,382)
Carryover into next fiscal year	\$ (67,053)	\$ -	\$ -	\$ 67,053
Transfer to Salaries & Expenses	\$ (257)	\$ (257)	\$ (322)	\$ (65)
Total Budget Authority	\$ 184,850	\$ 404,074	\$ 111,278	\$ (73,572)
Disaster Assistance Appropriation				
<i>Administrative Expenses</i>				
New Budget Authority-Presidential	\$ 117,300	\$ 117,300	\$ 158,650	\$ 41,350
New Budget Authority-Non Presidential	\$ -	\$ -	\$ 33,250	\$ 33,250
Carryover from prior fiscal year	\$ 86,065	\$ 54,240	\$ -	\$ (86,065)
Carryover into next fiscal year	\$ (54,240)	\$ -	\$ -	\$ 54,240
Transfer from Disaster Loans	\$ 50,000	\$ 70,000	\$ -	\$ (50,000)
Recoveries	\$ 10,000	\$ -	\$ -	\$ (10,000)
Transfer to Inspector General	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ -
Transfer to Salaries & Expenses	\$ (6,000)	\$ (6,000)	\$ (9,000)	\$ (3,000)
Total Budget Authority	\$ 202,125	\$ 234,540	\$ 181,900	\$ (20,225)

Table 7

FY 2014 Congressional Budget Justification

SOURCES OF FUNDS: APPROPRIATION DETAIL

(Dollars in Thousands)

	FY 2012 Actual	FY 2013 Annualized CR Level1	FY 2014 Request	FY 2014 Incr/Decr vs FY 2012
<i>Loan Subsidy</i>				
New Budget Authority - Presidential	\$ -	\$ -	\$ -	\$ -
New Budget Authority - Non-Presidential	\$ -	\$ -	\$ -	\$ -
Carryover from prior fiscal year ^{2\}	\$ 513,292	\$ 442,027	\$ 247,000	\$ (266,292)
Carryover into next fiscal year	\$ (442,027)	\$ (247,000)	\$ (145,000)	\$ 297,027
Transfer to Disaster Administration	\$ (50,000)	\$ (70,000)	\$ -	\$ 50,000
Recoveries from prior years	\$ 30,669	\$ 20,000	\$ 20,000	\$ (10,669)
Total Budget Authority	\$ 51,934	\$ 145,027	\$ 122,000	\$ 70,066
Inspector General Appropriation				
New Budget Authority	\$ 16,267	\$ 16,267	\$ 19,400	\$ 3,133
Carryover from prior fiscal year	\$ 3,432	\$ 2,825	\$ 6,750	\$ 3,318
Carryover into next fiscal year ^{2\}	\$ (2,825)	\$ (6,750)	\$ (5,100)	\$ (2,275)
Transfer from Disaster	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Total Budget Authority	\$ 17,874	\$ 13,342	\$ 22,050	\$ 4,176
Office of Advocacy Appropriation				
New Budget Authority	\$ 9,120	\$ 9,120	\$ 8,455	\$ (665)
Carryover from prior fiscal year	\$ -	\$ 680	\$ -	\$ -
Carryover into next fiscal year	\$ (680)	\$ -	\$ -	\$ 680
Total Budget Authority	\$ 8,440	\$ 9,800	\$ 8,455	\$ 15
Total Financing Available	\$ 1,039,272	\$ 1,390,746	\$ 1,104,888	\$ 65,616

1\ The impacts of sequestration and the across the board rescission included in the full year FY 2013 continuing resolution are not included in the FY 2013 Annualized CR column.

2\ Carryover includes funding provided under the Sandy Supplemental

Table 8
FY 2014 Congressional Budget Justification
SUMMARY OF CREDIT PROGRAMS & REVOLVING FUND
(Dollars in Millions)

	PROGRAM LEVEL			SUBSIDY AMOUNT			SUBSIDY RATE		
	FY 2012 Actual	FY 2013 Annualized CR Level ¹	FY 2014 Request	FY 2012 Actual	FY 2013 Annualized CR Level ¹	FY 2014 Request	FY 2012 Actual	FY 2013 Annualized CR Level ¹	FY 2014 Request
Guaranteed Loans									
Section 7(a) Guaranty	\$ 12,371 ^{3/}	\$ 14,993 ^{3/}	\$ 15,653 ^{3/}	\$ 104.4	\$ 188.9	\$ 0.0 ^{4/}	0.87%	1.55%	0.00%
Section 7(a) Guaranty Revolvers ^{2/}	32,381 ^{3/}	50,237 ^{3/}	41,274 ^{3/}	32.5	32.6	0.0 ^{4/}	0.12%	0.08%	0.00%
Section 7(a) Dealer Floor Plan ^{2/}	408 ^{3/}	13,001 ^{3/}	0	2.5	4.0	0.0	0.02%	0.03%	N/A
Section 504 CDC Guaranty	4,411	7,500 ^{5/}	7,500	67.7	108.1	107.0	1.09%	2.02%	1.71%
Section 504 Loan Refinancing	2,246	0	7,500	0.0	0.0	0.0	0.00%	N/A	0.00%
SBIC - Debentures	1,924	3,000	4,000 ^{5/}	0.0	0.0	0.0	0.00%	0.00%	0.00%
Total	\$ 53,741	\$ 88,731	\$ 75,927	\$ 207.1	\$ 333.6	\$ 107.0			
Direct Loans									
Microloan Direct Program	\$ 24	\$ 43 ^{6/}	\$ 25	\$ 3.7	\$ 7.0	\$ 4.6	14.71%	15.71%	18.64%
Total Business Loans	\$ 53,765	\$ 88,774	\$ 75,952	\$ 210.8	\$ 340.6	\$ 111.6			
Secondary Market Guaranties	\$ 3,926	\$ 12,000	\$ 12,000	\$ 0.0	\$ 0.0	\$ 0.0	0.00%	0.00%	0.00%
Disaster Assistance	\$ 463 ^{6/}	\$ 1,100 ^{6/}	\$ 1,100 ^{6/}	\$ 0.0	\$ 0.0	\$ 0.0	11.03%	11.11%	8.48%
Surety Bond Gurantee Program	\$ 623	\$ 1,000	\$ 1,000	\$ 0.0	\$ 0.0	\$ 0.0	N/A	N/A	N/A
Immediate Disaster Assistance	\$ 0	\$ 18 ^{6/}	\$ 0	\$ 0.0	\$ 0.0	\$ 0.0	1.96%	1.94%	1.95%
Expedited Disaster Assistance	\$ 0	\$ 0	\$ 54 ^{6/}	\$ 0.0	\$ 0.0	\$ 0.0	2.28%	2.31%	2.39%

1\ The impacts of sequestration and the across the board rescission included in the full year FY 2013 continuing resolution are not included in the FY 2013 Annualized CR column.

2\ Program level reflects the economic impact/multiplying effect of revolving lines of credit.

3\ Reflects a combined 7(a) program level authorization of \$17.5 billion.

4\ Based on a combined 7(a) execution rate of 0.0%.

5\ Where the program level differs from the President's Budget Appendix, levels in this table reflect correct levels.

6\ Program level is supported by subsidy funds that were carried over from prior years.



Table 9
FY 2014 Congressional Budget Justification
FULL TIME EQUIVALENT (FTE) EMPLOYEES

	FY 2012 Actual	FY 2013 Annualized CR Level ¹	FY 2014 Request	FY 2014 Incr/Decr vs FY 2012
Regular Funds	2,069	2,069	2,270	201
Line Item Initiatives	20	20	20	0
Sub-Total, Regular S&E	2,089	2,089	2,290	201
Disaster Loan Making	992	850	850	(142)
Disaster Loan Servicing	153	171	171	18
Sub-Total, Disaster	1,145	1,021	1,021	(124)
Office of Advocacy	46	46	46	0
Inspector General	110	112	119	9
Total	3,390	3,268	3,476	86

1\ The impacts of sequestration and the across the board rescission included in the full year FY 2013 continuing resolution are not included in the FY 2013 Annualized CR column.

2\ Increase in FY 2014 results from insourcing 77 guaranteed loan servicing positions, hiring an 32 additional Procurement Center Representatives and filling positions vacated during the VERA/VSIP.

Table 10
FY 2014 Congressional Budget Submission
TOTAL COST BY PROGRAM AND ACTIVITY
(Dollars in Thousands)

	FY 2012 Actual	FY 2013 Annualized CR Level	FY 2014 Request	FY 2014 Incr/Decr vs FY 2012
Capital Access Programs				
7(a) Loans				
Loan Making - 7(a) Loans	\$ 58,027	\$ 56,676	\$ 69,843	\$ 11,816
Loan Servicing - 7(a) Loans	6,327	6,514	6,570	243
Loan Liquidation - 7(a) Loans	24,460	25,204	25,473	1,013
Lender Oversight - 7(a) Loans	4,826	5,209	5,513	687
Subtotal	\$ 93,640	\$ 93,603	\$ 107,399	\$ 13,759
504 Loans				
Loan Making - 504 Loans	\$ 26,328	\$ 25,847	\$ 25,682	\$ (646)
Loan Servicing - 504 Loans	3,761	3,851	3,867	106
Loan Liquidation - 504 Loans	8,278	8,484	8,520	242
Lender Oversight - 504 Loans	1,245	1,343	1,422	177
Subtotal	\$ 39,612	\$ 39,525	\$ 39,491	\$ (121)
Microloans				
Loan Making - Microloans	\$ 5,228	\$ 5,429	\$ 5,517	\$ 289
Loan Servicing - Microloans	2,556	2,708	2,778	222
Loan Liquidation - Microloans	430	456	467	37
Microloan Technical Assistance	21,757	22,538	22,490	733
Subtotal	\$ 29,971	\$ 31,131	\$ 31,252	\$ 1,281
Prime Technical Assistance	\$ 3,734	\$ 3,929	\$ 0	\$ (3,734)
Surety Bond Program	\$ 5,477	\$ 5,873	\$ 6,261	\$ 784
Investment Programs				
SBIC Loans				
Loan Making - SBIC Loans	\$ 6,277	\$ 6,216	\$ 6,474	\$ 197
Loan Servicing - SBIC Loans	11,869	11,740	12,234	365
Loan Liquidation - SBIC Loans	5,083	5,028	5,240	157
Subtotal	\$ 23,229	\$ 22,984	\$ 23,948	\$ 719
SBIR/STTR Programs	\$ 3,110	\$ 3,929	\$ 3,961	\$ 851
Growth Accelerators	\$ 0	\$ 0	\$ 6,289	\$ 6,289

Table 10
FY 2014 Congressional Budget Submission
TOTAL COST BY PROGRAM AND ACTIVITY
(Dollars in Thousands)

	FY 2012 Actual	FY 2013 Annualized CR Level	FY 2014 Request	FY 2014 Incr/Decr vs FY 2012
Rural Business Investment Program	\$ 81	\$ 82	\$ 88	\$ 7
New Market Venture Capital	\$ 109	\$ 104	\$ 110	\$ 1
GCBD Programs				
7(j) Program	\$ 5,356	\$ 3,368	\$ 3,071	\$ (2,285)
8(a) Program	60,855	65,917	68,573	7,718
HUBZone Program	9,102	9,966	9,520	418
Prime Contract Program	23,298	25,272	26,561	3,263
Subcontracting Program	4,828	5,235	5,489	661
Subtotal	\$ 103,439	\$ 109,758	\$ 113,214	\$ 9,775
International Trade Program	\$ 8,943	\$ 9,787	\$ 12,807	\$ 3,864
Entrepreneurial Development Programs				
SCORE	\$ 10,499	\$ 10,610	\$ 10,554	\$ 55
Small Business Development Centers	126,473	124,989	118,084	(8,389)
Native American Outreach	2,839	2,943	2,805	(34)
Women's Business Ownership	19,647	20,317	19,882	235
Entrepreneurial Development Clusters	4,213	6,345	6,289	2,076
Entrepreneurship Education	0	0	40,000	40,000
Subtotal	\$ 163,671	\$ 165,204	\$ 197,614	\$ 33,943
Veterans Programs				
Veteran's Business Development	\$ 9,359	\$ 9,483	\$ 9,820	\$ 461
National Veterans Entrepreneurial Training	0	0	8,804	8,804
Subtotal	\$ 9,359	\$ 9,483	\$ 18,624	\$ 9,265
Executive Direction				
National Women's Business Council	\$ 1,216	\$ 1,388	\$ 1,282	\$ 66
Ombudsman	1,770	1,887	2,042	272
Business USA Initiative	0	0	7,547	7,547
Subtotal	\$ 2,986	\$ 3,275	\$ 10,871	\$ 7,885
Regional and District Office Programs				
Field Offices - Counseling	\$ 11,417	\$ 12,217	\$ 12,730	\$ 1,313
Field Offices - Training	13,651	14,570	15,180	1,529
Subtotal	\$ 25,068	\$ 26,787	\$ 27,910	\$ 2,842
Total - Regular Funds	\$ 512,429	\$ 525,454	\$ 599,839	\$ 87,410

Table 10
FY 2014 Congressional Budget Submission
TOTAL COST BY PROGRAM AND ACTIVITY
(Dollars in Thousands)

	FY 2012 Actual	FY 2013 Annualized CR Level	FY 2014 Request	FY 2014 Incr/Decr vs FY 2012
Disaster Assistance Program				
Loan Making - Disaster	\$ 215,633	\$ 194,525	\$ 194,502	\$ (21,131)
Loan Servicing - Disaster	37,996	34,276	34,289	(3,707)
Subtotal	\$ 253,629	\$ 228,801	\$ 228,791	\$ (24,838)
Other				
Inspector General	\$ 24,566	\$ 19,110	\$ 30,434	\$ 5,868
Advocacy	11,864	13,740	12,246	382
Other Reimbursable Programs	0	300	300	300
Subtotal	\$ 36,430	\$ 33,150	\$ 42,980	\$ 6,550
Total Obligations	\$ 802,488	\$ 787,405	\$ 871,610	\$ 69,122

Table 11
FY 2014 Congressional Budget Justification
 SUMMARY OF CHANGES
(Dollars in Thousands)

	S&E	Business Loans		Disaster Admin ¹	OIG	Advocacy	Total
		Admin	Subsidy				
FY 2012 Enacted Appropriation	\$ 417,348	\$ 147,958	\$ 210,778	\$ 117,300	\$ 16,267	\$ 9,120	\$ 918,771
Mandatory salary and other pay adjustments	7,720						7,720
Insourcing of 77 FTEs to service guaranteed loans	7,795						7,795
32 additional Procurement Center Representatives	4,000						4,000
Strong Cities, Strong Communities	300						300
Agency-Wide Costs	8,263						8,263
BusinessUSA	6,000						6,000
SBIR Evaluation	2,000						2,000
Technical Assistance Evaluation	700						700
Export Promotion Cabinet	2,000						2,000
Non-Credit Programs	37,404						37,404
Eliminator of FAST	(2,000)						(2,000)
Campaign to Cut Waste	(5,607)						(5,607)
SBA ONE Initiative		7,000					7,000
LIMAS		(4,920)					(4,920)
Microloan Subsidy Costs			922				922
Business Loan Subsidy Costs			(100,100)				(100,100)
Disaster Presidential				41,350			41,350
Split Non-Presidential Disaster Costs				33,250			33,250
Operating Costs		1,522			3,133	(665)	3,990
FY 2014 Budget Request	\$ 485,923	\$ 151,560	\$ 111,600	\$ 191,900	\$ 19,400	\$ 8,455	\$ 968,838

1) The \$159 million request for Disaster Presidential administrative expenses is provided under the disaster relief cap adjustment authorized in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011.

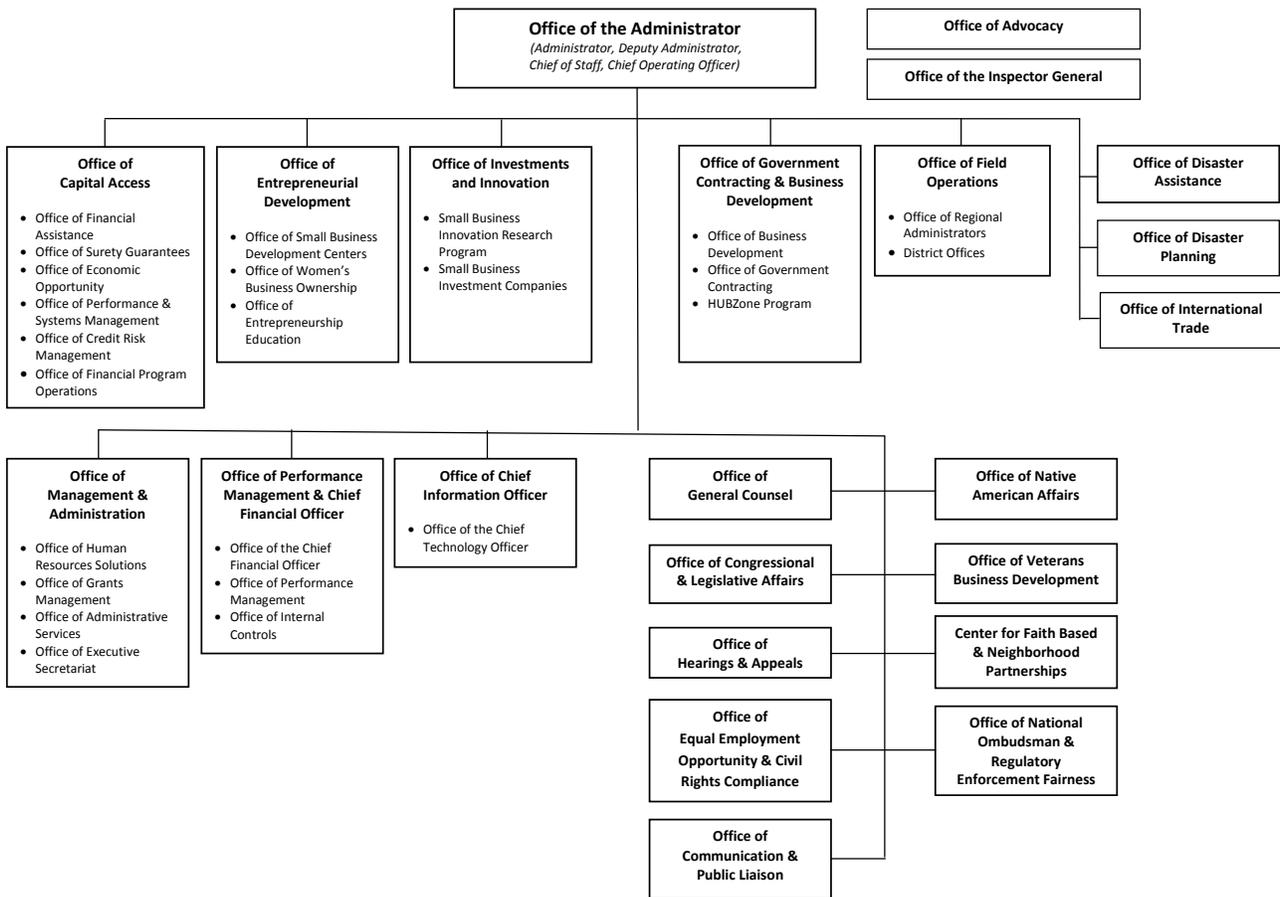
FY 2014 Performance Plan and FY 2012 Performance Report

Overview

The mission of the U.S. Small Business Administration is to maintain and strengthen the nation's economy by enabling the establishment and vitality of small business and to assist in the economic recovery of communities after disasters. Based on this mission, the SBA creates a strategic plan every four years. The Agency has organized this annual performance plan and report around the strategic plan. **Performance Goals** linked to Strategic Objectives are boxed while the **strategies, initiatives, programs** and **activities** that further them are bolded.

The SBA manages performance at the Agency with performance dashboards containing key metrics, quarterly data-driven review meetings to discuss progress on priority and performance goals, and frequent reviews of strategies and initiatives by senior leadership. With a budget of roughly \$1 billion and over 2,000 employees in Washington, D.C. and 68 district offices across the country, the Small Business Administration in FY 2014 will support more than \$27 billion in small business loans, help secure 23 percent of all federal contracting dollars for small businesses, counsel and train over one million clients, disburse over \$1 billion in disaster assistance to victims, and nurture thousands of high-growth companies with over \$2 billion in long-term capital.

SBA ORGANIZATION CHART



	Page
Strategic Goal One: Growing businesses and creating jobs.....	34
Strategic Objective 1.1 – Capital.....	34
<u>Performance Goal: Support 668,300 jobs with lending programs</u>	
<ul style="list-style-type: none"> ➤ Guaranteeing working capital and real estate loans: 7(a) loan program ➤ Guaranteeing fixed asset loans: 504 loan program ➤ Guaranteeing surety bonds for contractors: Surety Bond program ➤ Offering specialized loan products ➤ Increasing points of access ➤ Streamlining application processes ➤ Encouraging synergy with SBA’s counseling network 	
Strategic Objective 1.2 – Federal Contracting.....	42
<u>Performance Goal: 23 percent of prime federal contracting dollars to small businesses</u>	
<ul style="list-style-type: none"> ➤ Increasing collaboration among federal agencies ➤ Lowering barriers to entry for contracting ➤ Strengthening certification processes and data for federal contracting 	
Strategic Objective 1.3 – Counseling and Training.....	47
<u>Performance Goal: 1.2 million trained online and in-person; 52,000 long-term counseling clients</u>	
<ul style="list-style-type: none"> ➤ Counseling and training, partnering with universities and state economic development agencies: Small Business Development Centers (SBDC) program ➤ Counseling and training, partnering with non-profit organizations: Women’s Business Center (WBC) program ➤ Mentorship, partnering with business executives: SCORE program ➤ Online training via sba.gov/training ➤ Entrepreneurship training, partnering with Department of Labor and AARP ➤ Transitioning veterans to entrepreneurs, partnering with the Department of Defense: Boots to Business 	
Strategic Objective 1.4 – Disaster Assistance	53
<u>Performance Goal: 71 percent customer satisfaction rate for loan approvals</u>	
<ul style="list-style-type: none"> ➤ Re-engineering disaster loan process to enhance consistency and responsiveness ➤ Promoting disaster preparedness 	
Strategic Objective 1.5 – Investment and Innovation.....	57
<u>Performance Goal: \$2.15 billion in debenture leverage to SBICs</u>	
<ul style="list-style-type: none"> ➤ Startup America Initiative ➤ Long-Term Capital: Growing the Small Business Investment Company (SBIC) program ➤ Growth Accelerators: Launching the Entrepreneurial Mentor Corps (EMC) program ➤ Innovation, expanding the Regional Innovation Clusters (RIC) program ➤ Commercializing Government R&D: Improving operations in in the Small Business Innovation Research (SBIR/STTR) program ➤ Exports: Strengthen SBA’s export promotion and assistance programs 	
Strategic Objective 1.6 – Underserved Markets.....	64
<ul style="list-style-type: none"> ➤ Helping veterans become small business owners ➤ Expanding underserved markets’ access to capital 	

- Assisting underserved markets with federal contracting opportunities
- Offering training to high-growth potential small businesses in underserved communities: Entrepreneurship Education
- Connecting Native American communities to federal small business resources
- Helping women-owned small businesses succeed

Strategic Goal Two: Building an SBA that Meets the Needs of Small Businesses... 75

Strategic Objective 2.1: Strengthen Core Programs..... 75

Performance Goal: 1.4 million monthly users on SBA.gov

- SBA.gov and the Open Government Initiative
- Building a 21st Century digital government
- Promote Effective and Efficient Operations

Strategic Objective 2.2: Employees..... 82

- Hiring quality employees
- Boosting SBA’s rank on “Best Places to Work”
- Strategic succession management
- Modernizing and integrating HR systems

Strategic Objective 2.3: Risk Mitigation..... 86

- Certify, monitor, and enforce eligibility in contracting programs
- Conduct targeted on-site and off-site reviews of financial and counseling partners
- Use technology to enhance risk management practices
- Ensure sound financial management

Strategic Goal Three: Serving as the Voice for Small Business..... 91

Strategic Objective 3.1: Participate in Interagency Collaborations..... 91

- BusinessUSA
- National Export Initiative
- Partnering with faith-based organizations

Strategic Objective 3.2: Reduce Regulatory Burdens..... 94

- Maintain an Ombudsman to receive comments from small businesses
- Host Regional Regulatory Fairness Boards

Strategic Objective 3.3: Promote Small Business Data..... 96

- Provide meaningful small business data for SBA partner network of counselors
- Develop mobile apps to assist entrepreneurs
- Issue research on counseling impact and women entrepreneurs
- Conduct annual national impact study of business counseling

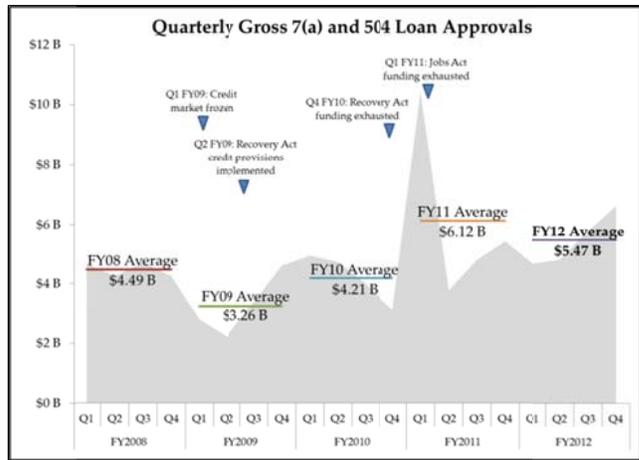
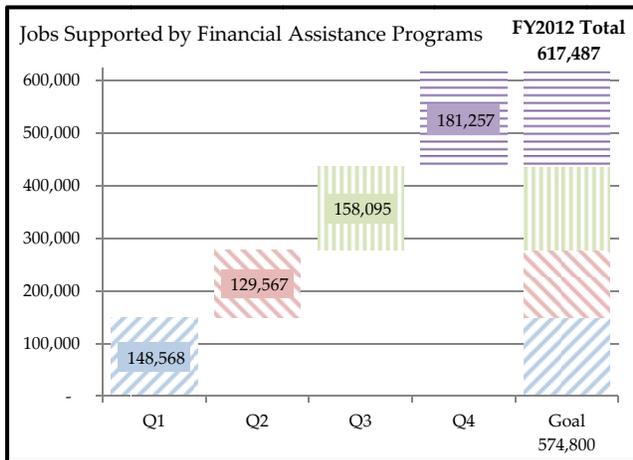
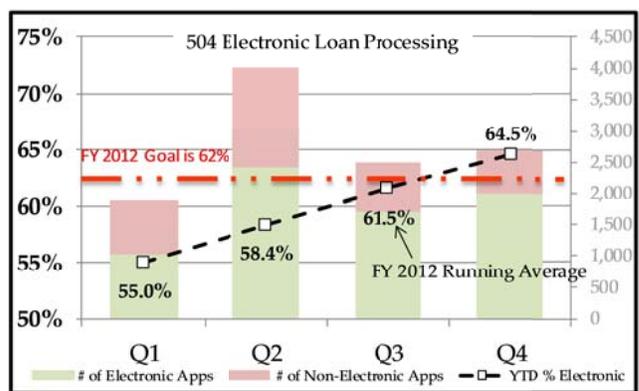
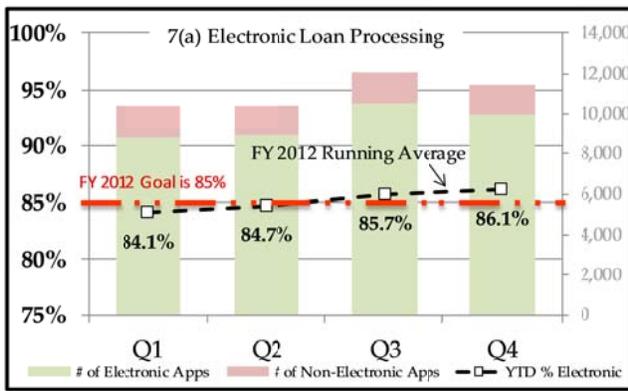
Strategic Goal One – Growing businesses and creating jobs

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

Performance Goal
 Number of jobs supported by financial assistance programs will be 668,300 in FY 2014.

Performance Goal Indicator (1.1)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
7(a), 504, Microloans and SBG Jobs Supported (#)	Output	918,061	713,574	514,035	583,737	700,736	609,437	574,800	6%	654,000	667,050



Access to capital is critical to the long-term success of America’s small businesses. When credit markets froze during the height of the financial crisis in 2008, small businesses were hit hard by diminished access to capital and falling sales. The top priority at the SBA was getting lending flowing to small businesses at this critical juncture. As the markets have improved, the SBA is working to make sure that remaining gaps in the commercial markets are filled and that small businesses are well positioned to take advantage of opportunities as the economy strengthens. The SBA also continues to streamline and simplify its loan program to make its products more attractive to lenders and borrowers.

Small businesses that receive an SBA-backed loan directly report on the number of jobs supported by the loan. Jobs supported is an important outcome measure of the effectiveness of SBA financing and provides an indication of the Agency's effect on the economy. Providing a variety of loan products, including the flagship 7(a) and 504 loan programs, in an easy and streamlined manner through a large network of active lenders and increased referrals from SBA's network of counseling and training partners is how the SBA plans to support 668,300 jobs through financial assistance programs in FY 2014.

7(a) and 504 - (1.1)

Trend Data	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimated	FY 2014 Estimated
7(a) and 504 Lending Supported (\$000) ⁽¹⁾	\$28,498,250	\$24,573,164	\$ 17,818,196	\$ 22,381,940	\$ 30,539,407	\$ 30,254,226	\$ 23,792,500	\$ 24,268,350
7(a) and 504 Loans Approved Combined (\$000)	\$20,605,967	\$17,960,926	\$13,025,367	\$16,840,305	\$24,483,008	\$21,864,656	\$18,630,000	\$ 19,002,600
7(a) and 504 Loans Approved Combined (#)	110,275	78,317	47,897	54,833	61,690	53,847	50,600	51,612

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

Guaranteeing Working Capital and Real Estate Loans: 7(a) Loan Program

The 7(a) loan program is the federal government's primary business loan program to assist small businesses in obtaining financing when they do not qualify for traditional credit. The SBA guarantees a portion of each loan (typically 75 to 90 percent) that lenders disburse under the 7(a) loan program. Its flexibility enables small businesses to obtain financing of up to \$5 million for various business uses, with a loan maturity of up to ten years for working capital and 25 years for real estate.

7(a) - Performance Indicator Table (1.1)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
Loans Approved (\$000)	Output	\$14,292,141	\$12,671,136	\$ 9,191,104	\$12,406,997	\$19,637,889	\$15,153,000	\$13,160,000	15%	\$14,500,000	\$14,790,000
SB Assisted (#) ⁽¹⁾	Output	90,146	62,441	37,153	41,705	46,749	39,022	40,000	-2%	38,700	39,500
Jobs Supported (#) ⁽¹⁾⁽²⁾	Outcome	776,729	586,955	423,980	473,502	582,707	454,814	470,000	-3%	547,200	558,100
Active Lending Partners (#) ⁽³⁾	Output	2,383	2,408	2,771	3,061	3,537	2,476	2,700	-8%	2,800	2,850
Cost per SB Assisted (\$)	Efficiency	\$ 792	\$ 1,382	\$ 2,443	\$ 2,280	\$ 1,882	\$ 2,400			\$ 2,419	\$ 2,719

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Request	FY 2014 Request
Total Administrative Resources (\$000) ⁽⁴⁾	\$ 71,387	\$ 86,282	\$ 90,764	\$ 95,090	\$ 88,000	\$ 93,640	\$ 93,603	\$ 107,399

(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 was a cumulative two year goal, so FY 2011 Actual is a two year cumulative number. Beginning in FY 2012, this changed to an annual target and actual results are reported annually.

(4) For FYs 2009 to FY 2012, the Budgetary Resources does not include funds associated with the Recovery and Jobs Acts.

Variance Explanation

Loans Approved (15% over target) – Loan volume exceeded original projections in part due to increased volume in both the SLA 2.0 Small Loan Advantage and CAPLine programs. Program enhancements facilitated smoother delivery and lower costs for lenders to participate. CAPLine activity increased from 108 approvals to 532 per year between FY 2011 and FY 2012, while monthly SLA 2.0 activity increased from an average of 25 approvals to over 300 per month in the last quarter of FY 2012.

FY 2012 Accomplishments

In FY 2012, the SBA returned to and even exceeded pre-crisis highs in the number of 7(a) loans approved. The Agency approved over 44,000 of these loans that total \$15.2 billion from more than 2,400 lenders. Loans under \$350,000, which the SBA encourages because they often reach underserved markets, made up the bulk of the lending activity in FY 2012 with almost 33,000 approved. **SBAExpress** offers a streamlined and expedited loan procedure with a response within 36 hours of an application; these loans often afford lower interest rates to the small business. The Small Loan Advantage (SLA) program was enhanced with version SLA 2.0 to increase lender participation and maintain lower costs for processing. The higher loan limits for the 7(a) loans (to \$5 million from \$2 million) likewise met a market need: in FY 2012 7(a) loans over \$2 million accounted for 1,238 loans of the total disbursed. In all, the 7(a) loan program supported over 443,000 jobs and assisted 39,022 small businesses in FY 2012.

FY 2014 Planned Performance

In FY 2014, the SBA is requesting no credit subsidy for the 7(a) loan program, relying instead on fees to cover the cost, to support \$17.5 billion in lending authority. This financing is expected to support 558,100 jobs and assist 39,500 small businesses.

The SBA also proposes to waive up-front and annual fees on 7(a) loans of \$150,000 or less. Credit subsidy estimates demonstrate that this policy can be achieved with zero credit subsidy appropriations. The annual fees for larger 7(a) loans will cover the cost for those smaller loans.

Guaranteeing Fixed Asset Loans: 504 Loan Program

The 504 loan program is SBA’s primary 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. 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. In FY 2011, the maximum size of a 504 loan was permanently raised to \$5 million while loans made for manufacturing and energy-related projects increased to \$5.5 million.

504 - Performance Indicator Table (1.1)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
Loans Approved (\$000)	Output	\$ 6,313,826	\$ 5,289,790	\$ 3,834,263	\$ 4,433,308	\$ 4,845,119	\$ 6,711,656	\$ 4,100,000	64%	\$ 4,130,000	\$ 4,212,600
SB Assisted (#) ⁽¹⁾	Output	10,409	8,675	6,461	7,664	7,752	9,038	6,800	33%	6,400	6,500
Jobs Supported (#) ⁽¹⁾	Outcome	126,069	111,996	74,849	82,543	87,337	116,569	75,900	54%	79,400	81,000
Active Lending Partners (#)	Output	273	274	274	267	249	256	267	-4%	267	269
Cost per SB Assisted (\$)	Efficiency	\$ 2,394	\$ 2,894	\$ 4,936	\$ 4,728	\$ 5,017	\$ 4,383			\$ 6,176	\$ 6,076

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Request	FY 2014 Request
Total Administrative Resources (\$000) ⁽²⁾	\$ 24,915	\$ 25,106	\$ 31,889	\$ 36,232	\$ 38,888	\$ 39,612	\$ 39,525	\$ 39,491

(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." The "Jobs Supported" indicator has been designated a Performance Goal.

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

Variance Explanation

Loans Approved (64% over target) – The national economic recovery resulted in increased volume for the 504 loan program and refinancing projects through the Jobs Act and also increased 504 loan volume overall.
SB Assisted (33% over target) – The national economic recovery resulted in increased volume for the 504 loan program and refinancing projects through the Jobs Act and also increased 504 loan volume overall.
Jobs Supported (54% over target) – The national economic recovery resulted in increased volume for the 504 loan program and refinancing projects through the Jobs Act and also increased 504 loan volume overall.

FY 2012 Accomplishments

In FY 2012 the SBA program approved 7,047 regular 504 loans for a total of \$4.4 billion which supported² \$10 billion in lending and 79,477 jobs. Under the Jobs Act in FY 2012, the 504 loan program approved an additional 2,424 loans for \$2.3 billion which supported \$5.1 billion in lending and 48,040 jobs. With the regular 504 program and the Jobs Act 504 loans combined, overall the 504 loan program approved a total of 9,471 504 loans for \$6.7 billion which supported \$15 billion and 127,517 jobs.

² Gross approvals in the 504 loan program and third party loans that are made by commercial lenders as part of the 504 funding package.

FY 2014 Planned Performance

The SBA is requesting \$107 million of credit subsidy budget authority that, combined with prior year carryover of subsidy funds, will support \$7.5 billion in lending authority for the 504 loan program. This financing is expected to support 81,000 jobs and assist 6,500 small businesses. The SBA requests authority in FY 2014 for 504 Refinance lending (504 Refi), which would have no subsidy cost in FY 2014. This program was authorized under the Small Business Jobs Act of 2010 and expired at the end of FY 2012. It allowed borrowers to refinance existing debt, locking in the cost of a portion of their existing debt without a business expansion component often for substantially less than their current monthly payments. The 504 Refi program supported total lending of \$5.5 billion in lending during its authorization in FY 2011-2012.

Guaranteeing Surety Bonds for Contractors: Surety Bond Guarantee Program

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

SBG - Performance Indicator Table (1.1)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
Contract Value of Bid and Final Bonds (\$ Billions)	Output	\$ 2.25	\$ 2.45	\$ 2.76	\$ 4.00	\$ 3.66	\$ 3.92	\$ 3.70	6%	\$ 3.70	\$ 3.80
Total Bid and Final Bonds Guaranteed (#)	Output	5,809	6,055	6,135	8,348	8,638	9,503	8,850	7%	8,850	9,000
Jobs Supported (#) ⁽¹⁾	Output	4,764	4,638	4,256	14,080	17,421	24,774	14,900	66%	14,900	15,200
Cost per Job Supported (\$)	Efficiency	\$ 1,454	\$ 951	\$ 1,152	\$ 439	\$ 279	\$ 221			\$ 394	\$ 412

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Request	FY 2014 Request
Total Administrative Resources (\$000) ⁽²⁾	\$6,926	\$4,413	\$4,904	\$6,175	\$4,865	\$5,477	\$5,873	\$6,261

(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." The "Jobs Supported" indicator has been designated a Performance Goal.

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

Variance Explanation

Jobs Supported (66% over target) – The number of jobs supported is based on the number of final bonds approved. In FY 2012, the number of final bonds approved increased more than anticipated. The data collection process is being reviewed to ensure accuracy.

FY 2012 Accomplishments

In FY 2012, the SBA guaranteed a total of 9,503 bid and final bonds for a combined contract value of approximately \$3.9 billion, supporting a total of 24,774 jobs. The number of bonds represents a 10 percent increase over FY 2011. The application cycle time averaged 1.6 days, which is well below the goal of 4.5 days. The Quick Bond Guarantee Application and Agreement, which is a streamlined process for contracts not greater than \$250,000 was implemented on August 15, 2012. Five new surety participants joined the program in FY 2012.

FY 2014 Planned Performance

In FY 2014, the SBA will investigate establishing a single guarantee percentage in the Prior Approval and Preferred Surety Bond programs and restructuring the Prior Approval program. As part of this process, the SBA will expand program oversight with associated risk management procedures, including surety audits and reviews. By increasing surety participation, this will enhance bonding opportunities for more small businesses and increase the number of jobs supported.

The SBA will focus program marketing and outreach on underserved geographical areas and work with the surety industry to bring program awareness to these areas. Efforts will continue to increase the number of surety companies, bond agencies, and bond agents to serve the maximum number of small businesses with their bonding needs. In FY 2014, the SBA's Surety Bond Guarantee program will support approximately 27,000 jobs.

Offering Specialized Loan Products

The SBA offers a variety of specialized loan products to expand access to capital for small businesses in a variety of business ventures. Sometimes, new products such as **Dealer Floor Plan** loans are released as a response to a temporary need. Other times, a permanent specialized loan product is designed for the needs of particular markets. Some loan products such as **Microloans** or **Patriot Express** loans are specifically targeted for underserved markets and communities. These loan products are described in more detail under Strategic Objective 1.6.

FY 2012 Accomplishments

The SBA introduced a completely revamped and modernized set of CAPLine programs that have significantly increased the number of approved loans that meet the working capital needs of businesses with receivables and contracts. The 532 **CAPLine** loans approved during FY 2012 are up more than 300 percent above the prior fiscal year. This capital is critical for small businesses to effectively integrate into, and be competitive in, the global supply chain for products and services.

Also in FY 2012, the SBA implemented the debt refinancing provision in the Small Business Jobs Act of 2010 which temporarily expands the ability of a small business to use the 504 loan program to refinance certain qualifying existing debt without a business expansion. There was a significant increase in the number of small businesses accessing this program to refinance existing debt for substantially less than their current monthly payments. In FY 2012, 2,424 Jobs Act 504 refinance loans were approved for a total of \$2.3 billion. This loan product expired at the end of FY 2012.

The American Recovery and Reinvestment Act of 2009 authorized a new program for the pooling and sale of first mortgage loans arising from project financings in the 504 loan program. This new product helped spur a secondary market for the mortgages associated with 504 loans, increasing participating lenders' liquidity and re-lending ability. In FY 2012, 96 **Guaranteed 504 first mortgage loan pools** were issued with a value of almost \$500 million.

FY 2014 Planned Performance

Based on the initial success of the revamped CAPLine programs, the Agency expects that interest and uptake will continue during FY 2014.

Increasing Points of Access

With small business lending still recovering 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. In addition, the SBA will work with existing lenders and new-to-SBA lenders to ensure they have the tools and resources they need to increase the volume of SBA loans.

FY 2012 Accomplishments

SBA's network of district offices was instrumental in recruiting new active lenders for the 7(a) and 504 loan programs. Weekly dashboards helped district directors compare current year trends to previous years and target their lender outreach. Increased data analysis helped identify potential lenders in each region and the percentage that use SBA loan products. One key push in FY 2012 was to attract lenders who had only made Recovery Act loans or Jobs Act loans. Marketing and outreach efforts combined with training on new programs and procedures led to 2,383 7(a) active lenders in FY 2012 and 253 CDC 504 lenders. The SBA approved four new surety companies to participate in the Prior Approval program. These additions bring the total number of Surety Bond program participants to 19 surety companies.

FY 2014 Planned Performance

In FY 2014, the SBA will target a growth in the number of active lending partners as a key strategy for expanding access to capital for small businesses. The SBA will target 2,850 active lenders in the 7(a) loan program and 269 in the 504 loan program.

Streamlining Application Processes

For FY 2012 and FY 2013, the SBA made increasing the use of electronic loan applications for the 7(a) and 504 loan programs a Priority Goal. Increased efficiency and an improved experience with submitting loan applications is essential to growth in the quantity of small businesses assisted and attracting active lending partners. SBA's increased use of technology will improve quality and will reduce the complexity of the lending process, making the process more efficient.

7(a) and 504 - (1.1)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
7(a) Approved Applications Originated Electronically (%)	Efficiency	N/A*	N/A*	N/A*	N/A*	72%	86%	85%	1%	90%	95%
504 Approved Applications Originated Electronically (%)	Efficiency	N/A*	N/A*	N/A*	N/A*	50%	65%	62%	4%	75%	85%

*NA - Not available

FY 2012 Accomplishments

In FY 2012, 86 percent of 7(a) loan applications and 62 percent of 504 loan applications were submitted electronically, an increase of 14 percent and 7 percent respectively from FY 2011. For 7(a) loans, the altered process led directly to nearly 90 percent of 7(a) loans being approved within seconds of a lender submission. 504 loans had a similar boost but are a bit more complicated considering they have three parties in each loan package.

The SBA conducted a workflow analysis in its loan processing centers and as a result introduced several workflow technology tools to boost efficiency, lower risk and ensure quality control. These tools and the move to paperless processing allowed the SBA to complete an insourcing initiative in its loan processing centers in FY 2012, saving over \$1.5 million in contracting costs each year going forward.

The SBA continued the process of proposing revisions to its 504 loan program regulations to expand eligibility and strengthen governance and oversight of the program with the objectives of simplifying processes and eliminating non value-added regulatory burden on CDCs. The SBA expects to complete this regulatory rulemaking effort during FY 2013. As a complement to this simplification effort and consistent with the re-engineering of the servicing centers, the SBA is reviewing loan administration processes so that non value-added practices can be eliminated while strengthening program integrity.

The Surety Bond program took several steps to streamline its processes. A final rule for the Quick Bond Guarantee Application and Agreement, that implemented the streamlined application process for small

contract amounts not greater than \$250,000, was published in July 2012. A proposed legislative change will permanently increase contract limits to those that were temporarily raised by the American Recovery and Reinvestment Act and also amend the Small Business Investment Act to permit restructuring of the Surety Bond program, merging the Prior Approval and Preferred Surety Bond programs, and setting a uniform 80/90 percent guaranty rate. As a result, the SBA has already seen a marked improvement in surety bond cycle times. The application cycle time averaged 1.6 days compared to the goal of 4.5 days while the claims processing cycle time averaged 6.5 days compared to the goal of 6 days.

FY 2014 Planned Performance

The SBA requests \$7 million in funding to launch SBA ONE. SBA ONE is a revamped lending platform that will utilize ONE set of forms for all 7(a) loans, including SBA Express; will create a ONE-stop shop for eligibility, credit scoring, authorization, closing and purchase; provide ONE data management system and dashboard to measure and evaluate portfolio trends and performance with the goal of ONE THOUSAND lenders making more than 10 SBA loans per year, up from the historical annual average of 500 to 700, greatly expanding access to capital (Strategic Objective 1.1). Simplifying the loan application process for lenders will allow the SBA to engage with more CDFI and community lenders and increase points of access for rural and underserved communities

In FY 2014, the SBA will move closer to universal adoption of electronic loan submissions for the Agency's flagship programs. Today, over 80 percent of SBA's flagship loan programs are processed electronically compared to none 10 years ago. The Agency will target 95 percent electronic submissions for 7(a) loans and 85 percent for 504 loans in FY 2014. Improvements in loan processing centers using technology tools such as ETran will lower processing times, improve quality performance, reduce improper payments, and lead to lower costs.

Implementation of revised 504 regulations is expected to expand eligibility as well as strengthen CDC governance and oversight by modifying the requirements for CDC structure and emphasizing board of director responsibilities.

In FY 2014, the SBA will implement the proposed merger of the Prior Approval and Preferred Surety Bond programs by establishing a single guaranty percentage and restructuring the Prior Approval program. As part of this process, the SBA will expand program oversight with associated risk management procedures, including surety audits and reviews. By increasing surety participation, this merger will enhance bonding opportunities for more small businesses and increase the number of jobs supported.

Encouraging Synergy with SBA's Counseling Network

Hundreds of thousands of entrepreneurs and business owners come through SBA's partner network of small business development centers (SBDCs), women's business centers (WBC's), SCORE chapters and veteran's business outreach centers (VBOCs) each year. SBDC, WBC, SCORE and VBOC business advisors assist these clients in gaining access to the capital infusion – such as traditional bank financing, SBA-guaranteed loans, and equity contributions from angel investors, family, friends, and venture capitalists – that can help them expand their businesses.

FY 2012 Accomplishments

In FY 2012, SBDC clients reported \$3.7 billion in loans and equity as a result of the assistance received from SBDC business advisors; 40 percent (\$1.48 billion) came from traditional bank financing, 18 percent (\$666 million) from SBA-guaranteed loans, and 42 percent (\$1.55 billion) from equity contributions from angel investors, venture capitalists, family, and friends.

FY 2014 Planned Performance

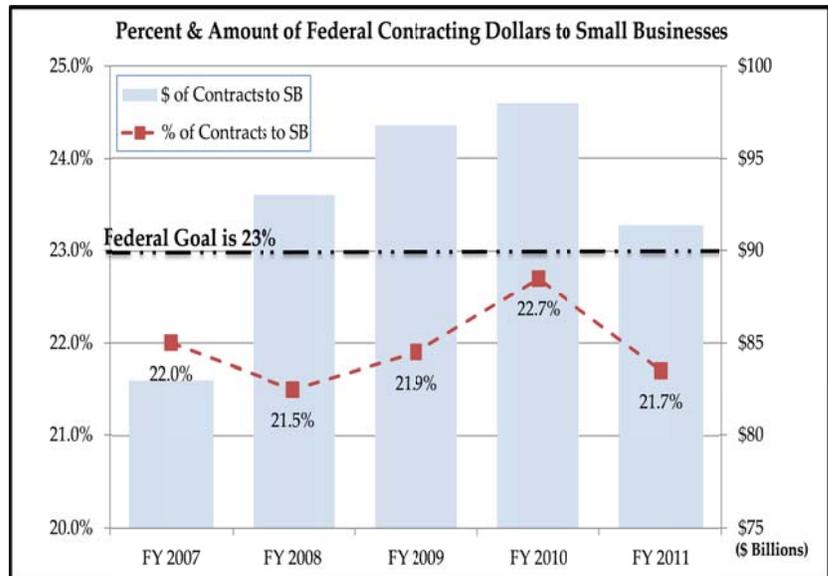
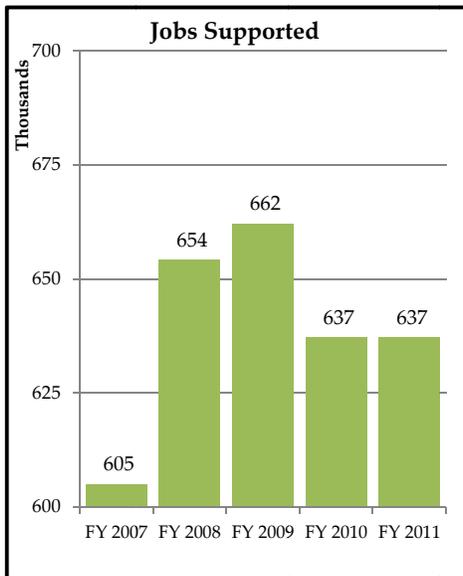
The SBA will continue to make capital infusion a primary goal of the SBDC grants. The SBDC network will leverage relationships with the lending and investment community to support the capital acquisition needs of entrepreneurs with a goal of assisting clients to acquire \$3.8 billion in capital infusion for their small businesses in FY 2014.

Strategic 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

Performance Goal
Small business participation in prime federal contracting will hit 23 percent in FY 2014.

Prime Contracting - Performance Goal Indicator (1.2)

Performance Indicator	Type of Measure	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	FY 2014 Target
Fed Contract Dollars Awarded to SB (% of Total Applicable Federal Contract Dollars)	Outcome	22.0%	21.5%	21.9%	22.7%	21.7%	23.0%	-6%	23.0%	23.0%	23.0%



Small business contracting is one of the most important federal programs to help America’s small businesses to grow and create jobs. The program is a win-win; the federal government gets to work with the most innovative small businesses in America today – often with direct access to senior management – and small businesses get critical revenue to build and scale their operations.

The SBA is working across the federal government to improve coordination and to hold senior officials accountable to their small business contracting goals. The Agency continues to lower barriers to entry for contracting and is strengthening the certification process and data for federal contracting. All of these efforts are focused on ensuring that at least 23 percent of all prime contracting dollars go to small businesses.

Prime Contracting - Performance Indicator Table (1.2) ⁽¹⁾

Performance Indicator	Type of Measure	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	FY 2014 Target
Contracts to Small Disadvantaged Businesses - 8(a) Program Participants (%)	Output	6.58%	6.76%	7.57%	7.95%	7.67%	5.00%	53%	5.00%	5.00%	5.00%
Contracts to Women-Owned Small Businesses (%)	Output	3.42%	3.39%	3.68%	4.04%	3.98%	5.00%	-20%	5.00%	5.00%	5.00%
Contracts to Service-Disabled Veteran Owned Small Businesses (%)	Output	1.01%	1.49%	1.98%	2.50%	2.65%	3.00%	-12%	3.00%	3.00%	3.00%
Contracts to HUBZone Firms (%)	Output	2.24%	2.34%	2.81%	2.77%	2.35%	3.00%	-22%	3.00%	3.00%	3.00%
Jobs Supported (#)	Outcome	605,000	654,114	662,107	637,156	609,333	572,000	7%	572,000	572,000	572,000
Cost per Job Supported (\$)	Efficiency	\$ 32.80	\$ 36.94	\$ 36.60	\$ 45.99	\$ 44.53			\$ 49.17	\$ 53.33	\$ 56.03

Budgetary Resources	Budgetary Obligations Incurred				
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
Total Administrative Resources (\$000)	\$ 19,842	\$ 24,164	\$ 24,230	\$ 29,300	\$ 27,136

Budget Requests		
FY 2012 Actual	FY 2013 Request	FY 2014 Request
\$ 28,126	\$ 30,507	\$ 32,050

(1)The data supporting the FY 2012 indicators are not finalized until the 3rd or 4th quarter of FY 2013. Therefore, FY 2011 data is reported on as required by OMB Circular A-11.

Variance Explanation

Contracts to Small Disadvantaged Businesses-8(a) Program Participants (%) (53% over target) - Procuring agency contracting officers decide whether to utilize SBA's set-aside programs. Otherwise, these firms have to compete with other than small firms in full and open competition.
Contracts to Women-Owned Small Businesses (20% under target) - Procuring contracting officers from the various agencies decide whether to use SBA's set-aside programs. Otherwise, these firms have to compete with other than small firms in full and open competition.
Contracts to Service-disabled Veteran-owned Small Businesses (12% under target) - Procuring contracting officers from the various agencies decide whether to use SBA's set-aside programs. Otherwise, these firms have to compete with other than small firms in full and open competition.
Contracts to HUBZone Firms (22% under target) - In FY 2012, 2,396 HUBZone small business concerns (SBC) were decertified because the addresses where the HUBZone principal offices were located were no longer HUBZone-designated. The removal of these firms from the portfolio significantly reduced the HUBZone list of SBCs, which in turn negatively impacted the attainment of the 3% contracting goal to HUBZone firms. The elimination of these HUBZone areas was conducted in accordance with the 2005 statutorily mandated changes to the Small Business Act, which provided an extended "grandfathering" of qualified census tracts and qualified nonmetropolitan counties that had initially lost their HUBZone eligibility as a result of the 2000 Census. During this grandfathering period, these types of areas were termed re-designated. These re-designations expired upon the release of the results of the 2010 Decennial Census. In FY 2012, the SBA developed a comprehensive outreach plan to increase its portfolio of certified SBCs to support the accomplishment of the 3% HUBZone contracting statutory requirement.

In FY 2011, the federal government awarded \$91.5 billion or 21.65 percent of prime contracting dollars to small businesses. During the first three years of the Obama Administration, the federal government awarded \$286.3 billion or 22.07 percent in federal contracting dollars to small businesses. This is a \$32 billion increase over the three preceding years even as there have been significant reductions in contracting spending overall.

Specialized assistance for small businesses in underserved markets to maximize participation in federal government prime contracting and subcontracting -- such as businesses owned and controlled by socially and economically disadvantaged individuals, women, service-disabled veterans, and small businesses located in HUBZones -- can be found under Strategic Objective 1.6. Also, for information regarding reducing fraud, waste and abuse in contracting programs, see Strategic Objective 2.3.

Increasing Collaboration Among Federal Agencies

Chairing the Small Business Procurement Advisory Council and assisting agencies in their acquisition planning efforts is a key strategy of the SBA to help the federal government reach its 23 percent target for small business contracting. Efforts include launching new initiatives, providing training, sharing best practices, publishing data on contracting and hosting matchmaking events.

FY 2012 Accomplishments

Every month, the SBA met with agencies' Offices of Small and Disadvantaged Business Utilization (OSDBU) to provide training and updates, share best practices, and discuss progress toward prime and subcontracting goals. In April 2012, the 22nd Annual OSDBU Procurement Conference hosted more than 3,500 registrants and led to more than 130 matchmaking sessions. Staff at the SBA hosted thousands of matchmaking events across the country throughout the year that linked agencies and large contractors with small businesses interested in contracting. In May 2012, the SBA participated in a conference with the Department of Defense to enhance collaboration with the single biggest spender in government contracting. In FY 2011 the SBA also completed negotiations with each federal agency to set their prime

and subcontracting goals for FY 2012 and FY 2013. Finally, the SBA elevated awareness of each agency's performance by publishing a public Annual Scorecard for the previous year. In FY 2012, the FY 2011 Scorecards for both government-wide and individual agencies were published (<http://www.sba.gov/content/small-business-procurement-scorecards>). The scorecards measure how well federal agencies reach their small business and socio-economic prime contracting and subcontracting goals, provide accurate and transparent contracting data, and report agency-specific progress.

FY 2014 Planned Performance

There are thousands of buying activities across the country, with approximately 54 procurement center representatives (PCRs) and commercial market representatives (CMRs) covering only a portion and advocating for small business prime and subcontracting opportunities. PCRs increase the small business share of federal procurement awards by initiating small business set-asides, reserving procurements for competition among small business firms; providing small business sources to federal buying activities; and counseling small firms. In addition, PCRs advocate for the breakout of items for full and open competition to affect savings to the federal government. Additionally, in compliance with the Small Business Jobs Act of 2010, the SBA is drafting rules to increase the use of and strengthen protections for small businesses in subcontracting. Much of the oversight and monitoring stemming from these rules will be the responsibility of the SBA, requiring additional personnel. The SBA requests \$4 million to increase the number of PCRs and CMRs in the field by 32.

The SBA estimates that, due to the lack of coverage, there are significant numbers of small business eligible dollars that are not tapped for small businesses. Based on SBA's review of the "Top 300 Buying Activities" for FY 2011, there was \$74 billion in total small business eligible dollars at buying activities with limited or no PCR coverage. By adding 32 additional personnel to strategically cover the buying activities with the most small business opportunity, the SBA would be able to significantly increase federal contracting opportunities for small businesses. A subset of the personnel hired as PCRs and CMRs will be industrial, engineering and technical specialists.

In FY 2013, the SBA will be working with agencies to negotiate their FY 2014 and FY 2015 goals. The Annual Scorecard for FY 2013 will be published as well in FY 2014.

Lowering Barriers to Entry for Contracting

Small businesses are more likely to engage in federal contracting when the barriers to entry are lower.

QuickPay, an Administration directive to lower the amount of time it takes to pay a contractor, from 30 days to 15 days, helps small businesses that are dependent on cash flow to fund their operations. Initiatives aimed at expanding awareness of contracting opportunities and involving large businesses eager to use small businesses in their supply chains also aim to lower barriers to entry.

FY 2012 Accomplishments

The **American Supplier Initiative** began in March 2012 as a way to support American manufacturing and help bring America's small suppliers into large companies' supply chains. A key part of the initiative, **Supplier Connection**, is a public-private partnership between the SBA and the IBM Foundation. It is a free online common application that allows small businesses to simultaneously send information about their products and services to private sector buyers. These buyers include 17 household brands (such as AMD, Amylin, AT&T, Bank of America, Caterpillar, Citi Group, Dell, Facebook, IBM, JP Morgan Chase, John Deere, Kellogg, Merck, Office Depot, Pfizer, UPS, and Wells Fargo) with a combined purchasing power of \$300 billion each year. Supplier Connection removes barriers that small businesses face in trying to break into large company supply chains. It also gives large companies exposure to a more diverse array of suppliers so they can get the best, most innovative suppliers America has to offer. This is especially

important for America's small businesses. Recent reports show that small suppliers can more than triple revenue growth and more than double job growth only a few years after becoming a large company supplier. The SBA has communicated with over 50,000 small businesses in the Agency's network to highlight the uses of tools like Supplier Connection, and it continues to promote the initiative to small businesses across the country.

For public sector supply chains, the SBA created a platform called **SUB-Net** that lets small suppliers search for the \$70 billion in federal subcontracting opportunities posted by large prime contractors and other non-federal agencies each year. In FY 2012, 428 small business subcontractors registered in SUB-Net, and over 2,440 solicitations were posted. In addition, the SBA maintains a small network of commercial market representatives across the country to counsel small businesses on how to market their products and services to prime contractors. Whenever a large business receives a federal contract over \$650,000 (or \$1.5 million in construction), the SBA obtains the names and addresses for subcontracting opportunities and posts it on an online SBA directory to help small businesses find opportunities.

Finally, in FY 2012 the SBA implemented several provisions in the Jobs Act that lowered barriers to entry for contracting. The Federal Acquisition Regulation was amended to allow agencies to set aside task and delivery orders for small business concerns on Multiple Award Contracts. The QuickPay provision set higher standards for agencies to pay contractors and for contractors to pay subcontractors more quickly.

FY 2014 Planned Performance

In FY 2014, the SBA will continue to work on increasing awareness of contracting opportunities through efforts such as the Supplier Initiative and SUB-Net. Utilizing the redesigned SBA.gov and BusinessUSA.gov, the SBA will continually improve online offerings for a "No Wrong Door" policy that will let small businesses find the right opportunities for federal government assistance from wherever they choose to engage with SBA and its partners.

Strengthening Certification Processes and Data for Federal Contracting

The SBA runs two small business certification programs, the **8(a) Business Development** program and the **HUBZone** program. The 8(a) Business Development program helps small, disadvantaged business compete in the marketplace through the provision of business development assistance. The HUBZone program helps small businesses in urban and rural communities gain preferential access to federal procurement opportunities. Ensuring these firms are eligible is paramount to the programs' ability to help agencies achieve federal prime and subcontracting goals. Each federal agency is responsible for ensuring the quality of its own contracting data, but the SBA conducts additional analysis to help agencies identify any potential data anomalies. As part of its ongoing data quality efforts, the SBA is continuing to work with federal agency procurement staff to provide tools to facilitate review of data, implement improvements to procurement systems, and conduct training to improve accuracy.

FY 2012 Accomplishments

The SBA ran anomaly reports for federal agencies in FY 2012 regarding their goaling data and will hand responsibility to individual agencies for running their own reports. By highlighting the data quality issues, the SBA helped agencies identify anomalies and target them accordingly. The Jobs Act requires the SBA to review one-third of all **size standards** every 18 months. In FY 2012, the SBA reviewed and issued proposed rules for seven sectors – Agriculture, Forestry, Fishing and Hunting; Mining; Utilities; Construction; Finance and Insurance; Management of Companies and Enterprises; and Arts, Entertainment, and Recreation – and analyzed two more sectors – Manufacturing and Wholesale Trade.

FY 2014 Planned Performance

In FY 2014, checks on pre-certification applications as well as continuous monitoring will reduce ineligible firms and increase confidence in small business data government-wide. In accordance with the Jobs Act, the SBA will review size standards for any sectors that had not been reviewed by the end of FY 2013. The SBA will share the anomaly report process and hand responsibility to individual agencies for running their own reports in FY 2014.

Strategic 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

Performance Goal

The SBA will reach 1.2 million clients with online and in-person training and 52,000 clients with long-term business counseling in FY 2014.

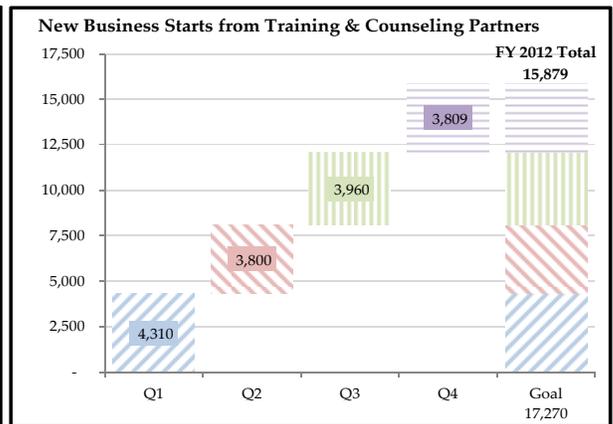
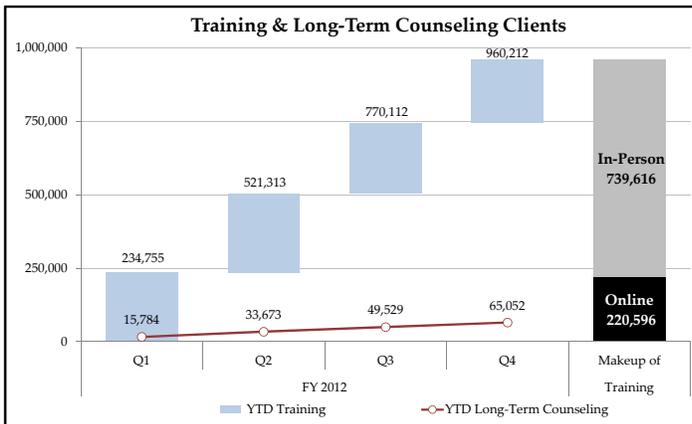
OED - Performance Goal Indicator (1.3)

Performance Indicator	Type of Measure	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
SBDC - Long-term Counseling Clients (#)	Output	53,557	58,468	59,247	62,117	67,052	54,000	24%	52,000	52,000
SBDC, WBC, SCORE, Online - Training Clients (#)	Output	1,220,051	1,295,355	1,232,588	923,114	960,212	NG*	NG*	1,195,000	1,195,000

*NG - New indicator. Did not Goal for 2012

Variance Explanation

SBDC Long-term counseling Clients (24% over target) – The actual SBDC Long-term Counseling Client number for FY 2012 includes Small Business Jobs Act Long-term Clients Counseled that were not included in the Small Business Jobs Act client number.



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. SBA’s resource partner network — including 63 **small business development centers** (SBDCs) with over 900 outreach locations, 110 **women’s business centers** (WBCs), 15 **veteran business outreach centers** and more than 13,000 **SCORE** volunteers in 350 chapters and 800 locations as well as online counselors at www.score.org — assists more than one million business owners and entrepreneurs each year, providing valuable in person and online counseling and mentoring for every stage of business growth and development.

Impact studies³ 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 effort is the foundation of targeted, effective

³ For the “SBA ED Resources Impact Study 10-11 Final Report” see www.sba.gov/about-offices-content/1/2463/resources.

counseling, training and mentoring to drive business success. For this reason, SBA’s entrepreneurial development performance goal focuses on driving greater participation in the resource partner training courses and intensive counseling programs. Through its vast resource partner network, online training on www.sba.gov/training and strategic partnerships, the SBA supports over one million clients annually as they start, sustain and grow their small businesses.

Counseling and Training, Partnering with Universities and Economic Development Agencies: Small Business Development Centers (SBDC) Program

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. 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 advising and training focused on strategic planning, business development, financial planning and cash flow management to approximately 590,000 business clients annually.

SBDC - Performance Indicator Table (1.3)

Performance Indicator	Type of Measure	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
Training Clients (#)	Output	363,771	375,669	379,794	352,290	332,421	NG*	NG*	350,000	350,000
SB Created (#)	Outcome	12,730	12,543	14,065	13,664	14,357	15,600	-8%	12,500	12,500
Capital Infusion (\$ Billions)	Outcome	N/A*	N/A*	\$ 3.8	\$ 3.6	\$ 4.0	\$ 3.7	8%	\$ 3.4	\$ 3.4
Jobs Supported (Jobs Bill) (#)	Outcome	N/A*	40,000	40,000						
Cost per Job Supported (Jobs Bill) (\$)	Efficiency	N/A*	\$ 3,125	\$ 2,952						
Cost per SB Created (\$)	Efficiency	\$ 8,757	\$ 10,366	\$ 9,117	\$ 9,538	\$ 8,809			\$ 5,699	\$ 5,385

Budgetary Resources	Budgetary Obligations Incurred				
	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual
Total Administrative Resources (\$000)	\$ 111,481	\$ 130,020	\$ 128,232	\$ 130,323	\$ 126,473

Budget Requests	
FY 2013 Request	FY 2014 Request
\$ 124,989	\$ 118,084

*N/A - Not Available

*NG - New indicator. Did not Goal for 2012.

FY 2012 Accomplishments

The SBA administered \$112.5 million in grant funding to the SBDC network in FY 2012. Professional business advisers at these SBDCs helped 13,600 entrepreneurs start new businesses, provided long-term counseling services (5+ hours) to 62,000 clients, assisted clients in obtaining \$3.7 billion in capital for their businesses, and helped 157 clients obtain \$754 million in federal government contracts.

FY 2014 Planned Performance

The SBA is requesting \$104.7 million for grants to SBDCs in FY 2014. In turn, SBDCs will target offering long-term counseling services to 52,000 clients, assisting 12,500 entrepreneurs start a new business, and helping clients obtain \$3.4 billion in capital for their businesses. The SBA is also requesting \$700,000 to conduct an evaluation of its business technical assistance programs.

Counseling and Training, Partnering with Non-Profit Organizations: Women’s Business Centers (WBC) Program

The SBA provides grants to 110 non-profit organizations that provide quality counseling and training services primarily to women entrepreneurs, many of whom are socially and economically disadvantaged. Participating organizations must match the federal funding on a 2:1 basis during the first year and 1:1 thereafter. Many WBCs provide multilingual services and offer flexible hours, allowing for mothers with children to attend

training classes. The SBA uses program evaluation to administer the grants, making them dependent on the recipients' ability to demonstrate real success in helping women entrepreneurs in addition to having sound financial management practices.

WBC - Performance Indicator Table (1.3)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
SB Assisted (#)	Output	146,828	159,879	155,383	160,735	138,923	136,951	137,750	-1%	125,000	125,000
Training Clients (#)	Output	121,613	133,479	131,065	135,941	115,805	114,931	N/G*	N/G*	95,000	95,000
SB Created (#)	Outcome	618	727	727	689	701	694	590	18%	475	500
Cost per SB Assisted (\$)	Efficiency	\$ 139	\$ 142	\$ 143	\$ 139	\$ 140	\$ 143			\$ 163	\$ 159

Budgetary Resources	Budgetary Obligations Incurred					
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual
Total Administrative Resources (\$000)	\$ 20,432	\$ 22,744	\$ 22,166	\$ 22,373	\$ 19,446	\$ 19,647

Budget Requests	
FY 2013 Request	FY 2014 Request
\$ 20,317	\$ 19,882

N/G* - New indicator. Did not Goal for 2012

Variance Explanation

SB Created (#) (18% over target) - The Women's Business Center program was in a period of transition as the FY 2012 target was established. A number of established centers left the program and it a significant drop in the number of businesses being created was anticipated. New centers would not be able to make up the difference. Therefore, the goal was revised downward. While the actual number of small businesses created had dropped slightly from the FY 2011 actuals, the SBA was pleased that the target of 590 was exceeded.

FY 2012 Accomplishments

The SBA administered \$14 million in grant funding to the WBC network in FY 2012. These WBCs counseled and trained nearly 137,000 clients and helped almost 700 of them open new small businesses. The SBA hosted a national conference for the WBCs to train them on maintaining strong financial practices while delivering high quality services. For the first time in many years, the SBA has at least one WBC in each state, the District of Columbia, and in the territories of Puerto Rico and American Samoa.

FY 2014 Planned Performance

The SBA is requesting \$13.1 million for grants to WBCs in FY 2014. In turn, WBCs will target counseling and training to 125,000 clients and will help 475 of them open new businesses. The SBA will host a national conference for WBCs to further their professional development and address needs identified in previous conferences and from SBA's financial and programmatic oversight findings.

Mentorship, Partnering with Business Executives:

SCORE Program

The largest volunteer business advisor and mentoring program in the federal government, SCORE has a volunteer cadre of more than 13,000 business professionals who donate more than one million hours a year to America's entrepreneurs online and in more than 350 chapters and 800 locations nationwide. SBA grant funding to SCORE 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 - Performance Indicator Table (1.3)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
SB Assisted (#)	Output	336,411	360,559	380,357	407,240	356,837	458,773	419,000	9%	400,000	400,000
Training Clients (#) ^{(1)**}	Output	132,120	179,801	176,621	236,853	221,019	292,264	N/G*	N/G*	250,000	250,000
SB Created (#)	Outcome	1,082	943	931	1,077	816	828	1,080	-23%	3,000	3,000
Cost per SB Assisted (\$)	Efficiency	\$ 29.13	\$ 29.36	\$ 23.46	\$ 29.97	\$ 36.38	\$ 22.88			\$ 26.53	\$ 26.39

Budgetary Resources	Budgetary Obligations Incurred					
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual
Total Administrative Resources (\$000)	\$ 9,799	\$ 10,586	\$ 8,922	\$ 12,205	\$ 12,980	\$ 10,499

Budget Requests	
FY 2013 Request	FY 2014 Request
\$ 10,610	\$ 10,554

*N/G - New indicator. Did not Goal for 2012

**SBTN only. Effective in FY 2011, there was a change in the definition of online training.

(1) Includes both classroom and SCORE online training clients.

Variance Explanation

SB Created (#) (23% under target) – SCORE data in this area is underreported by the volunteer counselors. The SBA and the National SCORE Association have and will continue to explore mechanisms to ensure increased compliance with follow-on impact data collection.

FY 2012 Accomplishments

In FY 2012, SCORE mentored 458,773 clients and offered more than 10,000 local training workshops. SCORE also rolled out a new mentoring series called *Simple Steps for Growing Your Business* nationwide. The series features a business assessment that identifies key business challenges which are then addressed through professional workshops, peer-facilitated groups, and experienced mentors that assist the firm in its growth trajectory. An expanding web presence at www.score.org, with 64 training workshops and more than 1,600 cyber counselors, led to more than three million web visitors and 71,000 online workshops being taken. The new website offerings lets entrepreneurs have 24/7 access to a variety of expertise based on business industry and functionality. It also lets the volunteer mentors gain access to the latest professional counseling tools and national training resources. SCORE counts 223,000 online subscribers who receive monthly tips, trends and expert interviews in *SCORE eNews* and *SCORE Expert Answers*.

FY 2014 Planned Performance

The SBA is requesting \$6.5 million for grants to SCORE in FY 2014. In turn, SCORE will target mentoring 400,000 clients. SCORE will conduct an outreach campaign to attract more mentoring clients using local community outreach, national partnerships, public service announcements, and social media channels. SCORE will continue its training to veterans and service-disabled veterans specifically as well as broadband training for small businesses.

Online Training via SBA.gov/training

With the redesign of SBA.gov (see Strategic Objective 2.1), the SBA expanded access to training for entrepreneurs via online tools and distance learning courses. SBA's online small business training offers free online assessment tools and business courses on topics including business planning, marketing, how to engage in government contracting, green technology and use of social media. These free online courses and tools are used by hundreds of thousands of aspiring or current business owners each year.

OED - Performance Indicator Table (1.3)

Performance Indicator	Type of Measure	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
Online Training Clients (#)*	Output	543,000	612,000	480,000	234,000	220,596	N/A	N/A	500,000	500,000

*FY 2014 metric includes users of SBA free online training courses, business assessment tools, blended learning sessions and mobile application resources used; Clients served may constitute individual users of multiple SBA online training resources; Target is set at FY12 operational funding support level and not reflective of additional funding support requests.

FY 2012 Accomplishments

Over 220,000 clients used SBA's online training courses or assessment tools in FY 2012. The SBA updated digital resources to reflect the most current business information and continued to integrate links to relevant content throughout the growing SBA.gov.

FY 2014 Planned Performance

In FY 2014, the SBA will expand online training offerings through SBA-authored and partnership-driven content. To expand access and awareness, the SBA will let materials be offered directly through SBA.gov/training and numerous partner-hosted sites such as AARP, community colleges, young entrepreneur associations, chambers of commerce, etc. The SBA will also expand the use of blended-learning opportunities that host direct interaction with business mentors and ongoing support through digital classrooms.

Entrepreneurship Training, Partnering with Department of Labor and AARP

Entrepreneurship training focuses on skills building, management and leadership capabilities, business acumen, and experiential learning. Effective workforce development involves skills training for both the next generation of workers, among whom unemployment peaked at approximately 20 percent during the recent downturn, and 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.

FY 2012 Accomplishments

Start Young Initiative: As part of the Startup America interagency initiative, the SBA partnered with the Department of Labor's Employment and Training Administration (DOL-ETA) to provide Job Corps participants with specialized training on the fundamentals of small business, including the opportunities and resources available to them. Entrepreneurship awareness for these students encourages economic self-sufficiency and personal growth within local communities. The New York SBDC provided the teaching curriculum for the initiative. Three pilot sites (Philadelphia, New York and Milwaukee) started the three-month course in April and graduated 40 total students with the respective support of the Brooklyn SBDC, Milwaukee WBC, and Philadelphia SCORE chapters.

Encore Entrepreneurship Initiative: There are over 76 million Baby Boomers in the country. In addition to being the most populous generation, they are also wealthier, better educated, and living longer than their predecessors. While the economic downturn has increased the need to work beyond retirement age for some, many are eager to stay active and engaged in "encore careers" of their choosing. In FY 2012, the SBA launched a partnership with AARP to link their network of over 40 million "50+" Americans with online and in-person training opportunities. During FY 2012 and FY 2013, the SBA has provided and will continue to offer a range of self-assessments and online training courses targeted at the unique needs and strengths of encore entrepreneurs, both at sba.gov and through the self-employment section of AARP's website.

FY 2014 Planned Performance

Start Young Initiative: By FY 2014, the SBA plans to expand the initiative to cover 12 sites serving over 150 students.

Encore Entrepreneurship Initiative: By FY 2014, the SBA plans to leverage its partnership with AARP to reach over 100,000 potential encore entrepreneurs in its network of "50+" Americans via online courses and in-person training opportunities. The SBA will also launch an Encore Entrepreneur National Mentor Month in April.

Transitioning Veterans to Entrepreneurs, Partnering with the Department of Defense

In FY 2012, the SBA launched a partnership with the Department of Defense and the Department of Veterans Affairs called **Boots to Business** to unleash the potential of the 250,000 service members who transition out of the military each year. The SBA included an entrepreneurship training component as part of the re-design of the military's Transition Assistance Program. Boots to Business has three progressive phases to deliver exposure, introduction, and opt-in comprehensive training for service members interested in business ownership. Phase 1 includes a short video introduction on entrepreneurship with a call to action for returning veterans to consider entrepreneurship, with a description of the career path. Phase 2 includes classroom instruction with a 90 minute in-person training course on entrepreneurship. Phase 3 includes online instruction via an eight-week online distance learning course that leads to the creation of a business plan.

FY 2012 Accomplishments

In FY 2012, the SBA and the Marine Corps led a pilot roll-out to approximately 20,000 transitioning Marines in four locations: Quantico, Virginia; Cherry Point, North Carolina; Camp Pendleton, California; and, Twenty-Nine Palms, California.

FY 2014 Planned Performance

The SBA plans to build on the positive lessons learned in the pilot **Boots to Business** program launched in FY 2012 and expand it nationwide to the 250,000 yearly transitioning service members in all branches of the military. In FY 2014, the SBA expects 15,500 veterans to sign up for all three phases of the entrepreneurship training. The SBA is requesting \$7 million for this initiative in FY 2014.

Strategic 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

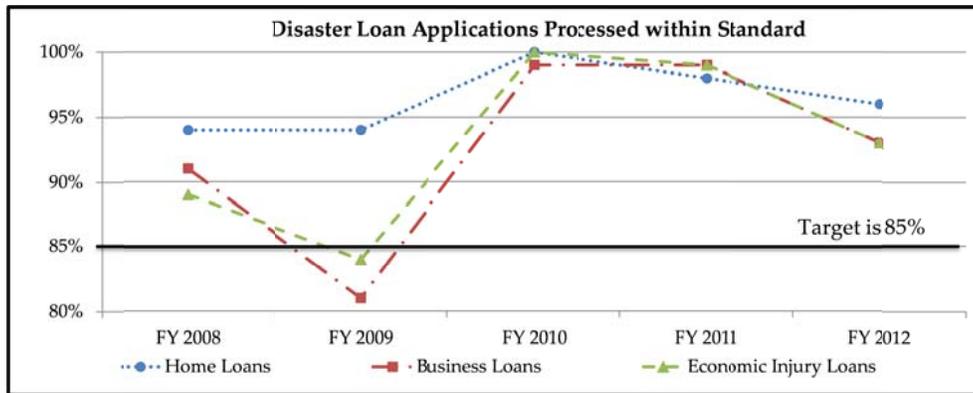
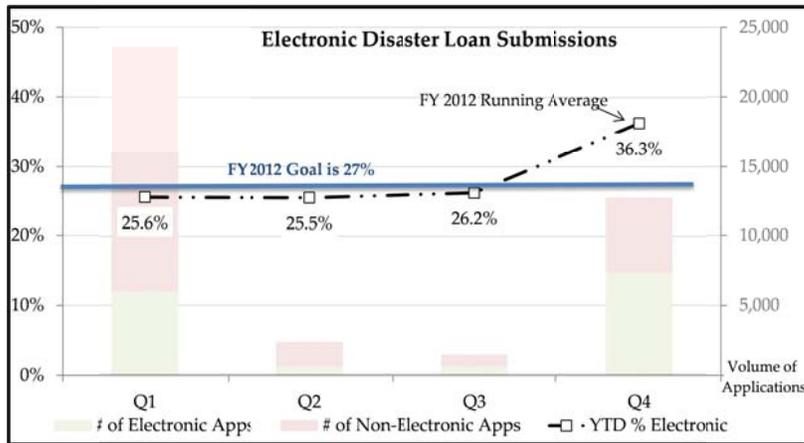
Performance Goal
Customer satisfaction for Disaster loan approvals will be 71 percent in FY 2014.

Disaster Assistance - Performance Goal Indicator (1.4)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
Customer Satisfaction Rate for Approvals (%)	Outcome	66%	65%	72%	74%	80%	80%	71%	13%	71%	71%

Variance Explanation

Customer Satisfaction Rate for Approvals (13% over target) – Limited disaster activity in FY 2012 allowed the Office of Disaster Assistance to exceed customer satisfaction goals.



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 affordable, timely and accessible low-cost, low-interest loans to small businesses owners, homeowners, and renters who are victims of disaster.

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. On average, the Agency makes disaster loans totaling nearly \$1 billion each year and has an active portfolio of about \$8 billion. In FY 2012, the SBA approved 15,324 disaster loans for \$689.6 million.

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. By providing integrated assistance, the SBA increases the effectiveness of this federal assistance. 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.

The SBA will target a customer satisfaction rate for disaster loan approvals of 71 percent in FY 2014. This performance goal measures how delivery of the Disaster Assistance loan program is perceived by recipients. Streamlining the disaster loan application, moving toward an electronic submission model that cuts down on errors and processing time, and promoting disaster preparedness are all strategies that the SBA believes will lead to more satisfied recipients of disaster loans.

Disaster Assistance Loan Volume Over 6 Years

Trend Data	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual
Loan Applications Processed (#)	34,401	50,184	96,643	42,465	45,760	46,356
Loans Approved (#)	13,716	15,128	21,780	15,356	13,643	15,324
Cost per Loan Application Processed (\$)	\$ 17.84	\$ 5.19	\$ 3.23	\$ 5.86	\$ 5.54	\$ 5.47
Cost per Loan Approved (\$)	\$ 44.75	\$ 17.22	\$ 14.33	\$ 16.19	\$ 18.58	\$ 16.55

Applications Submitted Over 6 Years

Trend Data	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual
Total Applications Submitted (#)	N/A*	N/A*	87,064	40,823	45,829	40,120
Electronic Applications Submitted (#)	N/A*	N/A*	23,481	11,290	12,122	14,558
% of Electronic Application Submitted #	N/A*	N/A*	27%	28%	26%	36%

Re-Engineering Disaster Loan Process to Enhance Consistency and Responsiveness

After Hurricane Katrina in 2005, an initiative to make disaster assistance responsive, consistent, and easy to access resulted in DisasterAssistance.gov, a one-stop location for victims of disaster to find government resources. The SBA created an electronic loan application for its disaster loans in conjunction with the site that now captures roughly 36 percent of applications. It simplifies the application process and speeds delivery of assistance to disaster survivors across all eligible home or business loan applications. Response time to the disaster victim is reduced by the time saved in not sending the application through the mail, and the integrity of the data used in the underwriting process is improved as a result of needing to use staff to put the data into the system. The SBA made it a Priority Goal to increase the use of electronic loan applications 50 percent from FY 2011 to FY 2013.

Disaster Assistance - Performance Indicator Table (1.4)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 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	94%	99%	100%	100%	100%	100%	95%	5%	95%	95%
Home Loans Processed Within Standard (%)	Output	97%	94%	94%	100%	98%	96%	85%	13%	85%	85%
Business Loans Processed Within Standard (%)	Output	93%	91%	81%	99%	99%	93%	85%	9%	85%	85%
EIDL Loans Processed Within Standard (%)	Output	89%	89%	84%	100%	99%	93%	85%	9%	85%	85%
SB Sustaining Economic Injury that Remain in Operation 6 Months After Final Disbursement (%)	Outcome	80%	92%	90%	91%	93%	95%	79%	20%	79%	79%
SB Sustaining Physical Damage that are in Operation 6 Months After Final Disbursement (%)	Outcome	62%	69%	57%	61%	73%	73%	65%	12%	65%	65%
Homeowners that Completed Eligible Disaster Repairs Within 6 Months of Final Disbursement (%)	Outcome	58%	71%	70%	91%	64%	79%	79%	0%	79%	70%
Renters that Completed Eligible Repairs Within 6 Months After Final Disbursement (%)	Outcome	68%	73%	70%	85%	77%	77%	84%	-8%	84%	80%
Percent use of Electronic Processing (%)	Efficiency	N/A*	N/A*	27%	28%	26%	36%	27%	34%	39%	43%

Budgetary Resources	Budgetary Obligations Incurred					
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual
Total Resources (\$000)	\$ 613,825	\$ 260,496	\$ 312,174	\$ 248,669	\$ 253,428	\$ 253,629

Budget Requests	
FY 2013 Request	FY 2014 Request
\$ 228,801	\$ 228,791

*N/A - Not Available

Variance Explanation

Home Loans Processed Within Standard (13% over target) - Limited disaster activity in FY 2012 allowed the Office of Disaster Assistance to exceed loan processing goals.
SB Sustaining Economic Injury that Remain in Operation 6 Months After Final Disbursement (20% over target) – Actual performance was impacted by types and severity of disaster declarations seen in FY 2012.
SB Sustaining Physical Damage that are in Operation 6 Months After Final Disbursement (%) (12% over target) – Actual performance impacted by types and severity of disaster declarations seen in FY 2012.
Percent use of Electronic Processing (34% over target) – The deployment of computer ELA stations at field disaster locations and the promotion of the ELA application process has contributed to increased usage of the ELA.

FY 2012 Accomplishments

The SBA participated in weekly interagency meetings to modify data elements in the Agency’s disaster loan applications to create a single application that fulfills the information requirements of all applicable federal disaster assistance programs. To encourage greater adoption of the electronic application, the Agency streamlined the number of screens a user sees when filling one out, from 84 to 19 screens for home loans and from 76 screens to 20 for business loans.

The SBA also took steps in FY 2012 and will continue throughout FY 2013 to streamline and improve productivity and quality of service. The continuous improvement initiative is across all of ODA’s centers. The SBA will be able to gauge the impact of these improvements by the customer satisfaction rating. At the end of FY 2012, the SBA had boosted electronic submissions of disaster loan applications to 36 percent, a 38 percent increase over FY 2011 levels.

FY 2014 Planned Performance

The SBA will target an electronic loan submission rate of 43 percent in FY 2014, a 65 percent improvement from FY 2011. It has become routine practice for the SBA to continually build upon the lessons that it has learned as a result of past disasters. The SBA continues to reevaluate and re-engineer business processes to meet the ever changing needs of the disaster victims it serves. The implementation of changes to office

operations will be ongoing, and the changes will result in a more efficient operation to process major disaster declarations and enhance customer service. In FY 2014, the SBA will target 71 percent customer satisfaction for approvals.

Promoting Disaster Preparedness

Having a plan in case disaster strikes can help mitigate the negative effects on a small business or individual. Roughly 40 to 60 percent of small businesses never reopen their doors following a disaster, but disaster planning and preparedness can be a lifeline to staying in business. SBA partners with the American Red Cross as well as a nation-wide network of counseling partners such as small business development centers (SBDCs, described further under Strategic Objective 1.3) to prepare businesses for disasters and assist them when one occurs.

FY 2012 Accomplishments

To help small businesses with their preparedness planning, the SBA partnered with Agility Recovery Solutions to encourage small businesses to take the necessary steps to protect their employees' important records and their business assets. The SBA and Agility have partnered to provide the "Prepare My Business" website (<http://www.preparemybusiness.org/>) that is a useful tool for small business owners. Additionally, the SBA partnered 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 Red Cross Ready Rating™ program is an easy to understand and not intimidating solution for helping an organization take the steps to become prepared to respond to and successfully withstand a disaster and other emergencies.

The SBA utilized its SBDC network to staff business recovery centers that provided "one stop assistance" to small business owners in disaster areas. Each SBDC included links to FEMA, Homeland Security, the SBA, and other disaster resources and provide self-evaluation information as well as the *Open for Business Toolkit* by the Institute for Business and Home Safety and the National Council on Readiness and Preparedness. SBDCs also offered disaster loan application assistance to affected clients.

FY 2014 Planned Performance

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

The SBA will evaluate the feasibility of SBDCs assuming a larger role in supporting the Office of Disaster Assistance in an effort to improve collaboration. In FY 2014, the SBA plans to expand a pilot to the larger SBDC network and other resource partners to provide: assistance in preparing reconsideration or reacceptance requests for declined or withdrawn disaster business loan applications; consultation in areas such as developing or adapting a business plan, financial planning and marketing; and, general business management and technical assistance.

Strategic 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

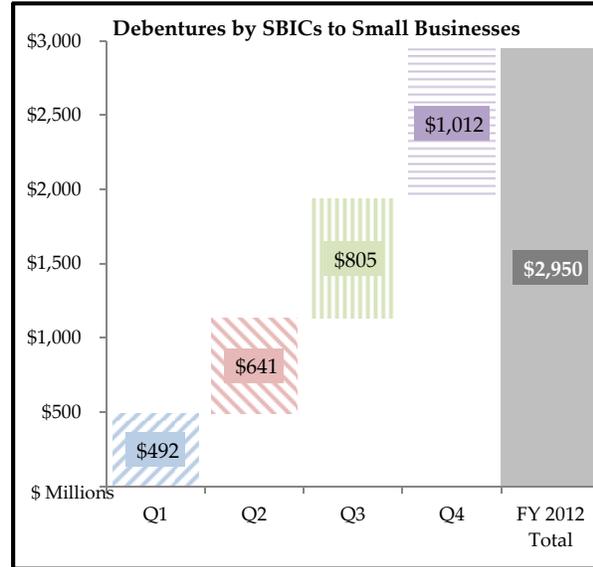
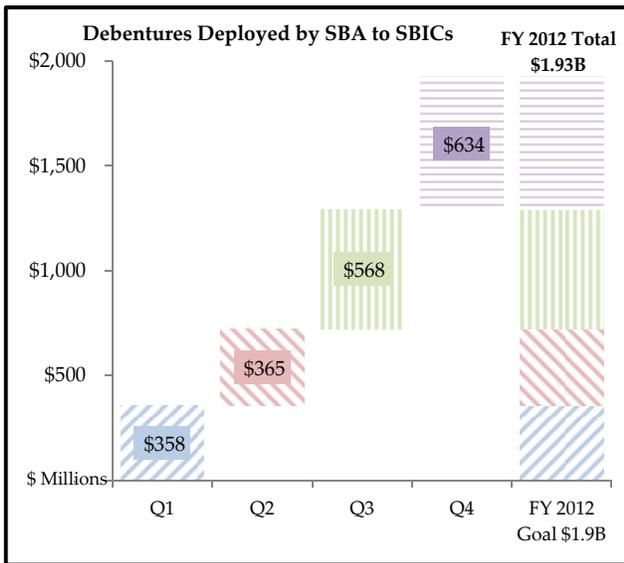
Performance Goal
The SBA will issue \$2.5 billion in debenture leverage to SBICs in FY 2014.

SBIC - Performance Goal Indicator (1.5)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
SBA Debenture Leverage Committed to SBICs (\$ Millions)	Output	\$ 708	\$ 1,029	\$ 788	\$ 1,165	\$ 1,827	\$ 1,924	\$ 1,900	1%	\$ 2,400	\$ 2,500

Budgetary Resources	Budgetary Obligations Incurred					
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual
Total Resources (\$000)	\$ 15,749	\$ 17,097	\$ 19,166	\$ 24,262	\$ 26,305	\$ 23,229

Budget Requests	
FY 2013 Request	FY 2014 Request
\$ 22,984	\$ 23,948



High-growth businesses create almost all of the net new jobs in the economy today. Through longer-term “patient” capital, growth accelerators and regional innovation clusters, federal R&D grants, and export assistance, the SBA plays a critical role in the ongoing success of high-growth small businesses.

To jumpstart job creation, the SBA is committed to growing the existing programs that serve these firms with investment, innovation and commercialization of government R&D, and targeting new initiatives that serve this critical part of the economy. Targeting \$2.5 billion in debenture leverage to SBICs will expand the access to capital for these high-growth potential small businesses, giving them the means to grow rapidly, build upon their ideas and grow their product offerings and services. Initiatives associated with Startup America are expected to play a key role in helping the Agency meet this performance goal in FY 2014.

Startup America Initiative

Startup America, launched in January 2011, involves the SBA in a variety of interagency initiatives to celebrate, inspire, and accelerate high-growth entrepreneurship throughout the nation. The five key areas of the initiative are: (1) unlocking access to capital to fuel startup growth; (2) connecting mentors and education to entrepreneurs; (3) reducing barriers and making government work for entrepreneurs; (4) accelerating innovation from “lab to market” for breakthrough technologies, and; (5) unleashing market opportunities in industries like healthcare, clean energy, and education.

FY 2012 Accomplishments

The SBA ramped up three key initiatives under Startup America in FY 2012. To unlock access to capital, in FY 2010 the **SBIC program** launched the \$1 billion **Impact Investment Initiative** targeting SBICs that invest in underserved communities or in high-priority sectors such as clean energy or education. In FY 2012, although only one fund was licensed under this initiative, an additional four applications were reviewed. The SBIC program also launched the \$1 billion **Early Stage Innovation Initiative** targeting SBICs that invest in small businesses facing the “valley of death” in an innovative startup’s life when it is between seed financing and traditional financing. In FY 2012, a number of funds were in the process of raising private capital and are expected to be licensed in FY 2013. To connect mentors with startups in clean energy and other sectors, the SBA launched the **Entrepreneurial Mentor Corps (EMC)** program in partnership with the Department of Energy and Department of Labor. In FY 2012, the EMC program supported four “accelerators” that match experienced mentors to more than 100 clean energy startups across the country. In addition, senior SBA leaders toured the country hosting entrepreneurship summits to learn their needs and identify how government can best support them. This outreach effort resulted in meetings with over 1,000 entrepreneurs and led to the *Startup America: Reducing Barriers* report that will help guide startup policy over the coming years.

FY 2014 Planned Performance

The SBA will aggressively pursue partnerships with other federal agencies to advance the Startup America Initiative in FY 2014. The SBIC program will continue outreach and licensing of SBIC funds under the Early Stage Innovation Initiative and the Impact Investment Initiative in hopes of releasing \$1 billion under each by FY 2016. The Entrepreneurial Mentor Corps program will expand in FY 2014 to cover priority sectors such as manufacturing.

LONG-TERM CAPITAL: Growing the Small Business Investment Company (SBIC) Program

The **Small Business Investment Company** program provides long-term loans and equity capital to small businesses, especially those with potential for substantial job growth and economic impact. SBICs are privately owned and managed investment funds that are licensed and regulated by the SBA. Funds use private capital plus funds borrowed with an SBA guaranty to make investments in qualifying small businesses. Over 290 SBICs have more than \$18 billion of capital under management. 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.

SBIC - Debenture Capital (1.5)

Contextual Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual
SBIC Debenture Capital to Small Businesses (\$ Millions)	Output	\$ 1,278	\$ 1,436	\$ 1,227	\$ 1,587	\$ 2,589	\$ 2,950
Licensing Times (Months)	Output	10.8	8.7	14.6	5.8	5.5	5.4
Debenture Funds in Active Operation (#)	Output	132	129	126	140	143	158

FY 2012 Accomplishments

The SBA embarked on an ambitious Priority Goal to commit at least \$4.3 billion in debenture leverage to SBICs over two years in order to facilitate access to capital for high-growth companies. By the end of FY 2012, the Agency had committed \$ 1.924 billion to SBICs, exceeding its midway target of \$1.9 billion. These SBICs had in turn issued almost \$3.0 billion in debentures for small business financing, exceeding the FY 2011 record of \$2.6 billion. Additionally, the SBA laid the groundwork for significant additional contribution to achieving this priority goal, through work on the Early Stage Initiative, the Rural Initiative and the Impact Investment Initiative. One Impact Investment fund was licensed in FY 2012, while a number are in the capital raising process. The SBA, in partnership with USDA, has hosted six rural roundtables designed to increase the flow of capital to rural areas. Process improvements at the SBA led to a dramatic reduction in the amount of time it takes an SBIC to be licensed. In FY 2012, the average time was maintained at 5.8 months compared to 14.6 months in FY 2009. Thirty new SBIC funds were licensed in FY 2012 with approximately \$1 billion in initial private capital. SBIC debenture financing supported 63,001 jobs and assisted 795 small businesses.

FY 2014 Planned Performance

In FY 2014, the SBA expects to have hit or exceeded the Priority Goal target of \$4.3 billion in debenture leverage committed to SBICs for the two years ending September 30, 2013 and to continue the dramatic program growth of SBIC debenture funds that began in FY 2009. The Agency expects to issue \$2.15 billion in new debenture leverage commitments to SBICs in FY 2014 as the Early Stage Innovation Initiative and Impact Investment Initiative come into their own. The SBA will target increased financings in rural areas as it partners with USDA on the interagency Rural Initiative. The various new initiatives and continued growth in the SBIC program lead the SBA to expect to issue more than 30 licenses in FY 2014.

GROWTH ACCELERATORS: Nurturing Place-Based Entrepreneurial Ecosystems

Growth accelerators are organizations that help entrepreneurs start and scale their businesses. Typically run by experienced entrepreneurs, accelerators help small businesses access seed capital, mentors, and networking opportunities for customers and partners. These programs help accelerate a startup company's path towards success with targeted advice on revenue growth, employee growth, sourcing outside funding and avoiding pitfalls. Accelerators play a critical role in stimulating entrepreneurship outside of traditional startup hubs like Palo Alto or Boston, and they effectively leverage the strengths of a particular city and region such as healthcare in Nashville or engineering in Detroit.

FY 2012 Accomplishments

In FY 2012, the SBA and the White House hosted a Champions of Change event to honor leaders who are mentoring the next generation of entrepreneurs building successful businesses. This event brought together over 120 stakeholders to discuss how mentoring is an important aspect of small business success. In addition, the SBA hosted four regional events (Northeast, Midwest, South, Mid-Atlantic) and convened over 100 universities and accelerators to discuss working with high-growth entrepreneurs. These

convenings culminated with a White House event co-hosted by the SBA and the Department of Commerce which will help formalize the network of universities and accelerators, provide a series of “train the trainers” events on various government programs that benefit high-growth entrepreneurs, and provide a playbook of best practices on engaging universities on innovation and entrepreneurship.

FY 2014 Planned Performance

The SBA requests \$5 million in funding to support an expansion of the Agency’s growth accelerators initiative. Under this funding proposal, the SBA would scale these growth accelerators via a competitive grant process whereby the Agency would provide small matching grants to universities and private sector organizations to start a new accelerator program (based on successful models) or scale an existing program. With an initial investment of \$25 million over a five-year period and a required private sector 4:1 match, this initial investment would mobilize \$125 million of overall funding for these accelerators to scale what already works best and has proven records of success

INNOVATION: Expanding the Regional Innovation Clusters Program

Regional Innovation Clusters (RIC) 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. 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. Clusters connect small businesses in a particular industry sector and geographic region with other business innovators in the same sector and with specialized suppliers, research institutions, large prime customers and investors. Through industry-specific technical assistance, SBA clusters help small business innovators commercialize promising technologies needed by government and industry buyers. Through showcasing, networking and demonstration events, they help get these small businesses and their products in front of funding sources, research institutions and customers/buyers in order to bring products to market.

FY 2012 Accomplishments

During FY 2012 the SBA funded a third-party evaluator to examine the ten pilot clusters in detail, including their various stakeholder participants and the services and activities provided by the clusters, with a focus on small business participants. The June 2012 report evaluated the initial outcomes observed during the first year of the initiative, including the employment, revenue, and payroll of the small businesses as well as their ability to spur innovation and obtain financing. It also analyzed the regional economic impact of the clusters’ small business participants. Small business participation rose 275 percent, from 179 at the launch to 672 by the end of the first year. Over 85 percent of participants said the services offered by the cluster — such as networking, access to new domestic and international markets, access to government procurement opportunities, and integration in the industry’s supply chain — were unique and could not be found elsewhere. On average, small businesses in a cluster grew employment by 11.2 percent (including full-time by 7.6 percent), increased revenue by 13.7 percent, and increased payroll by 23.4 percent. Innovation also blossomed: 69 percent developed new products or services; 54 percent commercialized new technology; and, 22 percent have patents pending. The networks that formed in the RIC program spurred \$48 million in private capital raised through venture and angel capital sources, \$6.5 million in early stage investment from SBIR and STTR awards, and over \$217 million in contracts or subcontracts from the federal government. Data for the second year evaluation will be available in the third quarter of FY 2013.

FY 2014 Planned Performance

The SBA requests \$5 million to expand the highly successful Regional Innovation Cluster program in FY 2014. Specifically, \$3 million will be used to continue SBA clusters and evaluation, and \$2 million will be

used for new interagency clusters and evaluation. 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 a specific industry and region of each cluster. Clusters will spur the integration of SBA's traditional network of counseling and training partners into one collaborative unit, providing entrepreneurs in each region the whole suite of SBA tools.

COMMERCIALIZING GOVERNMENT R&D: Improving Operations in the Small Business Innovation Research (SBIR/STTR) Program

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

FY 2012 Accomplishments

In FY 2012, the SBA had two significant accomplishments for the **SBIR/STTR** program. First, in pursuit of an earlier Priority Goal, the Agency upgraded its TechNet database system that undergirds the program and began creating a baseline to compile commercialization information among other performance metrics from participating agencies. An updated set of performance metrics fields was developed and is being evaluated by OMB. Coupled with a newly dynamic SBIR.gov website, replete with programmatic data, success stories and program information for small businesses, the SBA laid the groundwork for a one-stop data source for the federal government. Second, in January 2012 Congress passed a reauthorization of the SBIR/STTR program that included several expanded or new components. The increased emphasis on data collection and success measurement meant a new set of metrics had to be established with the participation of all agencies. Work on the new requirements of the Reauthorization Act will continue through FY 2013. Already, the SBA has taken the lead in implementing the reauthorization, developing proposed SBIR/STTR size rules as well as SBIR/STTR policy directives. Particular attention will be given to measure the success of small businesses in moving from Phase I to Phase II awards (the transition rate) and from Phase II to Phase III awards (the commercialization rate).

FY 2014 Planned Performance

By FY 2014, close collaboration in setting targets for each agency and their respective SBIR/STTR program will allow the SBA to measure success at individual agencies with both the transition rate and the commercialization rate. Mandated performance measures from the Reauthorization Act such as number of patents and additional outside investment received by participants will also be able to be measured. The SBA requests \$2 million to conduct an evaluation of the SBIR program.

EXPORTS: Strengthening SBA's Export Promotion and Assistance Programs

Small businesses that can tap into the global market have the potential for vast expansion and growth. Expanding the base of small business exporters and making the process as easy as possible for them is key to the **National Export Initiative**. To accomplish this goal, SBA partners with the Department of Commerce, Export-Import Bank and others on the Trade Promotion Coordination Committee to market exporting opportunities and trade shows, expand access to trade financing, and train business counselors and banks on exporting services.

International Trade - Performance Indicator Table (1.5)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
SME Exporters Assisted by USG Finance Programs (#) ⁽¹⁾	Output	3,200	3,167	1,393	1,326	1,346	1,283	1,100	17%	1,100	1,200
Value of Exports Supported by Counseling (\$)	Outcome	N/A*	Baseline	TBD*							
Value of Exports Supported by Financing (\$)	Outcome	N/A*	Baseline	TBD*							
New Markets Entered by US Companies (#)	Output	N/A*	Baseline	TBD*							
Participants Receiving Export Training (#)	Output	N/A*	Baseline	TBD*							
Business Counselors Trained on Exporting (#)	Output	N/A*	Baseline	TBD*							
Cost per SME Exporters Assisted by USG Finance Programs (\$)	Efficiency	\$ 1,643	\$ 1,312	\$ 3,345	\$ 6,045	\$ 5,707	\$ 6,970			\$ 8,897	\$ 10,673

Budgetary Resources	Budgetary Obligations Incurred					
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual
Total Administrative Resources (\$000)	\$ 5,258	\$ 4,154	\$ 4,660	\$ 8,016	\$ 7,681	\$ 8,943

Budget Requests	
FY 2013 Request	FY 2014 Request
\$ 9,787	\$ 12,807

*NA - Not Available

*TBD - To Be Determined

(1) 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 by USG Finance Programs (17% over target) – The SBA was able to provide capital to small business exporters above target primarily due to the active training of community bank lenders, increasing the number of SBA lenders providing loans to small business exporters by 16.9%, from 425 lenders to 497 in FY 2012. In addition, the enhanced International Trade loan program provided an incentive for lenders to expand that program's volume during the year by over 181%, increasing the loans from 27 to 61 and the numbers of lenders offering the program from 16 to 45.

FY 2012 Accomplishments

Market Exporting Opportunities: Additional training for SBA staff such as district international trade officers (DITOs) and lender relations specialists in every region of the country vastly increased the awareness of the export loan programs. As of the end of FY 2012, the SBA had trained 4,119 and counseled 3,529 lenders on SBA export loan guaranty programs, including at the SBA's 5th Annual Export Lenders Roundtable, held to coincide with the Export-Import Bank's annual conference in April each year, which draws more and more lenders each year.

Access to Trade Financing: The SBA has designed three loan products specifically to support small businesses engaged in exporting, directly supporting the President's National Export Initiative detailed in Strategic Objective 3.1. **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 such as attending overseas trade shows. 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. As of the end of FY 2012, 72 lenders had made 184 Export Express loans to 174 small businesses. The **Export Working Capital** loan 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 SBA conducted significant outreach to lenders to educate them on SBA's export loan products. The number of preferred lenders⁴ able to more easily generate new SBA Export Working Capital loans grew from 10 in FY 2010 to 17 in FY 2012. As of the end of FY 2012, 81 lenders had made 159 Export Working Capital loans to 149

⁴ Lenders are considered for preferred lender status based on their record with the SBA, and must have demonstrated a proficiency in processing and servicing SBA-guaranteed loans.

small businesses. 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, as they continue to sell internationally, as well as those that have been adversely impacted by imports. As of the end of FY 2012, the SBA had guaranteed 61 international trade loans to 58 small businesses, a significant increase from 27 loans made in FY 2011.

Training: The SBA developed a small business counselor training certification program in partnership with the Department of Commerce and the Trade Promotion Coordinating Committee. The Agency trained the partner network of small business development centers (SBDCs) on trade matters during the ASBDC Conference. The SBA also counseled small business exporters on trade finance and USG export financing programs at 27 U.S. Department of Commerce-organized or certified international buyer program shows and international trade fair events. As of the end of FY 2012, the SBA had counseled 4,595 and trained 10,598 small businesses on export finance at various USEACs.

FY 2014 Planned Performance

Grant Program: Authority for the STEP program will expire on February 28, 2014. Accordingly, during FY 2014, the SBA will close out STEP grants awarded in FY 2012 for performance during FY 2013.

Market Exporting Opportunities: The SBA will partner with the Export-Import Bank to provide financing experts at domestic and overseas trade shows to counsel U.S. exhibitors about various financing options. SBA export finance specialists will provide counseling and training at 14 to 16 international buyer domestic industrial shows and four to six international trade shows in FY 2014. Also in FY 2014, the SBA plans to dynamically integrate the enhanced Export.gov website with BusinessUSA (for more on BusinessUSA, see Strategic Objective 3.1).

Access to Capital: The SBA will partner with the Export-Import Bank, Foreign Agricultural Service/USDA, and Overseas Private Investment Corporation to launch an integrated U.S. Global Business Solutions program that utilizes the export financing capabilities of each agency. Training on this program, including webinars and on-the-ground training sessions is expected to reach over 300 community bank lenders, plus major regional and national banks.

Training: The SBA will provide training and counseling to lenders and small businesses on getting started in exporting, international methods of payments, financing export sales, and related expansion activities. Resource partners such as USEACs, SBDCs, WBCs, VBOCs and SCORE will receive training in export finance. The SBA will promote small business exporting through marketing and research, including the publication of export success stories. These stories put a face on the hundreds of billions of dollars of small business export sales annually by telling how one family or business benefited by engaging in international trade.

Strategic 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 that have also been hard-hit by the recession and suffer from disproportionately high levels of unemployment. The SBA continues to make outreach to underserved communities a key priority, including co-hosting a series of national White House economic forums and convening the SBA’s Council on Underserved Communities and strategic partnerships that builds awareness for SBA’s products and services.

Particular attention will be paid over the coming years to the thousands of returning veterans who can benefit from training and opportunities to engage in entrepreneurship as they transition from being members of the armed services.

Underserved Markets - Performance Indicator Table (1.6)

Programs	Performance Indicator(1)	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
7(a)	USM - SB Assisted (#)	Output	61,780	43,699	24,096	25,679	28,621	23,846	24,400	-2%	23,600	24,100
504	USM - SB Assisted (#)	Output	6,520	5,613	3,956	4,384	4,607	5,379	4,000	34%	3,800	3,800
Microloan	USM - SB Assisted (#)	Output	2,542	2,783	2,814	4,052	3,999	3,990	3,400	17%	3,600	3,400
SBIC	USM - SB Assisted (#)	Output	721	632	441	392	430	290	300	-3%	400	450

(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 Explanation

504-USM-SB Assisted (#) (34% over target) – Percent over target is due to improvement in national economy and loans made under the temporary Jobs Act 504 Refinance program.

Microloan-USM-SB Assisted (#) (17% over target) – During FY 2012, the Microloan program devoted attention to strengthening weak intermediary lenders or helping them exit the program. As a result, intermediaries that were using precious resources without producing loans were either eliminated or trained to do a better job. Stronger intermediaries also responded by making more microloans and often making smaller loans. Coming out of the recent recession has challenged the formerly-employed with the concept of self-employment. Data shows that more than 54% of the microloans made were to start-ups. Start-ups require a significant amount of training and technical assistance, affecting the increases in Small Businesses Assisted and Businesses counseled.

Helping Veterans Become Small Business Owners

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 service members to explore entrepreneurship and then to equip them with tools to start a business, creating jobs for themselves and other veterans. A new partnership with the Department of Defense called **Boots to Business** that provides transitioning service members with an introduction to entrepreneurship is described further under Strategic Objective 1.3.

Veterans Affairs - Performance Indicator Table (1.6)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
Veterans Assisted (#)	Output	66,045	93,545	122,901	131,523	137,011	134,069	110,000	22%	112,000	115,000
Customer Satisfaction (%)	Outcome	84%	85%	89%	85%	91%	93%	89%	4%	90%	90%
Cost per Veteran Assisted (\$)	Efficiency	\$ 63.31	\$ 53.58	\$ 42.55	\$ 48.68	\$ 65.65	\$ 69.81			\$ 84.67	\$ 161.95

Budgetary Resources	Budgetary Obligations Incurred					
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual
Total Administrative Resources (\$000)	\$ 4,181	\$ 5,012	\$ 5,230	\$ 6,402	\$ 8,995	\$ 9,359

Budget Requests	
FY 2013 Request	FY 2014 Request
\$ 9,483	\$ 18,624

Variance Explanation

Veterans Assisted (22% over target) – With the draw down of both the wars in Iraq and Afghanistan, larger than projected numbers of service members requested assistance in FY2012.

FY 2012 Accomplishments

All Veterans: Over 110,000 veterans received counseling and training from SBA’s network of 15 veteran business outreach centers in FY 2012. To increase awareness and improve coordination with SBA’s other program offerings, the Agency ran a veteran outreach initiative in 23 SBA district offices. More than 20,000 entrepreneurial resource material kits were distributed to Department of Defense offices, support centers, service organizations, and state-run departments of veteran affairs. SBA’s **Patriot Express 7(a)** loans are low-interest loans designed specifically for veterans and their small businesses. In FY 2012, the SBA approved over 1,000 Patriot Express loans worth almost \$100 million. In addition, the SCORE Foundation leads a consortium dedicated to helping veterans and their families access tools to facilitate business creation in support of the White House’s Joining Forces Initiative. 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.

Transitioning Veterans: In FY 2012 the SBA launched **Boots to Business**, a public-private partnership to train transitioning service members in entrepreneurship. The Boots to Business program uses a multi-phased approach to introduce transitioning service members to the fundamentals of small business ownership and to the SBA tools and resources available to them. SBA developed and piloted its entrepreneurship training program entitled, *Operation Boots to Business: from Service to Startup*, at Marine Corps, Navy, Army, and Air Force bases across the country. In FY 2012, all four services have hosted Boots to Business entrepreneurship training courses totaling nearly 20,000 service member participants.

Veterans with Disabilities: Since 9/11, the SBA has actively recruited and conducted outreach to enroll service-disabled veterans since into an entrepreneurship training program. **Entrepreneurship Bootcamp for Veterans with Disabilities** is a consortium of eight world-class universities led by Syracuse University that provides: (1) free, focused, practical training in the tools and skills of new venture creation and growth, reflecting issues unique to disability and public benefits programs, and; (2) the establishment of a support structure for graduates of the program. Participants go through a three-phase process: self-study curriculum via online distance learning; a nine-day residency at one of the eight universities, and; on-going technical assistance from a network of business counselors. In FY 2012, more than 200 veterans received training through the EBV consortium.

The **Service-Disabled Veteran-Owned Small Business Procurement** program provides procuring agencies with the authority to set acquisitions aside for exclusive competition among service-disabled veteran-owned small business concerns, as well as the authority to make sole source awards to them if certain conditions are met. The SBA helped service-disabled veterans by training 65 contracting officers at

16 federal agencies and provided contracting training to more than 200 service-disabled veteran-owned small businesses in FY 2012.

Women Veterans: The SBA has a cooperative agreement with Syracuse University to run **V-WISE**, a three phase training program specifically designed for women veterans and their spouses. The program includes a 15-day online course, a three-day conference, and a comprehensive follow-up to link graduates with SBA's large network of general counseling and training programs. In the iteration begun in FY 2012, V-WISE reached approximately 1,400 women veterans, family members, and spouses through seven offerings.

National Guard and Reservists: The SBA has a cooperative agreement with Syracuse University to run an eight-week online training program for National Guard members, reservists and their family members called **Operation Endure & Grow**. The program offers two different tracks, start-up and growth, that are focused on the fundamentals of launching and/or growing a small business. Classes are capped at 50 participants and each track has four class offerings a year.

FY 2014 Planned Performance

All Veterans: With \$2.5 million requested, the SBA plans to reach and provide assistance to more than 90,000 veterans in FY 2014. Outreach through veterans business outreach centers, strategic alliances with the Department of Defense and other agencies, and growing partnerships with universities will help amplify SBA's assistance to veterans in FY 2014.

Transitioning Veterans: In FY 2014, the SBA plans to expand the **Boots to Business** program so that it becomes accessible to all veterans as well as all transitioning service members through the \$7 million provided by the VOW Act. Additionally, Boots to Business will become a standard portion of the curricula offered at the revised Transition Assistance Program (TAP) offered to service members, providing the option of entrepreneurship training to all those departing the military.

Veterans with Disabilities: Given the tremendous success of the **Entrepreneurship Bootcamp for Veterans with Disabilities (EBV)**, the SBA plans to expand the program by 75 percent in FY 2014, increasing both the number of course offerings and the number of participating business schools in the consortium. Expanded course offerings will include three offerings for all veterans, including those who are not disabled and those from less recent wars, and two offerings for family members. In all, the SBA plans to train over 1,000 veterans and military family members through the EBV program in FY 2014.

The Small Business Jobs Act of 2010 included a provision extending the Mentor-Protégé program to service-disabled veteran-owned small businesses, women-owned small businesses, and HUBZone small businesses. The SBA's mentor protégé program enhances the capability of SDVOSBs to compete more successfully for federal government contracts. The program encourages private-sector relationships and expands SBA's efforts to identify and respond to the developmental needs of SDVOSBs.

Women Veterans: The SBA plans to expand the capacity of the **V-WISE** program in FY 2014 from seven cities to eleven, serving more than 800 additional women veterans. The Agency will provide support to Syracuse University by recruiting program participants, university and professional staff, providing referrals to SBA services after graduation, and tracking the program's performance.

National Guard and Reservists: The SBA will continue to provide outreach, recruitment, and support for **Operation Endure and Grow** in partnership with Syracuse University.

Expanding Underserved Markets' Access to Capital

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 7(a) 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. 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 30 percent of 504 loans have gone to minority borrowers. A similar percentage has gone to borrowers in underserved rural communities.

With the exception of microloans (loans of \$50,000 or less), smaller dollar SBA loans (\$350,000 and under) 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. In FY 2014, the SBA proposes to waive up-front and annual fees on 7(a) loans of \$150,000 or less. Credit subsidy estimates demonstrate that this policy can be achieved with zero credit subsidy appropriations.

SBA's **Microloan** program provides loans to non-profit intermediary lenders which in turn re-lend the funds in loan amounts of \$50,000 or less to the smallest of small businesses. Microloan program intermediary lenders may also receive grants to help fund the cost of providing business-based training and technical assistance to microborrowers and potential microborrowers. 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 (1.6)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
SB Assisted (#) ⁽¹⁾	Output	2,542	2,783	2,814	4,052	4,039	4,224	3,400	24%	3,600	3,650
Jobs Supported (#) ⁽¹⁾	Output	10,499	9,985	10,950	13,612	13,271	13,280	14,000	-5%	12,500	12,750
Loans Approved by SBA to Micro Lenders (\$000)	Output	N/A*	N/A*	N/A*	\$38,129	\$35,479	\$24,606	\$25,000	-2%	\$25,000	\$25,000
Loans Approved by Lenders to Micro Borrowers (\$000)	Output	\$33,208	\$32,480	\$35,578	\$46,612	\$47,453	\$46,107	\$45,340	2%	\$44,000	\$45,000
Businesses Counseled (#)	Output	2,489	2,682	2,757	14,916	15,900	15,892	13,600	17%	14,400	14,600
Grant-Eligible Micro Lenders (#)	Output	121	113	118	128	131	134	N/G*	N/G*	135	135
Cost per SB Assisted (\$)	Efficiency	\$ 6,803	\$ 6,606	\$ 8,807	\$ 8,313	\$ 9,589	\$ 7,095			\$ 8,648	\$ 8,562

Budgetary Resources	Budgetary Obligations Incurred					
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual
Total Resources (\$000) ⁽²⁾	\$ 17,294	\$ 18,385	\$ 24,783	\$ 33,686	\$ 38,729	\$ 29,971

Budget Requests	
FY 2013 Request	FY 2014 Request
\$ 31,131	\$ 31,252

N/A* - Not Available

N/G* - Not Goaled

(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." The "Jobs Supported" indicator has been designated a Performance Goal. Microloans supports the Performance Goal shown in 1.1.

(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

SB Assisted (24% over target) – During FY 2012, the Microloan program devoted attention to strengthening weak intermediary lenders or helping them exit the program. As a result, intermediaries that were using precious resources without producing loans were either eliminated or trained to do a better job. Stronger intermediaries also responded by making more microloans and often making smaller loans. Coming out of the recent recession has challenged the formerly-employed with the concept of self-employment. Data shows that more than 54% of the microloans made were to start-ups. Start-ups require a significant amount of training and technical assistance, affecting the increases in Small Businesses Assisted and Businesses counseled.

Businesses Counseled (17% over target) – Variance explanation same as above.

FY 2012 Accomplishments

In FY 2012 the Agency redoubled its efforts to increase the amount of small dollar lending in the 7(a) program. Since the recession, small business lending and small dollar lending have shrunk dramatically – 14.7 percent and 17.9 percent, respectively. Small dollar loans are essential to the financing of start-ups and small businesses in underserved markets. SBA loans to African Americans are down 86 percent from a FY 2007 peak.

To combat this decline, the Agency engaged in a significant expansion and improvement of the **Community Advantage pilot loan program** in FY 2012. Community Advantage (CA) allows approved mission lenders, including SBA microlenders, certified development companies and Treasury Department Community Development Financial Institutions, to make SBA-guaranteed 7(a) loans up to \$250,000 to targeted, underserved communities. This expansion opened up the program to mission-based organizations that serve underserved markets. With the change, they could become compensated loan referral agents to CA lenders and refer to themselves as Community Advantage Associates. This change could ultimately lead to hundreds of points of access for Community Advantage loans. Improvements made this year in the program's design and structure are also accelerating the pace of adding additional CA lenders. As of September 30, 2012, there were 53 approved CA lenders compared to 29 in FY 2011. The program was also extended an additional three years in order for these significant changes to have time to gain traction and to gauge their impact.

In another bold strategy to combat the decline in small dollar lending, the Agency introduced a major advancement in its **Small Loan Advantage program (SLA)**. First introduced in February 2011, SLA is designed to encourage lenders to make smaller sized loans (defined as \$350,000 or less) receiving a full SBA 7(a) guaranty using a simplified approval process. In June 2012, the Agency went a major step further in simplifying the process while improving risk management. Called SLA 2.0, this new process allows lenders to pre-validate credit worthiness by accessing a credit score of the business from the SBA before a loan approval is given. During its first three months, SLA 2.0 had already approved 2.25 times more loans than it did in its first 16 months, with an average loan size of \$114,000.

During FY 2012, SBA's **Microloan** program approved \$23.9 million in loans to 42 intermediaries. These intermediaries made more than 4,000 microloans with an average size of \$10,800 during the year. Two key barriers for microloan intermediaries were eliminated, boosting program effectiveness and easing access to capital during the second half of each year. Historically, the Agency had required an intermediary to obtain a new loan if it wanted to expand into a new state. As of May 1, 2012, the SBA no longer requires a new loan for multi-state expansion. This change makes it easier for intermediaries to serve regional market-driven areas of commerce. On the same day, the SBA raised the maximum loan size to experienced intermediaries from \$750,000 to \$1.25 million. This change reduces costs for the intermediary by requiring less paperwork and fewer program administration accounts. A newly published Microloan Program Standard Operating Procedures document, effective March 1, 2013, codifies these changes.

FY 2014 Planned Performance

Leveraging **Small Lender Advantage 2.0's** streamlined process to obtain 7(a) guaranties on small sized loans, the Agency expects an increase in the number of small sized loans for FY 2013 and FY 2014, driving a corresponding higher percentage of small size loans to total loans guaranteed by the SBA.

During FY 2014, the SBA will continue to drive the maturation of the **Community Advantage** network. By the end of the fiscal year more than 200 participating lenders and associates are expected to be on board across the nation. Community Advantage loans are expected to average about \$125,000 and disperse more than \$200 million of total capital through mission lenders, with over 60 percent going to underserved

markets. Assuming the program is performing as planned, the SBA will seek approval to make it permanent before it expires in March 2017.

For FY 2014, the **Microloan** program requests a loan subsidy of \$4.6 million to support a program level of \$25 million. For the associated microloan technical assistance grants, the Microloan and technical assistance program is requesting \$19.85 million. The Agency will continue to seek ways to lift barriers for microloan intermediaries and, in turn, ease access to credit for America’s smallest of small businesses. In addition, an FY 2013 review of the program’s regulations is planned to determine where additional program updates can be made. In FY 2013, the Agency will continue upgrading the electronic reporting system which will affect its ability to present data in FY 2014. While the data is not yet conclusive, it is expected that the program changes discussed in the FY 2012 accomplishments will increase microloan volume over time.

Assisting Underserved Markets with Federal Contracting Opportunities

The federal government has a goal of 5 percent of its contracting dollars being awarded to disadvantaged small business owners and 3 percent to small businesses located in economically distressed geographic areas, called Historically Underutilized Business Zones (HUBZones). Winning a federal contract can have an immense effect on job creation, economic development, and capital investment in underserved markets. Many business owners benefit from management and technical assistance in navigating the contract marketplace.

8(a) - Performance Indicator Table (1.6)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
SB Assisted (#)	Output	9,536	9,122	8,854	8,442	7,814	7,388	8,500	-13%	8,300	8,000
Cost per SB Assisted (\$)	Efficiency	\$ 4,320	\$ 5,678	\$ 5,925	\$ 6,730	\$ 7,458	\$ 8,237			\$ 7,942	\$ 8,572

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Request	FY 2014 Request
Total Administrative Resources (\$000)	\$ 41,191	\$ 51,795	\$ 52,458	\$ 56,817	\$ 58,274	\$ 60,855	\$ 65,917	\$ 68,573

Variance Explanation

SB Assisted (13% under target) – The noted variance is attributed to the number of firms that exited the program during FY 2012 and the number of new firms approved to participate in the program during the same period. Approximately 1,200 firms exited the program through program completion, early graduation, termination and voluntary withdrawal. During the same period, the processing of approximately 1,400 new applications was finalized, resulting in the approval of approximately 600 new participants.

HUBZone - Performance Indicator Table (1.6)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
SB Assisted (#)	Output	2,833	3,218	701	6,405	5,801	7,872	9,875	-20%	6,475	6,475
Annual Value of Federal Contracts (\$ Billion)	Output	\$ 8.5	\$ 10.3	\$ 12.4	\$ 12.0	\$ 9.9	\$ 8.2	\$ 13.0	-37%	\$ 13.1	\$ 13.1
Cost per SB Assisted (\$)	Efficiency	\$ 2,389	\$ 2,686	\$ 18,454	\$ 2,649	\$ 2,684	\$ 1,156			\$ 1,539	\$ 1,470
Cost per Federal Contract Dollar (\$)	Efficiency	\$ 0.0008	\$ 0.0008	\$ 0.0010	\$ 0.0014	\$ 0.0016	\$ 0.0011			\$ 0.0008	\$ 0.0007

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Request	FY 2014 Request
Total Administrative Resources (\$000)	\$ 6,767	\$ 8,644	\$ 12,936	\$ 16,969	\$ 15,569	\$ 9,102	\$ 9,966	\$ 9,520

(1) FY 2012 data will not be available until the 3rd quarter FY 2013.

Variance Explanation

SB Assisted (20% under target) – In FY 2012, the SBA removed HUBZone areas in accordance with the 2005 statutorily mandated changes to the Small Business Act, which provided an extended "grandfathering" of qualified census tracts and qualified nonmetropolitan counties that had initially lost HUBZone eligibility as a result of the 2000 Census. During this grandfathering period, these types of areas were termed re-designated. These re-designations expired upon the release of the results from the 2010 Census. As a result, the SBA experienced a decrease in HUBZone applications because firms did not meet one or two of the regulatory requirements associated with HUBZones (i.e., principal office and at least 35% of the firm's employees must reside in HUBZones). The SBA is developing a comprehensive outreach plan in FY 2012 to increase its portfolio of certified small business concerns.

Annual Value of Federal Contracts (37% under target) – In FY 2012, 2,396 HUBZone small business concerns (SBC) were decertified because the addresses where the HUBZone principal offices were located were no longer HUBZone designated. The removal of these firms from the portfolio significantly reduced the HUBZone list of SBCs, which in turn negatively impacted the attainment of the 3% contracting goal to HUBZone firms. The elimination of these HUBZone areas was conducted in accordance to the 2005 statutorily mandated changes to the Small Business Act which provided an extended "grandfathering" of qualified census tracts and qualified nonmetropolitan counties that had initially lost HUBZone eligibility as a result of the 2000 Census. During this grandfathering period, these types of areas were termed re-designated. These re-designations expired upon the release of the results from the 2010 Decennial Census. In FY 2012 the SBA is developing a comprehensive outreach plan to increase its portfolio of certified SBCs to support the accomplishment of the 3% HUBZone contracting statutory requirement.

7(j) - Performance Indicator Table (1.6)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
SB Assisted (#)	Output	2,486	2,021	2,865	3,480	3,550	3,272	3,550	-8%	3,550	3,550
Cost per SB Assisted (\$)	Efficiency	\$ 1,344	\$ 2,356	\$ 1,703	\$ 1,574	\$ 1,832	\$ 1,637			\$ 949	\$ 865

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Request	FY 2014 Request
Total Administrative Resources (\$000)	\$ 3,340	\$ 4,761	\$ 4,880	\$ 5,478	\$ 6,502	\$ 5,356	\$ 3,368	\$ 3,071

FY 2012 Accomplishments

Socially and Economically Disadvantaged Individuals: The 8(a) Business Development program enrolls small businesses with a demonstrated potential for success that are owned or controlled by socially and economically disadvantaged individuals into an up-to-nine-year tenure of dedicated mentorship and opportunity to bid on set-aside and sole-source federal contracts. In FY 2012, approximately 7,815 companies participated at any given time. Nearly 4,000 applications to the program were received, and 500 new companies were approved for program participation. The 7(j) Technical Assistance program provides funds for qualified service providers to offer business development assistance including 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. One vehicle of 7(j) funding has been the **Mentor-Protégé** program which links 8(a) participants with mentors including large businesses and graduated 8(a) firms that provide joint ventures in contract awards and business development assistance. In FY 2012, there were nearly 560 active mentor-protégé agreements and more than 105 joint venture agreements approved. In total, 7(j) funds helped assist 3,304 small businesses in FY 2012.

Economically Distressed Geographic Areas: The HUBZone program is the only federal program that provides a contracting vehicle for small businesses located in economically distressed areas. The principal office of the small business must be located in such a designated area, and at least 35 percent of the employees must reside in any one HUBZone. The public release of the first results of the 2010 Decennial Census that affected the eligibility of HUBZones triggered the loss of HUBZone designation in many areas of the country. As a result the SBA had to decertify over 2,400 firms at the beginning of FY 2012, lowering the portfolio to an average of 5,600 from over 8,500 in January 2011. To augment the portfolio, the SBA conducted more than 80 HUBZone boot camps where over 2,500 individuals learned about program eligibility requirements and benefits. The full impact of these outreach events, however, is not yet evident.

FY 2014 Planned Performance

Socially and Economically Disadvantaged Individuals: The SBA will utilize its broad network of district offices to raise awareness of the 8(a) program and continue using the **7(j) Technical Assistance** program in innovative ways to provide socially and economically disadvantaged firms the training and mentor-protégé assistance that can mean the difference in winning a federal contract. In FY 2014, the SBA will target assisting 6,475 small businesses via the 8(a) program and 3,550 with the 7(j) program.

Economically Distressed Geographic Areas: In FY 2014 the HUBZone program will include a mentor-protégé component to connect HUBZone firms with experienced prime contractors who can serve as mentors and vehicles to expanded opportunities for subcontracting. The HUBZone program will also increase the use of podcasts and web-conferencing to educate small businesses and local economic development agencies on the benefits of the program. In FY 2014, the SBA will target assisting 6,475 small businesses via the HUBZone program.

Offering Training to High-Growth-Potential Small Businesses in Underserved Communities

The Entrepreneurship Education initiative offers high-growth small businesses in underserved communities a seven-month executive leader education series that elevates their growth trajectory, creates jobs, and contributes to the economic well-being of their local communities. Participants receive more than 100 hours of specialized training, technical resources, a professional networking system, and other resources to strengthen their business model and promote economic development within urban communities. At the conclusion of the training, participants produce a three-year strategic growth action plan with benchmarks and performance targets that help them access the necessary support and resources to move forward for the next stage of business growth.

FY 2012 Accomplishments

Entrepreneurship Education has grown from ten to 27 communities since its 2008 inception, including ten Native American-focused communities. In FY 2012, over 450 small businesses participated in the initiative and the alumni cohort grew to 1,400 small business owners who are implementing their growth plans. The SBA performs an annual evaluation of the Entrepreneurship Education initiative to determine its effectiveness. Eighty-five percent of graduates responded they were “satisfied or very satisfied” with the overall training series. Participants in FY 2012 averaged \$2 million in revenue growth (67 percent increase), a 27 percent year-to-year increase in new financing (bringing the program’s total-to-date to \$26.4 million), a cumulative total of \$330 million in government contracts, and the creation of 908 new full-time jobs (an average of 1.9 jobs per business).

FY 2014 Planned Performance

In 2014 the SBA requests \$40 million to deliver Entrepreneurship Education. This initiative brings the proven model of intensive, mid-stage entrepreneurship training to more than 35 new locations around the

country, targeted at filling gaps in underserved and urban markets. A unique feature of the program will include an industry specific grant program to create specific curriculum focused on supporting the supply chain and New American curriculum options. An online initiative is targeted to reach 2,500 small businesses reached through a module-based online learning model. Participants will receive the traditional curriculum, scaled for online delivery, and with the addition of mentor facilitated online training. The Agency will work to leverage local community partners and experts as well as the vast array of SBA programs to support these expanded opportunities to reach high-growth potential firms with public sector contracting, growth and investment capital, and certification programs. The budget request includes funds for administering this initiative and funds for rigorous evaluation to ensure the investment yields the expected outcome results.

Connecting Native American Communities to Federal Small Business Resources

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 procurement 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 with other federal agencies.

FY 2012 Accomplishments

In FY 2012, SBA's Office of Native American Affairs (ONAA) continued supporting Native American communities with its focus on entrepreneurship, accesses to capital and government contracting programs. Over 2,500 individuals registered for the Native American Business Primer, an online training course that provides entrepreneurial education for the Native American small business community.

SBA district offices and resource partners (small business development centers, women's business centers, SCORE, veteran business outreach centers) help entrepreneurs and small business owners start and grow businesses by providing free or low-cost training, counseling, coaching and mentoring to over one million clients a year. In the first three quarters of FY 2012 (the latest data available), the SBA counseled and trained over 15,500 Native American small business owners.

ONAA conducted eight reservation-based entrepreneurial training workshops, delivering technical assistance in Indian Country. The goal of this project was to build entrepreneurial capacity, foster small business growth, ensure sustainability, and stimulate economic development in underserved Native American communities. Over 160 small business owners, tribal leaders, and entrepreneurs received small business development training at eight events that extended across five states: Oklahoma, California, Texas, South Dakota and Washington.

In collaboration with the Federal Reserve Board, ONAA conducted six Uniform Commercial Code (UCC) workshops. The workshops provided information on the benefits of adopting a secured transaction code and available resources for tribes, including a model Code and Implementation Guide developed by the National Conference of Commissioners on Uniform State Laws. The Implementation Guide features plain-language commentary on each provision of the code. It also discusses UCC filing system options for tribes, incorporates a model filing system regulation, and raises important policy issues for tribal legislatures to consider. Over 300 tribal representatives and economic development directors attended the workshops.

Loans supported through SBA's 7(a) and 504 programs provided Native American business owners with \$90 million in FY 2012. SBA's Microloan program provided \$1.5 million in capital to 397 Native American small businesses which represented 8.2 percent of all microloan recipients. This was an increase from the number of Native American borrowers assisted in FY 2011 (222 loans representing 5 percent of all microloan recipients).

FY 2014 Planned Performance

ONAA will continue to focus on its primary mission and goal to support all SBA offices by providing the needed business tools to Native American entrepreneurs. ONAA will also support efforts in providing training to Native Americans in the area of financial literacy, government contracting, and bank readiness.

Helping Women-Owned Small Businesses Succeed

The SBA has three programs – the **Women-Owned Small Business Contracting** program, the **Women's Business Center** program, and the **National Women's Business Council** – that specifically aim to assist women-owned small businesses, a traditionally underserved community. In addition, SBA district offices are provided weekly status updates on the number of women-owned small businesses that are receiving 7(a) and 504 loans.

FY 2012 Accomplishments

The Women-Owned Small Business Contracting program helps agencies and small businesses more easily find opportunities to hit the 5 percent federal contracting goal for women-owned small businesses. In FY 2011, 151 awards totaling \$25.8 million were made under the program. The SBA also conducted approximately 100 program examinations to ensure participant eligibility. The Women's Business Centers (WBC) program is discussed further under Strategic Objective 1.3 while the National Women's Business Council is discussed under Strategic Objective 3.3.

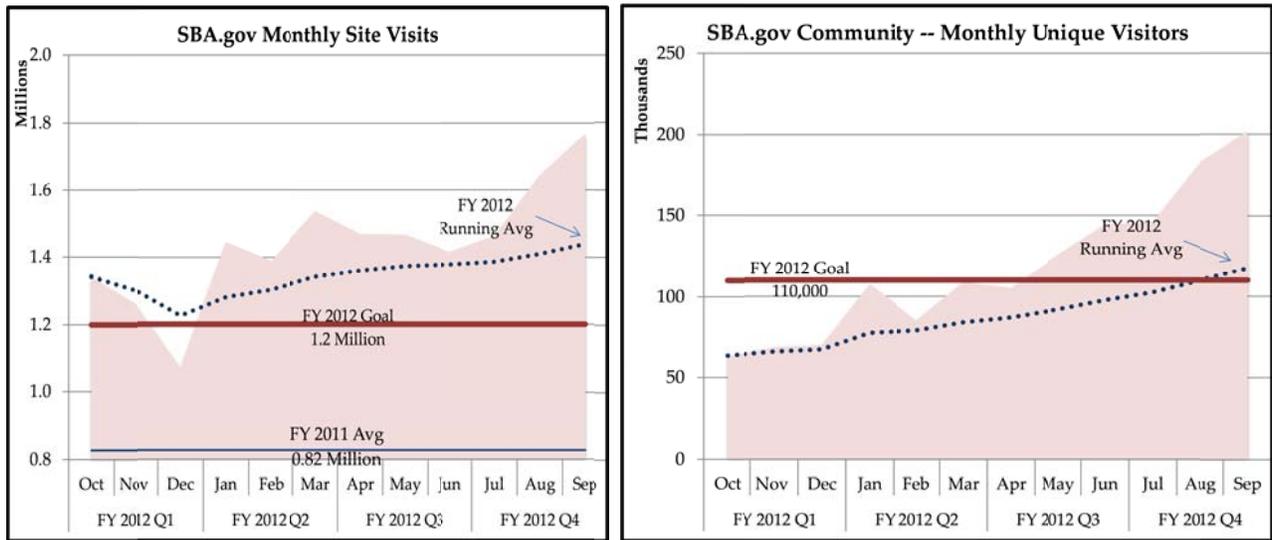
FY 2014 Planned Performance

In FY 2014, the SBA will expand the successful Mentor-Protégé program currently used by the 8(a) program to include the Women-Owned Small Business Contracting program. The Women's Business Center program is discussed further under Strategic Objective 1.3 while the National Women's Business Council is discussed under Strategic Objective 3.3.

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

Strategic 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

Performance Goal
SBA.gov will average 2.5 million monthly site visits in FY 2014.



Small business owners and lenders have limited time and resources. The SBA works to continuously strengthen, streamline and simplify its programs to meet their needs. For example, the Agency has strengthened its human resources capabilities, improved processes for managing fraud, waste and abuse and made strategic investments in its physical and IT infrastructure (Strategic Objectives 2.1, 2.2, 2.3). These ongoing efforts have contributed to improved delivery of services and more efficient processes.

SBA.gov and the Open Government Initiative

As the Internet increasingly becomes a primary point of contact and information for small businesses, the SBA has taken significant steps to upgrade and enhance its website to better meet the needs of small businesses. In the spirit of Web 2.0 and the Open Government Initiative, SBA.gov has been transformed to be a user-centric experience with transparency, participation and collaboration guiding the platform's development. In FY 2012, SBA.gov averaged 1.5 million monthly site visits. By FY 2014, the SBA hopes to have 2.5 million monthly site visits. BusinessUSA.gov builds on the successes of SBA.gov and integrates all government services for small businesses into a single web portal. An interagency discussion on it can be found under Strategic Objective 3.1.

SBA.gov - Performance Indicator Table (2.1)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
SBA.gov Site Visits (#) (Monthly Average)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	1,439,750	1,200,000	20%	2,000,000	2,500,000
Number of Unique Visitors to SBA.gov (#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	950,000	NG*	NG*	1,500,000	1,700,000
Number of SBA.gov Community Unique visitors (#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	117,574	110,000	7%	150,000	170,000

N/A* - Not Available

NG* - Not Goaled

Variance Explanation

SBA.gov Site Visits Monthly Average (20% over target) – SBA.gov site visits have increased over the last year due to enhancements on the site. Primarily, ongoing search engine optimization efforts (SEO) have resulted in improved search results for content searches through popular search engines. In addition, ongoing promotional efforts, including social media have played an increasing level of importance to driving traffic to the site.

FY 2012 Accomplishments

Transparency: The new SBA.gov instituted an advanced search function powered by Google that allows quick and easy access to the most relevant information. The SBA also developed an iPhone app in partnership with Palo Alto Software that helps business owners find the closest counselor affiliated with the Agency. To track transparency efforts, the SBA runs an optional American Customer Satisfaction Index survey to gauge helpfulness of the site. In FY 2012, 75 percent of survey takers responded that they found what they were looking for on SBA.gov. The SBA also has several blogs that provide Agency input on subjects of interest to the small business community.

Participation: SBA.gov now has an “SBA Direct” module that allows users to customize their online experience and quickly access content relevant to them based on business, geographic or demographic information. A public comment tool lets users rate content and provide feedback to the Agency for continual review and improvement. In FY 2012, approximately 8 percent of unique visitors to the site used the SBA Direct tool. An ongoing web chat series gives the public a chance to interact with Agency officials and industry leaders on topics including women’s government contracting programs, disaster recovery, tax planning and starting a business. Finally, SBA.gov has nurtured an online community that enables conversation between small business owners, government representatives, and industry experts. The online community engages citizens to participate through discussion forums that include a broad range of topics relevant to starting and managing a business, staying in compliance with regulations, and understanding government assistance and support programs. In FY 2012, the online community has grown to over 200,000 small business owners. In the 2010 report, the online community had 9,000 users, which represents a 2000 percent increase.

Collaboration: As a direct result of SBA’s efforts to provide easily accessible data sets, the Agency launched the first of many web services through which it hopes to collaborate with the business community to build web applications and solutions. Web services refer to open software systems designed to support machine-to-machine interaction over a network. SBA.gov web services use an Application Programming Interface (API) to enable this interaction. The API is free of charge, requires no registration, and allows for unlimited calls. The SBA developed several web APIs that allow small businesses to search dynamic databases covering opportunities for federal contracts, R&D development grants through the SBIR program, business licenses, permits and registrations needed to run a business, loans specific to their business, and other recommended Internet sites for their business needs. These APIs help small businesses get the information they need quickly and efficiently.

FY 2014 Planned Performance

Transparency: The SBA will continue the integration of SBA.gov and BusinessUSA.gov in order to meet the President's directive of providing an online destination to streamline access to information and facilitate transactions to support small businesses. The Agency intends to explore more ways to create a more robust navigation hub for small businesses involved in the federal contracting arena. In addition, the SBA will engage via its social media tools to solicit and monitor feedback for continual improvement of the site and maintain an official blog to discuss SBA initiatives and events. Further integration with BusinessUSA.gov is expected.

Participation: Total visits to SBA.gov have grown steadily and are projected to average 2.5 million site visits per month. As new tools are added, there is a shift away from usage of SBA Direct. This was exemplified in the latest 2013 data. The trend for FY 2014 is not expected to deviate from this with an estimated 4.9 percent unique visits projected. The SBA hopes to grow the SBA.gov/BusinessUSA.gov community to over 500,000 unique users by FY 2014. An engaged community of small business owners will drive conversation and advice that can positively impact individual businesses and those thinking about starting a business. An integrated BusinessUSA.gov and SBA.gov community will facilitate the integration of both brands and allow for additional segmentation and topics. In addition, the development of new tools for BusinessUSA.gov will be leveraged on SBA.gov in the form of a persistent tool bar that will allow a seamless branding and end-user experience.

Collaboration: By making more data sets public and collaborating with tech-savvy small businesses, the SBA plans on developing new apps and uncovering insights that can have dramatic effects on the efficiency and effectiveness of assistance provided to small businesses.

Building a 21st Century Digital Government

In addition to the streamlining of program operations from paper-based loan application processes to electronic ones (described under Strategic Objectives 1.1 and 1.4), the SBA continuously seeks ways to harness 21st Century technology to run more efficiently, effectively and securely. Following the Presidential Priority Initiative to consolidate data centers, the SBA has embarked on an ambitious undertaking to consolidate information technology (IT) platforms both internally and externally. A standardized and integrated IT architecture boosts efficiency and security as well as improving customer relationship management and service delivery. Finally, the Federal Digital Government Strategy guides agencies to adapt to new technologies such as mobile devices that are increasingly the primary point of access to government services for both customers and employees. Innovations by the SBA that embrace mobile on behalf of customers are discussed more under the Open Government Initiative section.

Chief Information Officer - Performance Indicator Table (2.1)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
Network Availability (%)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	99.8%	99.9%	0%	99.9%	99.9%
Network Response Time (Milliseconds)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	6.20	8.00	23%	8.00	8.00
Incoming Calls to IT Service Desk Resolved on First Call (%)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	99%	80%	23%	80%	80%
IT Security Incidents Reported to US CERT Within Specified Timeframes (%)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	100%	100%	0%	100%	100%
Overall IT Satisfaction (%)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	71%	80%	-11%	80%	80%

*N/A - Not Available

Definitions

Network availability - minutes of all server outages, relative to possible service minutes

Network response time - average latency, in milliseconds, measured across all SBA telecom circuits.

Incoming Calls to IT Service Desk Resolved on First Call - % of incoming calls to IT Service Desk resolved on first call.

IT Security Incidents Reported to US CERT within specified timeframes - % of IT security incidents reported to US CERT within Standard

Overall IT satisfaction - overall ranking of IT from quarterly surveys.

Variance Explanation

Network Response Time (23% over target) – SBA’s conversion to the Network contract enabled the Agency to provide greater bandwidth to most SBA offices, resulting in a 23% improvement in network response time across the Agency’s network.
Incoming Calls to IT Service Desk Resolved on First Call (23% over target) – SBA’s first call resolution rate improved significantly in FY 2012 as a result of expanded training for agency help desk professionals and greater integration among the help desk, the network operations center, and the security operations center.
Overall IT satisfaction (11% under target) – While overall customer IT satisfaction consistently improved over the past year, from 67% in FY 2011 to 71% in FY 2012, challenges remain with an aging infrastructure in need of modernization and refreshment. Additionally, SBA’s customer surveys indicate a need for OCIO to continue building SBA’s capabilities in governance and the management of information technology projects.

FY 2012 Accomplishments

Consolidating Data Centers: Internally, the SBA made progress in data center consolidation by developing and deploying CASE (Common Architecture Service Environment) as an Agency-wide shared development and service technology platform. An Enterprise Change Control Board was established to manage application and system-level changes across the Agency and to mitigate risks associated with such technology changes. Externally, the SBA began the process of moving its data centers to the Department of Homeland Security’s (DHS) data center. The SBA signed an MOU with DHS to converge SBA’s major data centers in Denver and Washington and successfully installed an initial footprint for the SBA’s Loan Management Accounting System (LMAS) in the DHS data center in Clarksville, Virginia.

Securing Data: The SBA leveraged the technology of other federal agencies to build secure IT systems. In FY 2012, the SBA entered into interagency agreements with the Department of Justice to host an automated FISMA (Federal Information Security Management Act) solution, the Department of Homeland Security to perform continuous external vulnerability scanning and threat penetration testing of the SBA network, and the Office of Personnel Management to conduct annual computer security, privacy, and role-based awareness training for all SBA network users.

Enhancing Mobile Technology: SBA’s mobile computing strategy is based on development and deployment around an HTML5-based application layer. To align with the federal “Digital Government” initiative, the SBA identified two applications that will be converted to mobile applications in FY 2013. They are: DSBS (Dynamic Small Business Search), a search tool that accesses information pooled from internal HUBZone, 8(a) and SDB offices, as well as the external Central Contractor Registration system (CCR)/System for Award Management (SAM)); and SBG (Surety Bond Guarantee) – an application designed for reporting the Surety and Preferred Bond Guarantee program and financial information. The SBA continues to pilot secure mobile devices such as tablets and smartphones, and to initiate the first mobile applications in the new HTML5. Because of the flexibilities offered by applications built in HTML5, SBA’s device and infrastructure strategy will be virtually technology agnostic.

FY 2014 Planned Performance

Consolidating Data Centers: The SBA will consolidate legacy systems, data, and hardware to enterprise data centers. The enterprise data centers will be geographically diverse, providing continuity of operations in the event of a disaster, as well as operational redundancy.

Securing Data: The SBA continues to manage and/or implement cyber security cross capabilities that include strong authentication and continuous monitoring intended to enhance information system security and reduce risks. These capabilities include implementing the mandatory use of Personal Identity Verification (PIV) cards to logically access all SBA information systems. In addition, historically stove-piped cyber security practices are being integrated and transformed to allow for near-real-time awareness, risk assessment and mitigation. To support this transformation, the SBA implemented the Cyber Security Assessment and Management (CSAM) tool and plans to implement technologies that support patch, configuration and asset management for all SBA information systems.

Enhancing Mobile Technology: The SBA will redeploy savings from reducing IT duplication into a new voice-over-IP (VOIP) technology system that will be foundational to the Agency's mobile strategy. This project will replace the Agency's rapidly deteriorating telephone systems with new equipment and greatly reduce telephone service fees by leveraging SBA's previous investments in a data network for voice services, including telephony. Voice technology will reduce the plethora of telephone systems with a distributed telephone system residing in secure data centers, eliminate toll charges for forwarded calls, allow a single phone number that rings at an employee's office, smartphone or other phone and, save the Agency \$1 million a year going forward.

Promote Effective and Efficient Operations

Cutting wasteful spending reduces program overhead and thus lets the SBA achieve its mission more efficiently and effectively. In FY 2012, the SBA continued to find efficiencies and reduce costs in a variety of administrative categories in order to meet the Administration's "Campaign to Cut Waste" target for federal agencies of cutting 20 percent from FY 2010 levels by FY 2013.

FY 2012 Accomplishments

Rationalizing Federal Real Estate: The SBA completed a rent reduction review of all its property holdings which identified properties where excess space can be reduced and returned to GSA. The SBA achieved cost savings/avoidance by reducing space by 17,627 square feet at a cost of \$1.1 million.

Reducing Travel: The SBA set up a multi-level approval process for conferences based on costs to ensure the appropriate oversight and justification for incurring conference expenses. Program offices have hard spending caps for travel and there is broad dissemination of travel spending totals by office every month. Program managers use these reports to plan upcoming events and make course corrections as necessary. The SBA also conducted a review of its conferences and determined areas where consolidation or elimination in favor of videoconferencing was merited.

Reducing Fleet Management Expenses: The SBA began implementing strong car-share policies in the field offices – in most instances, offices have one van and one car – as well as moving toward more fuel-efficient alternative fuel and hybrid vehicles. All vehicles acquired as part of SBA's fleet in FY 2012 were alternative fuel vehicles (AFV) which directly aligns with our Fleet Management Plan. Five gas vehicles were switched to AFVs, three additional hybrids were acquired, and an additional eight ethanol/gas vehicles were also acquired.

Reducing Contracts for Management Support Services: As mentioned under streamlining loan processes in Strategic Objective 1.1, the SBA reduced its reliance on management support services most significantly by insourcing over 70 positions in its loan processing centers. Insourcing these positions is expected to save the SBA over \$1.5 million in contracting costs each year.

Strategic Sourcing and Reducing IT Duplication: Strategic sourcing is a strategy that allows the SBA to enter into partnerships across the federal government to better leverage its purchasing power, reduce cost and improve overall performance, particularly in IT spending. During FY 2012, the SBA right-sized its copier fleet, consolidating four contracts into a master contract and reducing the number of copiers from 46 to 32 with a minimal disruption of service. In-house print services were also suspended in favor of utilizing the Government Printing Office and its established vendors. Combined, these two strategic sourcing initiatives for printing reduced SBA's print costs 29 percent in FY 2012 as compared to FY 2010 totals.

FY 2014 Planned Performance

Rationalizing Federal Real Estate: As leases expire on various field offices, the SBA will look for opportunities to consolidate properties by moving into federal buildings and reducing office sizes. The Agency is planning a modernization of its headquarters — space standards for conference rooms and reception areas and new space layouts for teleworkers — that will decrease its real property footprint while providing improved facilities for employees. Due to consolidation, the SBA plans to reduce real property, resulting in a saving of upwards of \$600,000 in rental costs.

The SBA will also tackle real estate reduction in an innovative manner, targeting the space currently occupied by thousands of paper-based records. To take one example, digitization of records in headquarters will free over 1,500 square feet of real estate for employees, saving the Agency approximately \$75,000 a year in rent.

Reducing Travel: The SBA plans to continue to closely monitor travel and conference spending in FY 2014. This includes a senior level authorization for conference events that have a total of \$100,000 in estimated expenses and monitor program office travel regularly. SBA's financial managers will continue to impose program office spending caps on travel expenses and distribute updated reports to maintain full transparency.

Reducing Fleet Management Expenses: The SBA plans to further examine its current vehicle fleet to seek out new ways to reduce the size of its fleet and further reduce the Agency's greenhouse gas emissions. The Agency is considering exchanging the mid-size sedans and light trucks for more compact sedans which should decrease fuel usage. In fact, 26 of SBA's sedans are up for replacement, along with 12 light trucks.

Reducing Contracts for Management Support Services: The SBA is targeting a 10 percent reduction in contracts for management support contracts in FY 2014, based on FY 2010 levels. As an example, the Agency plans to cancel a \$4 million contract that provides IT project management support by FY 2014.

Strategic Sourcing & Reducing IT Duplication: The SBA will aggressively pursue strategies to reduce printing costs in FY 2014 such as moving marketing and training materials to the web; realizing savings from a reduction in copiers; standardizing double-sided printing; and, digitizing paper-based processes for grants, loans and contracts. Strategic sourcing partnerships with other federal agencies to pursue digitization, in particular, will have added benefits of reducing real estate currently devoted to storing paper records. OCIO will employ enterprise architecture to identify and oversee IT-driven business process reengineering opportunities that can improve customer service while reducing costs. Adoption of

an Information Technology Infrastructure Library and consolidation of the Agency “technology refresh” purchases will drive cost savings through economies of scale.

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

The SBA makes training and leadership development an Agency priority. 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. Attracting high quality employees to the SBA is just the start of the process; delivering work-life balance, training, and leadership opportunities once they are on-board allows them to thrive in the workplace and effectively serve small businesses. The Office of Personnel Management’s Annual Employee Survey provides the SBA a basic benchmark to measure employee satisfaction. The SBA is targeting a satisfaction level of 71 percent in FY 2014 compared to 67 percent in FY 2011. The Agency’s Strategic Human Capital Plan takes into consideration these expectations and provides a framework for effectively improving its human capital management challenges.

Human Resources Solutions - Performance Indicator Table (2.2)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
Annual Employee Survey of Overall Satisfaction Rating (%)	Outcome	N/A*	66.9%	72.2%	66.7%	67.0%	66.0%	71.0%	-7%	71.0%	71.0%
Average Number of Days for SBA "Time-to-Hire" (Days) ⁽¹⁾	Efficiency	N/A*	75	76	97	112	154	100	54%	80	80
Retention Rate for New Hires (%)	Outcome	N/A*	N/A*	N/A*	N/A*	79%	80%	80%	0%	85%	88%

*N/A - Not Available

*TBD - To be Determined

(1) This number should be compared to OPMs standard of 80 days.

Variance Explanation

Average Number of Days for SBA "Time-to-Hire" (54% over target) – This indicator was influenced by several contributing factors. In FY 2012, SBA’s VERA/VSIP created a significant increase in the number vacancies. This caused the SBA to reallocate FTE resources and subsequently a spike in the number of recruitment actions being processed by HR specialists. During the year, many of the recruitment actions were advertised using merit promotion and delegated examining announcements, many at multiple grade levels. This greatly increased the job certificates review and management hiring decisions time. Also, the on-going economic recovery, coupled with the end of the Iraq War in 2012, contributed to a significantly high volume of qualified applicants. Consequently, the HR staff had many job certificates with 100s of qualified individuals. These are some examples of actions outside of OHRS’ control that weighed heavily on the “Time-to-Hire” average for 2012.

Hiring Quality Employees

Timely recruitment and retention of quality people helps the SBA stay competitive, have the “right people doing the right job,” and meet current and future mission requirements.

FY 2012 Accomplishments

For the first time, the SBA developed and deployed a web-based management reporting tool, RASCO (Recruitment, Assessment, Selection, Credentialing and Onboarding), to track and report on the effectiveness of the Agency’s hiring process. The RASCO tool tracks every recruitment action from vacancy announcement to filling the vacancy; allows senior management to identify recruitment bottlenecks; and provides managers with timely and accurate information for staffing decisions. The SBA also built a hiring toolkit to help managers understand the hiring process and potential hiring flexibilities. Due in large part to the VERA/VSIP (Voluntary Early Retirement Authority and Voluntary Separation Incentive program) offer (detailed later under **Strategic Succession Management**), the SBA had an unusually large volume of vacancies and hiring actions in FY 2012; the time-to-hire averaged 154 days. A temporary inter-agency agreement with the Office of Personnel Management for staffing assistance greatly assisted with hiring new employees and lowering the average days time-to-hire required to backfill vacant mission critical job vacancies.

The SBA strives to have a workforce representative of the American public. In FY 2012, the Agency participated in diversity job fairs Washington, D.C. and Denver, as well as several veterans' job fairs. As a result, 18 percent of SBA new hires came from the burgeoning veteran population, beating an Agency target of 13.6 percent. In addition, during the summer the SBA used the federal Student Temporary Employment Program (STEP) and the District of Columbia Summer Youth Employment Program (SYEP) to expose high school and college students to the Agency's work. While providing STEP and SYEP employment opportunities in FY 2012, the SBA actively revised its student and recent graduate recruitment program. In support of the Administration's Executive Order to become more competitive with the private sector, the SBA successfully transitioned from the STEP program to the federally mandated PATHWAYS Program.

FY 2014 Planned Performance

The SBA will continue enhancing the new RASCO tool to create better matches for managers and new hires; the Agency will target 75 percent quality of new hires in FY 2014 compared to 68 percent in FY 2011. During FY 2014, SBA's new HR e-tool, Workforce Analytics, will be a fully operational integrated workforce planning system used to guide the strategic structuring of the workforce. These HR tools will be critical to further streamlining hiring and internal training. And, the SBA will continue to use best practices and strategies to meet its 80 day time-to-hire goal in FY 2014.

Boosting SBA's Rank on "Best Places to Work"

The Partnership for Public Service publishes an annual ranking of the "Best Places to Work in the Federal Government" (<http://bestplacestowork.org/BPTW/rankings/overall/>) based on OPM's Annual Employee Survey. Both a reflection of current employee satisfaction and a potent force for attracting new employees, taking steps to improve SBA's ranking is an important strategy for the Agency. Three targeted areas for improvement based on SBA analysis are: training, work-life balance, and management relations.

FY 2012 Accomplishments

More Training Opportunities: Identified as a key desire from employees in the FY 2011 Employee Survey, the SBA made significant enhancements in its training and development programs. The Agency developed and delivered a comprehensive performance management training course for more than 80 front-line managers and supervisors. The training received federal-wide recognition and moved the Agency to use data-driven decision-making and management recommendations. Already, the seeds of Agency-wide initiatives to get ahead of the retirement wave and better target underserved markets in the loan programs have emerged from the training. In addition, the Administrator has made offering training to build core competencies in non-supervisory staff a key component of the Agency's training platform. The Agency also launched an ambitious leadership development program that is discussed in the section on strategic succession management.

Promoting Work-Life Balance: In response to FY 2011's Employee Viewpoint Survey, the SBA aggressively pursued enhancing work-life balance for its employees. OHRS led seminars and held screenings for employees in areas such as financial and retirement planning, stress management, heart health, cancer prevention, mental illness, physical fitness, and healthy nutrition. Events such as "Bring Your Daughters and Sons to Work Day," Red Cross Blood Drive, Public Service Recognition Week, SBA Employee of the Day, SBA Wednesday Health Walks, and the SBA Night at the Ballpark all contributed to building team morale. The SBA also promoted giving back to the community with Fed Feeds Families and the Combined Federal Campaign. Strong support for telework and alternative work schedules gave employees the flexibility they want. In particular, a concerted effort for teleworking in FY 2012 led to a 45 percent telework participation rate for the Agency, significantly higher than the federal average of 25 percent

Improve Union Relations: The SBA continues to build on its collaborative relationship with the American Federation of Government Employees Union (AFGE). The parties signed the Agency's Master Agreement in early 2013; and, the SBA and the AFGE held several collaborative pre-decisional conditions of employment and other permissive matters meetings affecting all SBA employees.

FY 2014 Planned Performance

More Training Opportunities: The SBA will grow and cultivate internal staff members with demonstrated leadership potential to counter the anticipated shortage due to retirements over the next five years. With integrated workforce planning and learning management systems, the SBA will be able to revise training plans and strategies to build competencies and skills where gaps are found.

Promoting Work-Life Balance: The SBA will continue to promote teleworking and flexible work schedules in FY 2014. New initiatives, seminars and events will be determined in tandem in a series of "unplugged" online interactive forums between the chief human capital officer and employees. Results from the FY 2013 Employee Viewpoint Survey will provide critical feedback on existing initiatives and specific topics relative to the SBA and employees' job satisfaction to focus on in FY 2014.

Union Relations: The SBA and AFGE plan to restructure their Partnership Council in FY 2014. The parties will also continue to collaborate on pre-decisional conditions of employment and explore other opportunities to build cooperation on issues affecting all SBA employees.

Strategic Succession Management

It is well documented that the federal government is top heavy with retirement-eligible Baby Boomers. At the SBA, more than one-third of employees are eligible to retire immediately. The percentage will jump to 50 percent over the next few years. The SBA must proactively navigate the retirement wave while building leaders for the future.

FY 2012 Accomplishments

The SBA took a major step to right-size its workforce in FY 2012. It set full-time equivalent (FTE) personnel ceilings for every program office and identified the mission critical occupations. This helped reduce duplication of efforts. One example is the consolidation of the FTEs who perform the 8(a) reviews (described under Strategic Objective 2.3) into the office responsible for contracting programs rather than the more generic field offices.

In FY 2012, the SBA received approval to offer a limited VERA/VSIP program to effectively manage the departure of a portion of its aging workforce. The success of the program was evidenced by 180 employees accepting VERA/VSIP offers, and all were transitioned from the Agency's rolls in less than 120 days. Doing so allowed the Agency to strategically reshape its workforce in an orderly fashion that did not impinge on its ability to fulfill its mission to America's small business community. At the same time, the VERA/VSIP exercise and its attendant FAQ sessions gave more employees the opportunity to make informed decisions about their future, including retirement planning.

Continuing an on-going program to attract and train the next generation of leaders, the SBA participated in several government-wide leadership programs and launched its own Leadership Development Program (LDP). The Agency welcomed several new Presidential Management Fellows and selected five highly motivated employees for the Partnership for Public Service's Excellence in Government Fellows Program. As part of their fellowship, the latter group helped improve the Agency's on-boarding process which has a direct correlation to new employees' first impressions and outlook of their new employer. The LDP kicked

off with approximately 200 SBA employees identified to participate in the program's multi-year curriculum in job skills and professional development training in exchange for two years of continued service with the Agency. The LDP training has a three-pronged design, emphasizing leadership development, project management, and decision support.

FY 2014 Planned Performance

The SBA will use the Leadership Development Program, the federal government's Pathways Program and various federal fellowship programs to build a strong crop of future leaders.

Modernizing and Integrating HR Systems

Improving the systems that undergird human resources is crucial for lowering costs, planning workforce development, and tracking personnel performance management.

FY 2012 Accomplishments

In FY 2012, the SBA started the exciting move from legacy HR manual systems to OPM's Human Resources Line of Business (HRLoB) e-tools. This transition will help the Agency modernize; realize operational cost savings, and; strategically link performance management, workforce planning and training management into a fully integrated web-based platform. The new workforce planning system e-tool will help the SBA manage its current workforce and assess its future workforce needs. A new performance management system e-tool lets the SBA ensure that employee performance expectations have a direct connection to the Agency's mission and strategic goals. In FY 2012, OHRS received an informal notice from the Agency's Payroll provider that it intended to "sunset" its current Time and Attendance System in late FY 2013 or during FY 2014. In response, the SBA began the planning phase of acquiring and migrating to a fully automated Time and Attendance e-tool. Finally, a new learning management system e-tool enables the management, delivery and tracking of blended learning (i.e. online and traditional classroom) as well as the provision of real-time training resources to employees.

FY 2014 Planned Performance

The SBA will pursue procurement of additional HRLoB e-tools in order to provide enhanced HR services in a way that modernizes operations and provides cost savings to the Agency. With the retirement of the National Finance Center's STARWeb Time and Attendance (T&A) system in FY 2013, the SBA will pursue and acquire a new T&A system. The SBA envisions completing the transition for its partly manual T&A system to a fully automated e-tool during FY 2014. The Agency will also complete the final enhancements to its new Talent Management System which include a Learning Management System and Performance Management System. As stated, the SBA is implementing a new workforce planning system, HR e-tool: Workforce Analytics. Coupled with a new T&A e-tool, these systems will give the SBA critical added capacity to effectively and efficiently provide timely HR solutions and resources to support strategic imperatives. These systems will track employee performance, provide timely and needed automated succession planning, and link individual employee development and training with operational and strategic performance management.

Strategic 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 SBA takes a zero tolerance stance on fraud, waste and abuse in all of its programs. Over the last three years, the Agency has engaged in an extensive review and redesign of both its government contracting and lender oversight activities. The results have been tangible.

With an outstanding loan portfolio of over \$100 billion, more than \$20 billion in new loans each year, oversight of small businesses’ eligibility in tens of billions of government contract set-asides, a network of hundreds of grantee partners delivering counseling and training to over a million clients a year, and direct fiscal responsibility for a nearly \$1 billion annual budget, the SBA has an extraordinary responsibility to taxpayers to mitigate risk and conduct oversight over its programs. The SBA mitigates risk and improves oversight through robust certification processes to reduce fraud in contracting programs, targeted on-site and off-site reviews of financial and counseling partners, innovative technological solutions, and a staff dedicated to sound financial management within the Agency.

Risk Management - Performance Indicator Table (2.3)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
Number of Full Risk Based Reviews of Lenders (#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/G*	N/G*	30	30
Number of Targeted Risk Based Reviews of Lenders (#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/G*	N/G*	40	40
Number of Select Risk Based Reviews of Lenders(#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/G*	N/G*	110	110
Number of Supervision and Enforcement Actions (#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	3	N/G*	N/G*	5	5
Completed Annual 8(a) Reviews (%)	Output	100%	100%	100%	99.4%	99%	101%	100%	1%	100%	100%
Completed Annual 8(a) Reviews (#)	Output	5,881	5,999	7,250	7,720	7,302	6,860	6,863	0%	7,610	7,335
HUBZone Site Visits (%)	Output	N/A*	N/A*	100%	141.9%	99%	119%	100%	19%	100%	100%
HUBZone Site Visits (#)	Output	615	680	911	1,070	988	788	600	31%	500	500
Number of Financial Reviews of Entrepreneurial Development Resource Partners (#) (1)	Output	N/A*	N/A*	N/A*	N/A*	45	49	45	9%	75	75
Number of Quality Assurance Reviews of Disaster Assistance Program (#)	Output	N/A*	N/A*	N/A*	N/A*	2	3	1	200%	4	4

N/A* - Not Available

N/G* - Not Goaled

(1) For FY2013 we changed the definition of the metric for financial examinations from examinations conducted to reports issued.

Variance Explanation

HUBZone Site Visits (%) (19% over target) – For FY2012 the size of the Agency’s HUBZone portfolio has been reduced. This is the result of strong improvements in the certification/recertification process for HUBZone firms and HUBZone rezoning related to the 2010 Census. With the overall Agency portfolio reduced in size, OFO’s Site Visit requirements of the portfolio were reduced accordingly from the original planned goal. OFO did how ever exceed its planned goal of site visits from a percentage of the portfolio standpoint.

HUBZone Site Visits (#) (31% over target) – For FY2012 the size of the Agency’s HUBZone portfolio has been reduced. This is the result of strong improvements in the certification/recertification process for HUBZone firms and HUBZone rezoning related to the 2010 Census. With the overall Agency portfolio reduced in size, OFO’s Site Visit requirements of the portfolio were reduced accordingly from the original planned goal. OFO did how ever exceed its planned goal of site visits from a percentage of the portfolio standpoint.

Number of Quality Assurance Reviews of Disaster Assistance Program (#) (200% over target) – ODA expanded the Quality Assurance program

Certify, Monitor and Enforce Eligibility in Contracting Programs

The SBA has a three-pronged strategy for combating fraud, waste and abuse in small business contracting programs. The first is designed to ensure there are effective certification processes that provide clear and comprehensive eligibility screening on the front-end to make sure only qualified, eligible firms participate in the programs. The second is conducting continued surveillance and monitoring of firms once they are in the programs. The third prong of the strategy is taking robust and timely enforcement on any non-compliant or fraudulent firms. The SBA has a range of enforcement tools to use when a firm is identified as ineligible (or no longer eligible) to participate in SBA programs. Certain firms may not be aware that they are out of

compliance and simply withdraw when made aware of their ineligibility. Others are bad actors, taking intentional and often fraudulent advantage of SBA programs. The SBA has no tolerance for firms found to be acting fraudulently.

FY 2012 Accomplishments

Certify: The SBA completed a comprehensive legacy portfolio review of HUBZone firms certified prior to the FY 2009 policy of a full documentation review for initial certification. As a result, over 4,000 firms were removed from the HUBZone program. In FY 2012, the SBA conducted 600 site visits to HUBZone firms to validate the geographic requirement for principal offices.

Monitor: The SBA uses HUBZone Certification and Tracking System and the Business Development Management Information System (BDMIS) to monitor applicants and certified firms in the HUBZone and the 8(a) Business Development program.

Enforce: The SBA ousts fraudulent firms from its contracting programs and from doing business with the government generally. Fraudulent activity is referred to the SBA's suspension and debarment officials, the inspector general, and/or the Department of Justice. Concerted efforts were made in FY 2012 to reduce ineligibility due to ignorance; a comprehensive review of all current firms was conducted and new policies and procedures enacted. The SBA suspended, proposed for debarment, or debarred over 17 firms and individuals involved in procurement misconduct.

FY 2014 Planned Performance

Certify: Planned outreach conducted via SBA's district offices, including podcasts and web-conferencing, will better prepare firms to obtain and maintain certification, thus decreasing the number of withdrawals, declines, and de-certifications due to unintentional non-compliance issues.

Monitor: Portfolio monitoring will include annual program examinations of firms receiving HUBZone contracts. The SBA also plans to conduct HUBZone site visits to 10 percent of its portfolio.

Enforce: The Suspension and Debarment Task Force at the SBA, chaired by the general counsel, will work closely with the Agency's inspector general to identify bad actors, vigorously pursue them, and expel them from further government business. The SBA intends to continue to send the message that it takes enforcement seriously and will come down hard on those who seek to take unfair advantage of SBA programs and services to the detriment of the many honest small businesses that depend upon those programs and services.

Conduct Risk Based Reviews of Financial and Counseling Partners

A carefully calibrated mixture of on-site and off-site reviews of SBA's various partners lets the Agency mitigate risk in a cost-effective manner. Multi-stage portfolio monitoring and certifications allow staff to determine the potential risk of each partner and whether an in-depth site review or less invasive off-site review is warranted.

FY 2012 Accomplishments

Financial Partners: The SBA monitored all Agency 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, the quarterly credit scores for these loans, and quarterly Lender Risk Ratings for all active lenders. In addition, the SBA performed 182 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.

Counseling Partners: In FY 2012 the SBA centralized oversight activities for counseling programs into a single **Financial Examination Unit (FEU)** to establish a common framework and consistent standards for compliance reviews. FEU developed a tier-based risk assessment model to guide its activities. Level 1 status of self-certification is accorded to small business development centers (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. Regardless, all SBDCs are required to undergo an on-site visit every six years; 14 SBDCs received an exam this year. In FY 2012, FEU conducted 8 Level 1 exams, 8 Level 2 exams, 15 Level 3 exams, and 14 compulsory on-site visits for SBDCs. Women's business centers (WBCs) are likewise examined on-site at least once every three years, with priority given to those deemed at risk. In FY 2012, 25 WBCs received a financial exam. In a few instances, the SBA recouped money from WBCs that did not have sufficient documentation to substantiate grant charges. The SBA has proactively mitigated risk in the counseling programs by providing centers with training, classroom instruction and education materials such as FAQs. The WBC program has partnered with the Department of Health and Human Services, using their sophisticated grant payment system to maintain strong internal controls, preventing WBCs from drawing unauthorized funds, and freeing up staff to focus more on oversight. The SBA also conducts programmatic reviews of its counseling partners on an annual or biannual basis to ensure proper use of grant funds.

FY 2014 Planned Performance

Financial Partners: In FY 2014, The SBA will monitor all Agency lenders through programmatic reviews by conducting a portfolio diagnostics of all lenders through L/LMS that tracks the monthly performance of all 7(a) and 504 loans, the quarterly credit scores for these loans, and quarterly Lender Risk Ratings for all active lenders. The SBA will conduct 30 full, 40 target, and 110 select lender risk-based reviews 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) are managing their portfolios in a prudent manner.

Counseling Partners: In FY 2014, the SBA will target 24 tier-based risk reviews (the level of each review is determined after the risk assessment is completed) of SBDCs, 7 compulsory on-site SBDC reviews, and 44 on-site financial exams of WBCs. The tier-based risk assessment will be expanded to include WBCs in FY 2014, letting low-risk WBCs receive a desk audit rather than on-site review. Close coordination and training of district office staff that make the majority of site visits will help mitigate risk and provide strong programmatic oversight of the counseling programs. Continued standardization of practice and measures by FEU will spur enhanced and efficient risk-based assessments in FY 2014. The SBA will continue to conduct programmatic reviews of its counseling partners on an annual or biannual basis to ensure proper use of grant funds.

Use Technology to Enhance Risk Management Practices

Technological solutions allow the SBA to use complex analytics to continuously monitor both overall and individual loan and investment portfolios without incurring exorbitant travel costs to visit every single lender. Recent innovations in systems will allow even greater oversight of contracting programs while increased use of electronic applications in SBA's loan programs can catch errors earlier and reduce fraud, waste, and abuse.

FY 2012 Accomplishments

The SBA modernized its loan accounting environment by completing the migration of liquidation, litigation, disbursement, and charge-off screens to a web environment. It also developed *7A Connect* which provides lending partners and loan processing center staff with an integrated view of the loan portfolio

data such as loan activity, performance and risk. The SBA also upgraded the electronic loan reporting system for its Microloan program. In FY 2012, the SBIC program completed development of the first phase of a web-based information system which will allow access quickly and accurately to data on both the overall investment portfolio and individual SBICs. This system will go into production in FY 2013. The SBA also introduced a new scorecard and risk rating tool which, when coupled with the new information system, will better inform decisions on leverage and subsequent fund requests in the SBIC program.

FY 2014 Planned Performance

The Microloan program intends to use its upgraded reporting system to eventually install a certification process for its partners. The SBIC program will continue to unfurl more analytical tools from its new system and refine its risk rating metrics.

FY 2014 Planned Performance

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Ensure Sound Internal Financial Management

A dedicated staff in the Office of the Chief Financial Officer ensures the SBA has adequate internal controls in its various programs, correctly accounts for the spending of appropriations, and reduces improper payments. Meanwhile, the Office of Field Operations conducts Quality Service Reviews 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. Quality Service Reviews 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.

FY 2012 Accomplishments

Maintaining Strong Internal Controls: In FY 2012 the SBA received a clean audit with an unqualified opinion and no material weaknesses for the sixth year in a row. In addition, the Agency's Annual Financial Report won its fifth straight CEAR award for excellence in accountability reporting. A notable process improvement in the accounting office reduced interest penalties paid by the SBA 65 percent compared to FY 2011 while ensuring over 99 percent of invoices were paid in time. Redesigned procurement procedures and policies led to greater data quality in SBA's contracts. Several new weekly dashboards also assisted the Agency's efforts in reaching several goals (see Strategic Objective 2.1, Promote Effective and Efficient Operations). The SBA provided training to managers on internal controls and performed on-site internal control assessments in FY 2012, covering offices with activities related to the 7(a) loan program, the Disaster loan program and the Small Business Investment Company program as well as financial processes such as payroll, grants management, purchase cards, and acquisitions. The SBA also documented the processes 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.

Decreasing and Recapturing Improper Payments: The SBA tracks improper payments, which include both overpayments and payments without sufficient documentation, in its various financial assistance programs and its own contracting activities. In FY 2012 the SBA reported a slight increase in improper payment rates for its loan guaranty programs due to an enhanced review procedure which identified more errors. Specifically, 7(a) guaranty purchases went from 1.73 percent to 3.2 percent; 7(a) guaranty approvals went from 0 to 1.8 percent and CDC loans went from 0 to 2.0 percent. The improper payment rate for the

Disaster loan program decreased significantly from 28.4 percent to 17.9 percent in FY 2012. Documentation errors are the root cause of most of SBA's improper payments and concrete steps have been taken to address them. The improper payment rate for disbursements related to contracting was reported for the first time in FY 2012 after being identified in FY 2011 as a process susceptible to improper payments. The 9.6 percent improper payment rate for disbursements related to contracting is another area where SBA's actions decreased the susceptibility to improper payments identified in FY 2011, its pilot year, due to better documentation. After an internal reorganization of the procurement function in FY 2011, the SBA developed a contract review checklist to identify all missing documents in legacy contracts and enhanced the intake checklist for invoices to better assess their acceptability. The SBA conducted an analysis to revise the Agency's SOP.

The SBA established a Quality Service Review task force to better align SBA goals with available resources in the field. The review process was revamped to include IT resources to assist district offices with their portfolio management, oversight, and reporting capacities. Additional focus on oversight compliance was integrated into performance ratings. In FY 2012, 15 district offices went through the Quality Service Review process and offered 200 recommendations to identify and resolve fraud, waste and abuse in SBA's programs, with 95 percent implementation.

FY 2014 Planned Performance

Maintaining Strong Internal Controls: The SBA will perform on-site internal control assessments of various field and headquarters offices and provide internal controls training to improve procedures and reduce costs. The Agency will continue to examine ways to better match operational resources in district offices with their compliance and programmatic responsibilities in a Quality Service Review process. In addition, the SBA will strive to maintain an unqualified audit opinion with no material weaknesses on its annual financial statements in FY 2014.

Decreasing and Recapturing Improper Payments: With publication of the FY 2012 Annual Financial Report in November, the SBA revised its expectations for improper payment rates for the various programs. Quality assurance reviews, in addition to the improper payment reviews, are performed in the loan centers which facilitate the identification and correction of areas of concern in a timely manner. Training and re-training ensure that the staff is aware of all requirements. Continued training and process enhancements in contracting will likewise reduce the documentation errors that contribute to the improper payment rate. Recovery efforts to recapture all overpayments in all programs and activities will continue when improper payments are identified.

Strategic Goal Three – Serving as the voice for small business

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

As the voice of small business, the SBA works to advocate for small business owners and entrepreneurs across government agencies. The Agency takes a leadership role in ensuring effective delivery of federal small business programs and services, collaborating across a broad array of agencies. The SBA 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 across the federal government.

SBA's FY 2014 budget request ensures that the Agency's active participation in interagency initiatives, such as Start Young with the Department of Labor and HUBZone recruitment with the USDA, will continue and that small businesses have "a seat at the table" in key policy discussions across the government. Key SBA interagency priorities in FY 2014 are:

- Supporting place-based growth initiatives such as Regional Innovation Clusters, Growth Accelerators, and Entrepreneurship Education
- Addressing the needs of underserved communities, including building on successful rural and veterans initiatives such as SBIC's Impact Initiative and Boots to Business entrepreneurial training
- Supporting American manufacturing through supply chain opportunities, exporting, and insourcing
- Supporting Economic Diplomacy

BusinessUSA

The **BusinessUSA** initiative was launched in FY 2012 to provide small businesses with an easy-to-use, consolidated website and toll-free telephone number for the many government small business resources found in 10 federal agencies. It is a "No Wrong Door" approach for small businesses and exporters, creating a common platform to match businesses with the services relevant to them, regardless of where the information is located or which agency's website, call center, or office they go to for help.

FY 2012 Accomplishments

The SBA launched the BusinessUSA.gov website, a central contact center through 1-800-FED-INFO, and inter-agency collaboration to support improved business assistance and enhanced customer service. U.S. small businesses and exporters access the Department's business-facing programs, resources and services through BusinessUSA. More importantly, BusinessUSA has helped make it easier for them to find the information they need across the government. Since the release of the website, from February 17 through September 30, 2012, there were 623,000 visits, nearly 1.7 million pages viewed, over 35,000 content subscribers, nearly 20,000 twitter followers, and 62 links from partner websites to BusinessUSA. BusinessUSA greatly expanded the number of business-facing resources (programs, services, tools and data) in one central location from 297 to 1,200 federal, state and local entities. In addition, it has promoted over 130 success stories and 4,500 local business related events.

FY 2014 Planned Performance

The SBA will accelerate the development of new features, tools, services and infrastructure. BusinessUSA will continue to support the digital initiative and encourage other federal agencies to permit electronic

consumption of content via Application Programming Interface. The SBA requests \$6 million to continue scaling BusinessUSA into a robust, customer friendly system that supports U.S. small businesses and exporters to access the broad range of federal, state and local business-facing resources. The investment will build an online navigation system for federal contracting and offer more tools and modules on how to work with government on contracting. The Agency also intends to explore more ways to solicit feedback from small business owners through social media.

Boots to Business

To support the hundreds of thousands of returning service members, the SBA entered into a comprehensive partnership with the Department of Defense and Department of Veterans Affairs to offer entrepreneurship training and counseling as part of the revamped Transition Assistance Program. A pilot project with the Marine Corps in FY 2012 at four bases reached over 20,000 service members and gave 3,000 veterans who opted-in an additional eight-week online training. In FY 2014, the SBA plans to roll out *Boots to Business* to all branches of the military in many locations, exposing 250,000 service members annually to entrepreneurship and providing 15,500 of them with extended training and support. The SBA requests \$7 million in funding for this initiative for FY 2014. To see more on the makeup of this program, please see its section under Strategic Objective 1.3.

National Export Initiative

In the 2010 State of the Union address, President Obama announced the National Export Initiative (NEI) to double U.S. exports over the next five years. The SBA 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 Small Business Jobs Act of 2010 established the State and Trade Export Promotion (STEP) program to provide matching federal funds to states and territories to carry out export promotion efforts such as trade missions, international marketing efforts, business counseling, export trade show exhibits, etc. This pilot program will last two years and help identify and prepare small businesses for exporting

FY 2012 Accomplishments

In FY 2012, the SBA created infrastructure, policies, and procedures needed to administer the STEP program, and awarded the second round of grant funding — 52 awards totaling \$30 million. Results for the program are very strong.

Based on reports from STEP grant recipients, under the initial \$29 million round of grants, STEP clients achieved immediate export sales of \$68 million, attributable to assistance under the program. This represents a return on federal investment of 2.3:1. Further, STEP clients estimated export sales of \$636 million by September 30, 2013, as a result of the program. This represents a return on federal investment 22.0:1. On a state-by-state basis, results are even more impressive. For example, Tennessee STEP clients achieved immediate export sales of \$8.9 million, yielding a return of 23.8:1, on a federal investment of \$375 thousand. Further, Tennessee STEP clients estimated sales of \$24.6 million by September 30, 2013, representing a return on federal investment 65.5:1. Over time, levels of return on federal investment can be expected to grow. Note that a number of grant recipients received carry-forwards of funding. These carry-forwards will expire from March 31, 2013 to September 29, 2013.

FY 2014 Planned Performance

The SBA requests \$2 million in FY 2014 to further the activities of the Export Promotion Cabinet. Interagency efforts such as a bundled financing package called Global Business Solutions, extensive training and outreach efforts, and work with domestic and international trade shows in support of the National Export Initiative can be found under Strategic Objective 1.5.

Partnering with Faith-Based and Neighborhood Organizations

SBA's **Center for Faith-Based and Neighborhood Partnerships** assists faith-based and community organizations to support and promote entrepreneurship by building awareness of SBA's programs in the communities they serve.

FY 2012 Accomplishments

The center raised awareness of SBA programs via weekly presentations and speeches to a number of national, regional, and local organizations. One particular highlight was planning and executing an interagency symposium attended by over 250 faith and community leaders at Norfolk State University entitled *Faith and Neighborhoods in Action: A Symposium to Address Economic Recovery through Strong Communities and Job Creation*. The Center's participation on the Federal Interagency Re-entry Council helped to clarify SBA loan eligibility requirements for formerly incarcerated individuals. The center also submitted a proposal to partner with USAA (a major provider of financial services to military and veterans' families) to launch an in-house microloan fund to support veteran entrepreneurs. In addition, the center recruited non-profits to SBA's Microloan program and worked with prospective intermediaries to ensure they fully understood the program's application requirements.

FY 2014 Planned Performance

The Center will work closely with SBA program and district offices to increase collaboration with faith-based and neighborhood organizations. To build awareness of SBA's programs with non-profits as well as with their congregants, members and neighbors, the Center will participate in various outreach activities, e.g. business panels, conferences and speeches. In addition, the Center will continue to take a proactive role in recruiting non-profit organizations to become Microloan intermediaries.

Strategic Objective 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 and improving small business research

The SBA continues to play a critical role in the Administration’s ongoing efforts to reduce regulatory barriers to entrepreneurship, innovation, and U.S. competitiveness. As part of the Start-Up America initiative, government leaders met with more than 1,000 entrepreneurs across the country to talk about ways to reduce barriers for small business growth. These conversations continue to guide SBA policy and programmatic decisions. In addition, SBA’s national ombudsman plays a key role in helping small business owners deal with specific regulatory burdens and challenges that result from federal agency processes. SBA’s independent Office of Advocacy contributes significantly to Strategic Objective 3.2 as well; in FY 2014, Advocacy expects its intervention activities to reduce the small business regulatory burden by at least \$6.5 billion. The Office of Advocacy’s robust description of their strategic goals, accomplishments, performance plan and budget justification can be found in their separate budget submission.

Maintain an Ombudsman to Receive Comments from Small Businesses

SBA’s national ombudsman helps address issues associated with unfair enforcement of regulations. The SBA works with all federal agencies 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 ombudsman prepares an annual report for Congress regarding its activities as the “voice for small business” under unfair and excessive regulations.

Ombudsman - Performance Indicator Table (3.2)

Performance Indicator	Type of Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2012 Target	FY 2012 Variance	FY 2013 Target	FY 2014 Target
Days in Processing to Send Comments to Agencies (Days)	Output	N/A*	N/A*	N/A*	N/A*	2	4	4	0%	4	4
Days in Processing to Send Agency Responses to Commenter (Days)	Output	N/A*	N/A*	N/A*	N/A*	2	4	4	0%	4	4

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Request	FY 2014 Request
Total Administrative Resources (\$000)	\$ 1,375	\$ 1,518	\$ 1,622	\$ 1,426	\$ 1,787	\$ 1,770	\$ 1,887	\$ 2,042

*N/A - Not Available

FY 2012 Accomplishments

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 (ONO). In some cases, fines have been lowered or eliminated and decisions changed in favor of the small business owner. In FY 2012, the national ombudsman processed 254 small business comments/complaints and responded to 2,520 inquiries from small businesses. To raise awareness of the office, the national ombudsman presented 15 speeches and gave three radio and newspaper interviews.

FY 2014 Planned Performance

The SBA plans to expand the outreach activities of the national ombudsman in FY 2014 and successfully address any comments/complaints raised by small businesses regarding regulations. The Office of the National Ombudsman will continue to work with the Regulatory Fairness Board members, SBA field staff and other SBA partners to ensure that small businesses know that the SBA serves as a “troubleshooter” to help resolve federal regulatory concerns that they may encounter with federal agencies. ONO will continue to work with federal agencies that have regulatory authority over small businesses and encourage them to address small business concerns promptly.

Host Regional Regulatory Fairness Boards

The SBA maintains a five-member Regulatory Fairness Board in ten different regions. These boards, comprised of the national ombudsman and active small business owners in each city or state, participate in a variety of public events to listen to and record comments from small business owners and representatives of small businesses.

FY 2012 Accomplishments

In FY 2012, Regulatory Fairness Boards organized seven activities in their various regions. The SBA identified, recruited and appointed 13 new board members as well. The ombudsman and at least one board member in each of the 10 regions held 24 roundtables and 22 public meetings with small businesses in FY 2012.

FY 2014 Planned Performance

In FY 2014, the SBA plans to recruit board members to keep the Regulatory Fairness Board membership at least 80 percent occupied. The SBA will work to foster greater collaboration between the various regional boards to increase the level of services provided to small businesses and make SBA and ombudsman services more visible. ONO will provide the FY 2013 annual report to Congress informing them how it evaluates federal agencies’ compliance assistance and enforcement activities that is based on comments received from small business owners.

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

To ensure it is addressing the needs of small businesses most effectively, the SBA places great importance on the collection and analysis of small business-related data. In order to make fact-based policy and programmatic decisions, SBA's policy team analyzes key metrics, statistics and historical trends. The SBA also monitors the progress of these policy and programmatic decisions to ensure they are delivering the desired outcomes.

For example, SBA's Office of Government Contracting and Business Development has been working closely with the Office of Federal Procurement Policy and representatives from federal agencies to improve the quality of small business contracting data. Through this effort, the SBA has developed new tools and resources to help federal agencies validate the accuracy of their small business contracting data, while also making this data more accessible and transparent to the public. Furthermore, the SBA is focused and committed to not only compiling and studying internal SBA data, but also partnering with the key federal agencies to gather the most robust data sets to make informed policy decisions. Specifically, the SBA is working with the Council of Economic Advisers, National Economic Council, the SBA's Office of Advocacy, Department of Commerce and the Census Bureau on a small business data initiative called the "Smarter Data, Smarter Policy" to address key data gaps as well as to ensure that, across the Administration, a common data set is utilized to analyze small business issues.

The SBA is focused on and committed to not only compiling and studying internal SBA data but also partnering with the Office of Advocacy and other federal agencies and data sources to gather the most robust data sets to make informed policy decisions. SBA's independent Office of Advocacy makes a critical contribution to Strategic Objective 3.3; in FY 2014, Advocacy will publish over 20 research and data products related to small businesses, hold at least 360 outreach events disseminating their research, and contribute at least 12 presentations on small business research to academic, media, or policy audiences. The Office of Advocacy's separate budget submission includes a robust description of their strategic goals, accomplishments, and performance plan and budget justification.

Provide Meaningful Small Business Data for SBA Partner Network of Counselors

The SBA helps fund **SBDCNet**, a national information clearinghouse hosted by the University of Texas at San Antonio, which provides small business research services to the entire network of small business development center counselors (see Strategic Objective 1.3) in all fifty states, Guam and Puerto Rico. **SBDCNet** can produce a broad range of financial, market and demographic research reports customized to a client's industry and geographic location. In addition to supporting small business entrepreneurs, **SBDCNet** offers an array of products and services to support small to mid-size community development.

FY 2012 Accomplishments

SBDCNet completed 6,000 requests for research, equating to more than 30,000 individual research investigations. In FY 2012, trending topics included assisted living services and associated products, day care centers, microbreweries, and cosmetic and beauty services. Other popular research topics included solar power and medical devices.

FY 2014 Planned Performance

The SBA plans to provide \$300,000 in non-matching grant funds to run **SBDCNet** in FY 2014. **SBDCNet** will provide valuable research to SBDC counselors and their clients as well as promote best practices in the

SBDC community. SBDCNet will generate 30 percent time savings to SBDC counselors, allowing them to better serve more clients.

Develop Mobile Apps to Assist Entrepreneurs

As businesses increasingly rely on mobile devices, the SBA is moving to make more data easily accessible to entrepreneurs and small business owners on the go. With competitions for developers, public-private partnerships, and publication of web APIs, the SBA is committed to making data easily available.

FY 2012 Accomplishments

The SBA ran an “Apps for Entrepreneurs” challenge in FY 2012 that offered \$20,000 in prizes to developers who make use of SBA’s various web APIs in developing mobile apps. The winner, *SBA Gems*, is an Android-based app that helps small businesses find loans, grants, permits, and other resources. Other winners include *SB Alert* that focuses on contracting opportunities for small businesses, and *CapitaList*, a Craigslist-like app for current and aspiring entrepreneurs that matches resources for starting a business with a user’s given geographic area. SBA’s own app, developed in partnership with Palo Alto software, helps users locate nearby SCORE, SBDC, or WBC business advisors and was downloaded to over 6,000 iPhone users in FY 2012.

The SBA recently partnered with GIS Planning Inc. to license its popular *SizeUp* market research tool. The free online tool is now featured on SBA’s website as a market research and planning resource for aspiring entrepreneurs and current small business owners. *SizeUp* aggregates data from public sources and provides them in a convenient graphical interface, allowing small business owners to better analyze and understand market opportunities.

FY 2014 Planned Performance

The SBA expects to closely monitor and potentially expand use of interactive tools that allow entrepreneurs to conduct initial planning and research. The use of digital tools increases the audience served and prepares entrepreneurs for active mentoring and training engagements with funded resource partners.

Issue Research on Women Entrepreneurs

The SBA funds the **National Women’s Business Council**, a nonpartisan federal government council created to serve as an independent source of advice and policy recommendations to the President, Congress and the Small Business Administration on issues of economic importance to women business owners. The council’s mission includes supporting research that promotes bold initiatives, policies and programs designed to support women’s business enterprises at all stages of development in the public and private sector marketplaces.

FY 2012 Accomplishments

The **National Women’s Business Council** developed a robust research agenda and proceeded to launch over 10 research-related initiatives around issues of importance to women-owned businesses, including a focus on those in high-growth industries. Highlights of the FY 2012 research portfolio include studies on intellectual property and women obtaining patents and trademarks; an examination of the effects of the Women-Owned Small Business Federal Contracting program and whether it helped women obtain greater access to federal contracts; self-limiting perceptions of women entrepreneurs and how motivations and expectations may determine success of their business; and, exploring a validated methodology and approach for creating more current and reliable baseline data on women-owned small business.

The council has engaged women business leaders and women's business organizations in its *Collective Voices* series. In this series, the council leads discussions to inventory, align and understand methods, usage and sharing of data in order to create a more accurate and comprehensive economic and statistical picture of women's businesses in the U.S. The council also held meetings and round-table discussions on topics such as access to capital and opening up more investment from venture capital resources.

FY 2014 Planned Performance

The council will continue to leverage its public and private sector relationships to elevate the issues of economic participation and increased access to capital and markets for women business owners. In particular, the council's FY 2014 research portfolio will explore topics such as increasing opportunity for women veteran entrepreneurs, venture investment in high-growth women-owned/led businesses, and development of opportunity for young women entrepreneurs. The council will use its research findings to develop innovative, efficient recommendations that promote the growth of women-owned businesses.

Conduct Annual National Impact Study of Business Counseling

The SBA conducts an independent **National Impact Study** each year to measure the economic and attitudinal impact of its various counseling and training services to determine the effectiveness of face-to-face counseling. The report can be found online at <http://www.sba.gov/about-offices-content/1/2463/resources>. This study helps guide counseling activities by measuring both clients' value-added view of the services and the economic impact upon the businesses served.

FY 2012 Accomplishments

The FY 2012 **National Impact Study** measured the impact of face-to-face counseling that occurred in FY 2011. This year's report showed that clients who received assistance from SBA's network of counseling partners experienced a faster growth rate than the overall US GDP, S&P Small Cap 600 and Private Company Index. In addition, their business survival rates were higher than other small business benchmarks such as the PSED I and PSED II, studies conducted by the Kauffmann Foundation. Finally, clients who received more hours of counseling more often reported higher levels of perceived usefulness, higher revenues and increased business growth compared to clients who received only a few hours of counseling.

FY 2014 Planned Performance

The SBA intends to continue its assessment of counseling resources offered to America's small business community and to communicate these findings to increase the public's awareness of these services. Given the results of the study, the SBA will encourage its network of business counselor partners to engage clients in long-term counseling. The SBA will also examine methodologies to assess the impact of training on client business success.