

# U.S. Small Business Administration

## FY 2015 CONGRESSIONAL BUDGET JUSTIFICATION AND FY 2013 ANNUAL PERFORMANCE REPORT





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## FY 2014 – FY 2018 Strategic Plan Goals and Objectives

### *Strategic Goal One – Growing Businesses and Creating Jobs*

#### **Strategic Goal One has seven Strategic Objectives:**

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

### *Strategic Goal Two – Serving as the Voice for Small Business*

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

- 2.1 – Ensure inclusive entrepreneurship by expanding access and opportunity to small businesses and entrepreneurs in communities where market gaps remain
- 2.2 – Lead and collaborate with other agencies to strengthen and streamline the delivery of programs, resources and services for small businesses
- 2.3 – Provide timely, instructive and useful information to the small business community through SBA’s extensive digital and in-person outreach efforts
- 2.4 – 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

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

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

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

## Overview of Budget Request

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

The FY 2015 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 improving the entrepreneurial ecosystem to ensure small business owners and entrepreneurs are well positioned to take advantage of new opportunities and new markets as the economy improves.

Small businesses and entrepreneurs drive American competitiveness and help grow the economy from the middle out. 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 2015, the SBA is focusing on the next phase of small business growth and job creation. SBA's FY 2015 budget will build on the strong foundation the Agency has laid over the last four years by focusing on several key priorities that support American competitiveness and job creation. These include:

- getting capital into the hands of more small businesses by building on successful efforts to streamline and simplify SBA's existing lending platforms.
- promoting inclusive entrepreneurship by providing access and opportunity to promising entrepreneurs all across the country;
- improving America's entrepreneurial ecosystem with a focus on high-growth entrepreneurship that includes the 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 and exporting, and encourage insourcing, and;
- making small businesses more globally competitive through export growth;

SBA's total budget request for FY 2015 is \$ 710 million. Of this amount, \$47.5 million is for business loan subsidy and \$197.8 million is for Entrepreneurial Development 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 \$154.6 million is requested for disaster loan administration of Stafford Act disasters under the disaster relief cap adjustment authorized in the Budget Control Act.

With a budget of \$710 million in FY 2015, the SBA will have the capacity to:

- support more than \$32.5 billion in small business financing;
- deploy nearly \$4 billion in long-term investment capital;
- provide over \$1 billion in loans to disaster victims;
- facilitate access to over \$80 billion in federal contracting;
- counsel and train over one million small business owners through a nationwide network of resource partners;

- increase support for exporters, start-ups, veterans, and supply chains;
- expand the Impact Investment Initiative to include investment into innovative, manufacturing businesses, and;
- propose how to help bridge the financing gap to scale up advanced manufacturing technologies through the Opportunity, Growth, and Security Initiative.

In addition, the SBA will continue to mold itself into an Agency that meets the needs of today’s and tomorrow’s small businesses. Across the Agency, the SBA has made streamlining and simplifying its programs and products a top priority. [SBA.gov](http://SBA.gov) and [BusinessUSA.gov](http://BusinessUSA.gov) will expand their outreach and effectiveness in creating a “no-wrong-door” approach for small businesses interested in government assistance with a wide variety of online training courses and integration of other agencies’ efforts.

The FY 2015 budget submission is crafted around the Agency’s new Strategic Plan for FY 2014 – 2018. The new plan uses three Strategic Goals with fourteen Strategic Objectives to guide the Agency’s work in the years ahead:



Per the GPRA Modernization Act requirement to address Cross-Agency Priority Goals (CAP) in the Agency Strategic Plan, the Annual Performance Plan, and the Annual Performance Report please refer to [www.Performance.gov](http://www.Performance.gov) for the Agency’s contributions to those goals and progress, where applicable. The SBA currently contributes to the following CAP Goals: Export, Entrepreneurship and Small Business, Veteran Career Readiness, Real Property, and Data Center Consolidation.

## ***Strategic Goal One – Growing Businesses and Creating Jobs***

### **Strategic Objective 1.1 – Capital**

*Expand access to capital through SBA's extensive lending network*

Access to capital is critical to the long-term success of America's small businesses. 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 ensure that remaining gaps in the commercial markets are filled and that small businesses across the country are well positioned to take advantage of opportunities 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.

SBA's FY 2015 budget request of subsidy funds will support a total of more than \$32.5 billion in small business financing through the 7(a) Guaranty loan program and the 504/Certified Development Company (CDC) loan program. For the 7(a) guaranty loan program, the SBA requests budget authority that will support a program level of \$17.5 billion. For the 504/CDC program, the SBA requests \$45 million of credit subsidy budget authority that combined with prior year carryover of subsidy funds will support a program level of \$7.5 billion. The SBA also requests reauthorization of the 504 Debt Refinancing program with 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 improve access to capital for small businesses and entrepreneurs.

### **Strategic Objective 1.2 – Contracting**

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

Small business contracting is one of the most important federal programs to help America's small businesses grow and create jobs. The 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. SBA's goal is to make sure that all federal agencies meet or exceed their targets for federal prime contracting dollars to go to small businesses, which is typically over \$80 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 continues to simplify access to federal contracting opportunities and educate small businesses on the contracting opportunities available to them. The SBA is also improving the certification process and data for federal contracting and continues to aggressively root out fraud, waste and abuse in small business contracting to ensure that contracting dollars go to deserving small businesses.

### **Strategic Objective 1.3 – Entrepreneurship**

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

Entrepreneurs and small business owners who receive SBA counseling, training and/or mentoring services increase sales, create more jobs and have more economic impacts on their communities. SBA's resource partner network – including 63 small business development centers (SBDC) with over 900 outreach locations, over 100 women's business centers (WBC), and 13,000 SCORE volunteers nationwide – 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 2015 budget submission includes grant funding of \$113.6 million for SBDCs, \$14 million for WBCs, and \$7 million for SCORE.

The SBA will continue to lead and build partnerships with other agencies and organizations to provide services and foster the growth of entrepreneurial ecosystems across the country. Regional Innovation Clusters bring small businesses and entrepreneurs together with venture capitalists, universities and regional industry leaders to leverage a region's unique assets, transforming entrepreneurial ideas into sustainable high-growth small businesses. In FY 2015, SBA requests \$6 million for Regional Innovation Clusters, which includes funds to conduct a rigorous program evaluation of the program's efficacy. In addition, the Agency requests \$7 million for its Boots to Business partnership with the Department of Defense to introduce the more than 250,000 service members returning home each year to the opportunities provided by small business entrepreneurship and ownership. The SBA also requests \$15 million in FY 2015 to support an Entrepreneurship Education initiative that will incorporate best practices from the Emerging Leaders training program with online training and in-depth coursework aimed at helping high potential businesses scale up their operations.

### **Strategic Objective 1.4 – Exports**

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

Exporting is a win-win for America's economy. Export sales contribute to a strong middle class by fueling economic opportunity and jobs in communities across the U.S., while the countries buying American products gain access to some of the highest-quality products and services in the world. Today, nearly 96 percent of consumers and over two-thirds of the world's purchasing power reside outside the United States. Small businesses that can tap into this global market have the potential for vast expansion and growth, with small businesses now constituting 34 percent of total export dollars and comprising approximately 97.8 percent of all exporters.

Expanding the base of small business exporters and making the process as easy as possible is a key component of the National Export Initiative. To accomplish this, the SBA continues to partner with the Department of Commerce, Export-Import Bank and others on the Trade Promotion Coordination Committee to promote exporting opportunities and trade shows, expand access to trade financing through initiatives such as U.S. Global Business Solutions, and train business counselors and banks on exporting services.

The SBA also plays a central 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 Export Promotion Cabinet, is collaborating with other federal agencies to meet the goal of supporting 50,000 new small business exporters by FY 2017. To achieve this goal, the Agency is working as part of an interagency process to develop a national marketing campaign, launch new products that will make it easier for more commercial lending institutions to offer trade financing, develop targeted trade promotion programs that ease the costs of finding foreign buyers and efforts 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.

Based upon periodic reporting from STEP grant recipients, their constituent small businesses achieved actual or projected export sales of over \$300 million, attributable to STEP assistance under the program's initial \$29 million round of distributed grant awards.

### **Strategic Objective 1.5 – High-Growth and Start-ups**

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

High-growth businesses create almost all of the net new jobs in the economy today. Through longer-term “patient” capital, growth accelerators and regional innovation clusters, federal research and development (R&D) grants, and export assistance, the SBA plays a critical role in the ongoing success of high-growth small businesses, providing the opportunities that help them create jobs and sustain the cycle of American entrepreneurship and innovation.

Through its Small Business Investment Company (SBIC) program, the SBA is currently authorized to invest up to \$4 billion annually, making the Agency one of the larger players in funding high-growth businesses.

To better serve these businesses, the SBA 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 280 SBICs have more than \$20 billion in capital under management, and it's important to note that this program operates at no subsidy cost to the American taxpayer.

In FY 2014, the SBA received \$4 billion in authority for the SBIC Debenture program. For FY 2015, the SBA requests \$4 billion in authority for the SBIC Debenture program. This streamlined program is operating as a model public-private partnership, with its fourth consecutive record-breaking year in FY 2013. At the end of FY 2013, the SBA committed over \$2.1 billion to SBICs, which have in turn issued more than \$3.25 billion in small business financing. The SBA is supportive of the family of funds increase legislation which would increase the amount of leverage by licensees under common control from \$225 million to \$350 million. The family of funds increase, along with SBIC's authority of \$4 billion, will well position the Agency to ensure that high-growth small businesses across the country have access to the capital they need to build their companies, drive innovation and help grow the economy. In addition, the SBA proposes to expand the Impact Investment Initiative to include investment into innovative,

manufacturing businesses, as well as how to help bridge the financing gap to scale up advanced manufacturing technologies through the Opportunity, Growth, and Security Initiative.

In addition, SBA's Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs continue to have an extraordinary impact on the ability of small businesses to commercialize promising R&D; and the long-term reauthorization of the SBIR/STTR programs 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/STTR 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/STTR funds at some point.

Research shows that accelerators can play a critical role in stimulating and supporting entrepreneurship outside of traditional startup hubs and can effectively leverage the specialties and strengths of a particular city and region such as healthcare in Nashville or engineering in Detroit. Typically run by experienced entrepreneurs, accelerators help small businesses access seed capital, mentors and networking opportunities.

The SBA also requests \$5 million in funding to support the Agency's growth accelerators initiative. Under this funding proposal, the SBA will provide funds to either scale existing successful growth accelerators or provide funds to university and private sector accelerators to start a new accelerator program or entrepreneurship ecosystem (based on successful models) via a competition. This initial investment of \$25 million over a five-year period will scale what already works best and has a proven record of success. 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.

#### **Strategic Objective 1.6 – Disaster Assistance**

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

Returning small business operations to normal in the wake of a disaster is critical to ensuring that local economies regain traction as quickly as possible and once again are able to contribute to the economy and create jobs. The SBA – in coordination with the U.S. Federal Emergency Management Agency (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.

This assistance is critical in the aftermath of disasters such as Hurricane Sandy. To date, the SBA has approved \$2.4 billion in loans to more than 36,000 homeowners and businesses needing assistance to repair, rebuild and restart their local economy after Superstorm Sandy. The SBA also worked closely with its resource partners to provide technical assistance and counseling to small businesses, and ensured small businesses received increased opportunities to federal and local contracting opportunities.

The FY 2015 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

\$154.6 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 \$32.2 million to fund administrative expenses incurred from other disasters, including those declared by the SBA Administrator.

### **Strategic Objective 1.7 – Supply Chain**

*Ensure the competitiveness and innovation of American manufacturing and supply chains by building capacity and supporting integrated networks of small business suppliers that encourage insourcing and the expansion of U.S. operations*

Across the country, manufacturing and production are coming back to the U.S. The reality is that large manufacturers need a diverse and nimble network of small suppliers. These suppliers make large companies more efficient, more productive and more globally competitive. A strong supply chain of small businesses can be a determining factor for locating production in a particular area.

To build capacity and depth in America’s small business supply chain, the SBA will continue to sponsor 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; 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 Goal Two — Serving as the Voice for Small Business***

### **Strategic Objective 2.1 – Inclusive Entrepreneurship**

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

Underserved communities – including women, minorities, veterans and others – often have extreme difficulty in accessing capital, counseling and federal contracting opportunities as market gaps remain. SBA’s unique products, services and programs provide a path to business ownership for these populations which have been hard-hit by the recession and suffer from disproportionately high levels of unemployment. The FY 2015 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 2015 budget requests \$2 million for Native American Outreach, \$0.9 million for the National Women’s Business Council, \$2.5 million for veterans business outreach centers, \$2.8 million for the 7(j) program and \$2 million for the HUBZone contracting assistance program.

To spur lending in underserved markets, in FY 2015 the SBA proposes to continue to waive upfront and annual fees on all 7(a) small business loans of \$150,000 or less. The SBA also proposes to continue in FY 2015 to waive upfront fees on SBA Express loans to veterans between \$150,000 and \$350,000, and a 50 percent waiver of upfront fees on all non-SBA Express loans to veterans above \$150,000. In order to bring greater unity, focus and effectiveness to SBA's efforts, the Office of Economic Opportunity (OEO) was formed in FY 2013 with the express mission of expanding access to capital for small businesses and entrepreneurs in underserved communities, thus helping to drive economic growth and job creation. Key SBA programs under the purview of OEO include the Microloan program, the Community Advantage (CA) pilot program and the general marketing of all the Lender Advantage loan programs. With CA as linchpin, OEO aims to ultimately provide a resource that allows an underserved market small business or entrepreneur to first be introduced to a "starter" SBA program, such as a microloan with technical assistance, then grow into the need for more working capital from a CA loan and ultimately find new business opportunities by harnessing SBA's contracting, bonding and specialized technical assistance programs – all connected and tracked by a growing network of CA participants. The SBA requests \$2.5 million in credit subsidy budget authority in FY 2015 to support a Microloan direct program level of \$25 million and \$20 million for microloan technical assistance.

### **Strategic Objective 2.2 – Collaboration**

*Lead and collaborate with other agencies to strengthen and streamline the delivery of programs, resources and services for small businesses*

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 Agency 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. The SBA will continue to foster interagency collaborations that leverage and align Agency activities across the federal government to reach more small businesses more efficiently than ever before. SBA's FY 2015 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 U.S. Department of Agriculture, will continue and that SBA will continue to provide America's small businesses with a seat at the table in key policy discussions across the government.

### **Strategic Objective 2.3 – Outreach**

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

In an increasingly tech-driven economy, the SBA has taken significant steps to upgrade and enhance its website to better meet the needs of small businesses and give entrepreneurs more ways to access the Agency's tools and resources. Average monthly site visits to [SBA.gov](http://SBA.gov) topped two million in FY 2013. In the spirit of Web 2.0 and the Open Government initiative, [SBA.gov](http://SBA.gov) has been streamlined and simplified to be a user-centric experience with transparency, participation and collaboration guiding the platform's development. The Agency intends to explore more ways to solicit feedback from small business owners through focus testing, SBA's online survey tool, its social media presence and the [SBA.gov](http://SBA.gov) online community.

The SBA works to ensure that entrepreneurs and small business owners can effectively access and navigate small business programs across the federal government. 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 ten federal agencies. This “No Wrong Door” approach for small businesses and exporters created a common platform to match businesses with the services relevant to them, regardless of which agency houses the pertinent information and resources. The FY 2015 budget includes \$6 million for BusinessUSA to further enhance the customer experience by incorporating a web-responsive design that will make the layout more user-friendly and allow business owners to access the site on a variety of tech devices. BusinessUSA will also work to create a leaner, more performance-focused website, enabling the SBA to monitor small business trends on the site as well as to adapt and improve the site’s content on an ongoing basis to provide information that is most relevant to America’s business community.

To capitalize on the efforts of [SBA.gov](http://SBA.gov) and BusinessUSA, the SBA uses its network of field staff and counselors to reach out to lenders and the small business community. Outreach activities also allow the SBA to connect with other key external stakeholders that support small business. The SBA expects to continue its efforts with Boots to Business, Emerging Leaders, Encore Entrepreneurs, the Affordable Care Act and export training. The Agency also plans continued significant outreach assisting local congressional offices and through joint efforts with SBA resource partners and other local, state, and national partners.

#### **Strategic Objective 2.4 – Reduce Regulatory Burdens**

*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 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.

Through the Office of the National Ombudsman (ONO), the SBA plays a key role in helping small business owners deal with specific regulatory burdens and challenges that result from federal agency processes. In FY 2013, the SBA participated in nearly 50 meetings and speaking engagements with small businesses around the country. The Agency addressed 347 reports filed by small businesses and responded to approximately 2,800 general inquiries to the office. The SBA collaborated with numerous federal agencies on outreach events and to resolve small business regulatory issues.

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

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, the Department of Commerce and the Census Bureau on a small business data initiative called "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 also funds SBDCNet, a national information clearinghouse currently 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. 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.

In FY 2015, the SBA's Office of 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 provides a separate budget submission that includes descriptions of its strategic goals, accomplishments, performance plan and budget justification.

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

#### **Strategic Objective 3.1 – Program Operations**

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

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. These ongoing efforts have contributed to improved delivery of services and more efficient processes. 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 which include reducing travel expenses, consolidating real estate, improving fleet management and reducing redundancies in IT functions.

#### **Strategic Objective 3.2 – Employees**

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

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

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.

The FY 2015 Salaries and Expenses budget supports 2,136 full-time employees with \$275 million projected in compensation and benefits, excluding the Office of the Inspector General, Office of Advocacy, Office of Disaster Assistance and some Entrepreneurial Development program positions, which are funded through separate appropriated accounts.

### **Strategic Objective 3.3 – Risk Mitigation**

*Mitigate risk to taxpayers and improve oversight across SBA programs*

Taxpayers, including entrepreneurs and small business owners, expect that their tax dollars are being used wisely. SBA programs give taxpayers a strong "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. With an outstanding loan portfolio of over \$100 billion, 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 \$900 million annual budget, including Stafford Act Disaster funding, the SBA has an extraordinary responsibility to taxpayers to mitigate risk and conduct oversight of 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. The SBA takes a zero tolerance stance on fraud, waste and abuse in all of its programs. Over the last four years, the Agency has engaged in an extensive review and redesign of both its government contracting and lender oversight activities. Based on this review, a three-pronged approach to managing risk has been implemented: (1) effective certification processes, (2) continued surveillance and monitoring, and (3) robust and timely enforcement. This approach to risk management has led to improvements in SBA's oversight activities designed to root out fraud, waste and abuse.

#### **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 2015 budget guidance memorandum from the Office of Management and Budget.

## Table 1 – Summary of New Budget Authority

This table shows the gross amount of new funding appropriated by Congress for FY 2013, the FY 2014 enacted budget, and the requested funding for FY 2015. New budget authority is different from total funding in that it does not include funds carried over from year to year and other sources of funding, such as fees and reimbursable expenses.

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

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

## Tables 2 - 5 – Salaries and Expenses Budget

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

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

*Summary of Changes in the Agency Operating Budget (Table 5)* is a reconciliation of the amounts needed for the Salaries and Expenses operating budget shown in Table 2. The amount requested for FY 2015 is reconciled to the enacted level in FY 2014. The Adjustment section shows the major reasons for a requested increase or decrease in funding.

**Table 6 – Non-Credit Programs**

This table identifies the line items included in the Entrepreneurial Development Programs account, which has been separated from the Salaries and Expenses account beginning in FY 2014.

**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**

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

**Table 9 – Full Time Equivalent Employees**

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

**Table 10 – Total Cost by Program and Activity**

This table displays the full cost for administering each of SBA's major programs and services. This includes direct costs from the operating budget plus compensation and benefits, agency-wide costs (such as rent and telecommunications), and indirect costs such as agency overhead (e.g., financial management). This information varies from Table 3 which shows the direct operating budget costs for major program offices. It also differs from Table 6 which shows the total amount for the entrepreneurial development programs but excludes administrative direct, indirect, and overhead costs.

The costs presented in Table 10 are used in the performance tables that are included in the Performance Budget. Table 10 does not include subsidy budget authority for business and disaster loan programs or the appropriation for surety bond guaranties.

## Budget Tables

### Table 1

#### FY 2015 Congressional Budget Justification SUMMARY OF NEW BUDGET AUTHORITY

(Dollars in Thousands)

|   | FY 2013<br>Enacted <sup>1\</sup> | FY 2014<br>Enacted | FY 2015<br>Request | FY 2015<br>Incr/Decr |
|---|----------------------------------|--------------------|--------------------|----------------------|
| Gross New Budget Authority  |                                  |                    |                    |                      |
| Salaries and Expenses   | \$ 417,348                       | \$ 250,000         | \$ 256,882         | \$ 6,882             |
| Entrepreneurial Development Programs <sup>2\</sup>                            | \$ -                             | \$ 196,165         | \$ 197,825         | \$ 1,660             |
| Business Loan Program   |                                  |                    |                    |                      |
| Administration  | \$ 147,958                       | \$ 151,560         | \$ 147,726         | \$ (3,834)           |
| Loan Subsidy <sup>3\</sup>  | \$ 337,278                       | \$ 111,600         | \$ 47,500          | \$ (64,100)          |
| Disaster Loan Program <sup>4\</sup>   |                                  |                    |                    |                      |
| Administration – Stafford Act Disaster  | \$ -                             | \$ 158,650         | \$ 154,636         | \$ (4,014)           |
| Administration - Non-Stafford Act Disaster                                    | \$ -                             | \$ 33,250          | \$ 32,222          | \$ (1,028)           |
| Administration - Total  | \$ 117,300                       | \$ 191,900         | \$ 186,858         | \$ (5,042)           |
| Inspector General   | \$ 16,267                        | \$ 19,000          | \$ 19,400          | \$ 400               |
| Office of Advocacy  | \$ 9,120                         | \$ 8,750           | \$ 8,455           | \$ (295)             |
| Surety Bond Guarantee   | \$ -                             | \$ -               | \$ -               | \$ -                 |
| Total, Gross New Budget Authority, Excluding<br>Presidential Disaster Funding | <u>\$ 1,045,271</u>              | <u>\$ 770,325</u>  | <u>\$ 710,010</u>  | <u>\$ (60,315)</u>   |
| Total, Gross New Budget Authority, Including<br>Presidential Disaster Funding |                                  | <u>\$ 928,975</u>  | <u>\$ 864,646</u>  |                      |

1\ Amounts do not include impact of Sequestration, Across the Board Rescission, or funding provided under the Disaster Relief Appropriations Act of 2013.

2\ The Entrepreneurial Development Programs appropriation account was established in FY 2014. Previously, this funding was included in the Salaries and Expenses Appropriation account.

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

4\ The request for Presidential Disaster administrative expenses is provided under the disaster relief cap adjustment authorized in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Control Act of 2011. These funds will be used for administrative expenses resulting from major disasters pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The 2014 Consolidated Appropriations Act included \$191.9 million for Disaster administrative expenses and SBA presents the spending breakdown between Stafford and Non-Stafford according to SBA's FY 2014 Request.

**Table 2**  
**FY 2015 Congressional Budget Justification**  
**SALARIES & EXPENSES BUDGET**  
**SOURCES and EXPENDITURES**

*(Dollars in Thousands)*

|   | FY 2013<br>Actual | FY 2014<br>Enacted | FY 2015<br>Request | FY 2015<br>Incr/Decr |
|---|-------------------|--------------------|--------------------|----------------------|
| <b>SOURCES: Salaries &amp; Expenses Budget</b>      |                   |                    |                    |                      |
| Salaries and Expenses Appropriation                 | \$ 417,348        | \$ 250,000         | \$ 256,882         | \$ 6,882             |
| Business Loan Administration Appropriation          | \$ 147,958        | \$ 151,560         | \$ 147,726         | \$ (3,834)           |
| Subtotal, Appropriated Funds                        | \$ 565,306        | \$ 401,560         | \$ 404,608         | \$ 3,048             |
| Transfer from Disaster Loans <sup>1/</sup>          | \$ 15,186         | \$ 9,000           | \$ 9,000           | \$ -                 |
| Carryover   | \$ (11,173)       | \$ -               | \$ -               | \$ -                 |
| Reimbursable Expenses                               | \$ 251            | \$ 300             | \$ 300             | \$ -                 |
| Estimated Fee Income                                | \$ 14,855         | \$ 12,100          | \$ 12,100          | \$ -                 |
| FY13 Rescission (Sequester and Across the Board)    | \$ (29,569)       | \$ -               | \$ -               | \$ -                 |
| Recoveries and Unobligated Balances                 | \$ (2,110)        | \$ -               | \$ -               | \$ -                 |
| Business Transfer                                   | \$ 244            | \$ 322             | \$ 175             | \$ (147)             |
| Total Sources of Funds                              | \$ 552,990        | \$ 423,282         | \$ 426,183         | \$ 2,901             |
| <b>EXPENDITURES: Salaries &amp; Expenses Budget</b> |                   |                    |                    |                      |
| Office Operating Budgets                            | \$ 84,569         | \$ 92,082          | \$ 90,557          | \$ (1,525)           |
| Agency-Wide Costs                                   | \$ 51,064         | \$ 58,900          | \$ 60,326          | \$ 1,426             |
| Compensation and Benefits                           | \$ 260,170        | \$ 272,000         | \$ 275,000         | \$ 3,000             |
| Subtotal, Agency Operating Budget                   | \$ 395,803        | \$ 422,982         | \$ 425,883         | \$ 2,901             |
| Non-Credit Programs                                 | \$ 156,936        | \$ -               | \$ -               | \$ -                 |
| Reimbursable Expenses <sup>2/</sup>                 | \$ 251            | \$ 300             | \$ 300             | \$ -                 |
| Total Expenditures of Funds                         | \$ 552,990        | \$ 423,282         | \$ 426,183         | \$ 2,901             |

1\ FY 2013 includes indirect administrative transfer from funding provided under the Disaster Relief Appropriations Act of 2013.

2\ In FY 2014 a new Entrepreneurial Development Appropriation account was established. Non-credit programs prior to FY 2014 were included in the Salaries and Expenses Appropriation account.

**Table 3**  
**FY 2015 Congressional Budget Justification**  
**OFFICE OPERATING BUDGETS**  
*(Dollars in Thousands)*

|  | FY 2013          | FY 2014          | FY 2015          | FY 2015           |
|--|------------------|------------------|------------------|-------------------|
|  | Actual           | Enacted          | Request          | Incr/Decr         |
| Executive Direction                    | \$ 18,941        | \$ 19,518        | \$ 19,493        | \$ (25)           |
| Capital Access                         | \$ 6,125         | \$ 7,022         | \$ 7,022         | \$ -              |
| Credit Risk Management                 | \$ 9,641         | \$ 13,992        | \$ 13,992        | \$ -              |
| Investments & Innovation               | \$ 4,602         | \$ 6,550         | \$ 2,550         | \$ (4,000)        |
| Gov't Contracting/Business Development | \$ 1,336         | \$ 1,300         | \$ 1,300         | \$ -              |
| Entrepreneurial Development            | \$ 2,764         | \$ 1,250         | \$ 1,250         | \$ -              |
| Chief Operating Office                 | \$ 7,757         | \$ 8,000         | \$ 8,000         | \$ -              |
| Chief Information Officer              | \$ 25,818        | \$ 26,500        | \$ 26,000        | \$ (500)          |
| International Trade                    | \$ 491           | \$ 750           | \$ 750           | \$ -              |
| Regional and District Offices          | \$ 4,194         | \$ 4,200         | \$ 4,200         | \$ -              |
| Business USA Initiative                | \$ 2,900         | \$ 3,000         | \$ 6,000         | \$ 3,000          |
| <b>Total</b>                           | <b>\$ 84,569</b> | <b>\$ 92,082</b> | <b>\$ 90,557</b> | <b>\$ (1,525)</b> |

**Table 4**  
**FY 2015 Congressional Budget Justification**  
**AGENCY-WIDE COSTS**  
*(Dollars in Thousands)*

|                           | <b>FY 2013</b>   |           | <b>FY 2014</b> |           | <b>FY 2015</b> |           | <b>FY 2015</b>   |
|---------------------------|------------------|-----------|----------------|-----------|----------------|-----------|------------------|
|                           | <b>Actual</b>    |           | <b>Enacted</b> |           | <b>Request</b> |           | <b>Incr/Decr</b> |
| Express Mail              | \$ 375           | \$        | 496            | \$        | 496            | \$        | -                |
| Judgment Fund             | \$ 170           | \$        | 763            | \$        | 763            | \$        | -                |
| Office Security           | \$ 3,097         | \$        | 3,597          | \$        | 3,597          | \$        | -                |
| Performance Awards        | \$ 2,504         | \$        | 2,366          | \$        | 3,000          | \$        | 634              |
| Postage                   | \$ 300           | \$        | 680            | \$        | 680            | \$        | -                |
| Reasonable Accommodations | \$ 24            | \$        | 50             | \$        | 75             | \$        | 25               |
| Relocation                | \$ 539           | \$        | -              | \$        | -              | \$        | -                |
| Rent                      | \$ 35,363        | \$        | 40,337         | \$        | 42,038         | \$        | 1,701            |
| Telecommunications        | \$ 5,275         | \$        | 5,326          | \$        | 5,326          | \$        | -                |
| Transit Subsidy           | \$ 1,480         | \$        | 2,959          | \$        | 2,000          | \$        | (959)            |
| Unemployment Compensation | \$ 379           | \$        | 708            | \$        | 708            | \$        | -                |
| Workers Compensation      | \$ 1,558         | \$        | 1,618          | \$        | 1,643          | \$        | 25               |
| <b>Total</b>              | <b>\$ 51,064</b> | <b>\$</b> | <b>58,900</b>  | <b>\$</b> | <b>60,326</b>  | <b>\$</b> | <b>1,426</b>     |

**Table 5**  
**FY 2015 Congressional Budget Justification**  
**SUMMARY OF CHANGES - Agency Operating Budget**  
*(Dollars in Thousands)*

|  |           |                     |
|--|-----------|---------------------|
| <b>Agency Operating Budget</b>             |           |                     |
| FY 2014 Enacted                            | \$        | 422,982             |
| FY 2014 Request                            | \$        | <u>425,883</u>      |
| <b>Change - Increase/(Decrease)</b>        | <b>\$</b> | <b><u>2,901</u></b> |
| <br><b>Summary of Changes:</b>             |           |                     |
| Mandatory salary and other pay adjustments | \$        | 3,000               |
| Increase in Agency-wide costs              | \$        | 1,426               |
| Initiatives                                |           |                     |
| BusinessUSA                                | \$        | 3,000               |
| Completion of SBIR Evaluation              | \$        | (2,000)             |
| FAST                                       | \$        | (2,000)             |
| Technology Savings                         | \$        | <u>(525)</u>        |
| <b>Total Change - Increase/(Decrease)</b>  | <b>\$</b> | <b><u>2,901</u></b> |

**Table 6**  
**FY 2015 Congressional Budget Justification**  
**Entrepreneurial Development Programs**  
*(Dollars in Thousands)*

|   | FY 2013<br>Actual <sup>1</sup> | FY 2014<br>Enacted | FY 2015<br>Request | FY 2015<br>Incr/Decr |
|---|--------------------------------|--------------------|--------------------|----------------------|
| 7(j) Technical Assistance Program                 | \$ 3,080                       | \$ 2,790           | \$ 2,800           | \$ 10                |
| Boots to Business                                 | \$ -                           | \$ 7,000           | \$ 7,000           | \$ -                 |
| Entrepreneurship Education                        | \$ -                           | \$ 5,000           | \$ 15,000          | \$ 10,000            |
| Growth Accelerators                               | \$ -                           | \$ 2,500           | \$ 5,000           | \$ 2,500             |
| HUBZone Program                                   | \$ 1,952                       | \$ 2,250           | \$ 2,000           | \$ (250)             |
| Microloan Technical Assistance                    | \$ 19,985                      | \$ 20,000          | \$ 20,000          | \$ -                 |
| National Women's Business Council                 | \$ 736                         | \$ 1,000           | \$ 900             | \$ (100)             |
| Native American Outreach                          | \$ 915                         | \$ 2,000           | \$ 2,000           | \$ -                 |
| PRIME Technical Assistance                        | \$ -                           | \$ 3,500           | \$ -               | \$ (3,500)           |
| Regional Innovation Clusters                      | \$ 3,590                       | \$ 5,000           | \$ 6,000           | \$ 1,000             |
| SCORE   | \$ 6,440                       | \$ 7,000           | \$ 7,000           | \$ -                 |
| Small Business Development Centers (SBDC)         | \$ 104,854                     | \$ 113,625         | \$ 113,625         | \$ -                 |
| State Trade & Export Promotion (STEP)             | \$ -                           | \$ 8,000           | \$ -               | \$ (8,000)           |
| Veterans Business Outreach Centers (VBOC)         | \$ 2,497                       | \$ 2,500           | \$ 2,500           | \$ -                 |
| Women's Business Centers (WBC)                    | \$ 12,887                      | \$ 14,000          | \$ 14,000          | \$ -                 |
| <b>Total Entrepreneurial Development Programs</b> | <b>\$ 156,936</b>              | <b>\$ 196,165</b>  | <b>\$ 197,825</b>  | <b>\$ 1,660</b>      |

1/ FY 2013 do not include \$19 million in non-credit funding received under the Disaster Relief Appropriations Act of 2013.

**Table 7**

**FY 2015 Congressional Budget Justification**  
**SOURCES OF FUNDS: APPROPRIATION DETAIL**  
*(Dollars in Thousands)*

|   | <b>FY 2013</b> |    | <b>FY 2014</b> |    | <b>FY 2015</b> |    | <b>FY 2015</b>   |
|---|----------------|----|----------------|----|----------------|----|------------------|
|   | <b>Actual</b>  |    | <b>Enacted</b> |    | <b>Request</b> |    | <b>Incr/Decr</b> |
| <b>Salaries and Expenses Appropriation</b>                |                |    |                |    |                |    |                  |
| Net New Budget Authority                                  | \$ 417,348     | \$ | 250,000        | \$ | 256,882        | \$ | 6,882            |
| Carryover from prior year                                 | \$ 28,700      | \$ | 39,873         | \$ | 39,873         | \$ | -                |
| Carryover into next fiscal year                           | \$ (39,873)    | \$ | (39,873)       | \$ | (39,873)       | \$ | -                |
| Transfer from Business Loans                              | \$ 140,218     | \$ | 151,560        | \$ | 147,726        | \$ | (3,834)          |
| Transfer from Business Microloans                         | \$ 244         | \$ | 322            | \$ | 175            | \$ | (147)            |
| Transfer from Disaster Loans                              | \$ 15,186      | \$ | 9,000          | \$ | 9,000          | \$ | -                |
| Reimbursable Expenses                                     | \$ 251         | \$ | 300            | \$ | 300            | \$ | -                |
| Estimated Fee Income                                      | \$ 14,855      | \$ | 12,100         | \$ | 12,100         | \$ | -                |
| Rescission Current Year                                   | \$ (21,830)    | \$ | -              | \$ | -              | \$ | -                |
| Recoveries & Unobligated balances                         | \$ (2,110)     | \$ | -              | \$ | -              | \$ | -                |
| <b>Total Budget Authority</b>                             | \$ 552,990     | \$ | 423,282        | \$ | 426,183        | \$ | 2,901            |
| <b>Entrepreneurial Development Programs Appropriation</b> |                |    |                |    |                |    |                  |
| Net New Budget Authority                                  | \$ -           | \$ | 196,165        | \$ | 197,825        | \$ | 1,660            |
| Carryover from prior year                                 | \$ -           | \$ | -              | \$ | -              | \$ | -                |
| Carryover into next fiscal year                           | \$ -           | \$ | -              | \$ | -              | \$ | -                |
| <b>Total Budget Authority</b>                             | \$ -           | \$ | 196,165        | \$ | 197,825        | \$ | 1,660            |
| <b>Business Loans Appropriation</b>                       |                |    |                |    |                |    |                  |
| <i>Administrative Expenses</i>                            |                |    |                |    |                |    |                  |
| New Budget Authority                                      | \$ 147,958     | \$ | 151,560        | \$ | 147,726        | \$ | (3,834)          |
| Carryover from prior fiscal year                          | \$ -           | \$ | -              | \$ | -              | \$ | -                |
| Carryover into next fiscal year                           | \$ -           | \$ | -              | \$ | -              | \$ | -                |
| Rescission Current Year                                   | \$ (7,739)     | \$ | -              | \$ | -              | \$ | -                |
| Transfer from Other Accounts                              | \$ -           | \$ | -              | \$ | -              | \$ | -                |
| Transfer to Salaries & Expenses                           | \$ (140,218)   | \$ | (151,560)      | \$ | (147,726)      | \$ | 3,834            |
| <b>Total Budget Authority</b>                             | \$ -           | \$ | -              | \$ | -              | \$ | -                |
| <i>Loan Subsidy</i>                                       |                |    |                |    |                |    |                  |
| New Budget Authority                                      | \$ 337,278     | \$ | 111,600        | \$ | 47,500         | \$ | (64,100)         |
| Carryover from prior fiscal year                          | \$ 67,095      | \$ | 12,741         | \$ | -              | \$ | (12,741)         |
| Carryover into next fiscal year                           | \$ (12,741)    | \$ | -              | \$ | -              | \$ | -                |
| Rescission Current Year                                   | \$ (17,540)    | \$ | -              | \$ | -              | \$ | -                |
| Transfer to Salaries & Expenses                           | \$ (244)       | \$ | (322)          | \$ | (175)          | \$ | 147              |
| <b>Total Budget Authority</b>                             | \$ 373,848     | \$ | 124,019        | \$ | 47,325         | \$ | (76,694)         |

**Table 7**  
**FY 2015 Congressional Budget Justification**  
**SOURCES OF FUNDS: APPROPRIATION DETAIL**

(Dollars in Thousands)

|  | FY 2013             | FY 2014             | FY 2015             | FY 2015            |
|--|---------------------|---------------------|---------------------|--------------------|
|  | Actual              | Enacted             | Request             | Incr/Decr          |
| <b>Disaster Assistance Appropriation</b> |                     |                     |                     |                    |
| <i>Administrative Expenses</i>           |                     |                     |                     |                    |
| New Budget Authority-Stafford Act        | \$ -                | \$ 158,650          | \$ 154,636          | \$ (4,014)         |
| New Budget Authority-Non-Stafford Act    | \$ -                | \$ 33,250           | \$ 32,222           | \$ (1,028)         |
| New Budget Authority, Total              | \$ 117,300          | \$ 191,900          | \$ 186,858          | \$ (5,042)         |
| New Supp. Budget Authority - Sandy       | \$ 259,000          | \$ -                | \$ -                | \$ -               |
| Carryover from prior fiscal year         | \$ 54,240           | \$ 197,226          | \$ 197,226          | \$ -               |
| Carryover into next fiscal year          | \$ (197,226)        | \$ (197,226)        | \$ (197,226)        | \$ -               |
| Transfer from Disaster Loans             | \$ 70,000           | \$ -                | \$ -                | \$ -               |
| Rescission Current Year                  | \$ (19,085)         | \$ -                | \$ -                | \$ -               |
| Recoveries                               | \$ 8,458            | \$ -                | \$ -                | \$ -               |
| Transfer to Inspector General            | \$ (950)            | \$ (1,000)          | \$ (1,000)          | \$ -               |
| Transfer to Salaries & Expenses          | \$ (15,186)         | \$ (9,000)          | \$ (9,000)          | \$ -               |
| <b>Total Budget Authority</b>            | <b>\$ 276,551</b>   | <b>\$ 181,900</b>   | <b>\$ 176,858</b>   | <b>\$ (5,042)</b>  |
| <b>Loan Subsidy</b>                      |                     |                     |                     |                    |
| New Budget Authority – Stafford Act      | \$ -                | \$ -                | \$ -                | \$ -               |
| New Budget Authority – Non-Stafford Act  | \$ -                | \$ -                | \$ -                | \$ -               |
| New Budget Authority, Total              | \$ -                | \$ -                | \$ -                | \$ -               |
| New Supplemental Budget Authority-Sandy  | \$ 520,000          | \$ -                | \$ -                | \$ -               |
| Carryover from prior fiscal year         | \$ 443,717          | \$ 730,287          | \$ 684,287          | \$ (46,000)        |
| Carryover into next fiscal year          | \$ (730,287)        | \$ (684,287)        | \$ (595,287)        | \$ 89,000          |
| Rescission Current Year                  | \$ (26,000)         | \$ -                | \$ -                | \$ -               |
| Transfer to Disaster Administration      | \$ (70,000)         | \$ -                | \$ -                | \$ -               |
| Recoveries from prior years              | \$ 9,045            | \$ 47,000           | \$ 47,000           | \$ -               |
| <b>Total Budget Authority</b>            | <b>\$ 146,475</b>   | <b>\$ 93,000</b>    | <b>\$ 136,000</b>   | <b>\$ 43,000</b>   |
| <b>Inspector General Appropriation</b>   |                     |                     |                     |                    |
| New Budget Authority                     | \$ 16,267           | \$ 19,000           | \$ 19,400           | \$ 400             |
| New Supp. Budget Authority - Sandy       | \$ 5,000            | \$ -                | \$ -                | \$ -               |
| Carryover from prior fiscal year         | \$ 2,825            | \$ 7,163            | \$ 6,200            | \$ (963)           |
| Carryover into next fiscal year          | \$ (7,163)          | \$ (6,200)          | \$ (5,200)          | \$ 1,000           |
| Rescission Current Year                  | \$ (1,101)          | \$ -                | \$ -                | \$ -               |
| Recoveries & Unobligated balances        | \$ (252)            | \$ -                | \$ -                | \$ -               |
| Transfer from Disaster                   | \$ 948              | \$ 1,000            | \$ 1,000            | \$ -               |
| <b>Total Budget Authority</b>            | <b>\$ 16,524</b>    | <b>\$ 20,963</b>    | <b>\$ 21,400</b>    | <b>\$ 437</b>      |
| <b>Office of Advocacy Appropriation</b>  |                     |                     |                     |                    |
| New Budget Authority                     | \$ 9,120            | \$ 8,750            | \$ 8,455            | \$ (295)           |
| Carryover from prior fiscal year         | \$ 680              | \$ 679              | \$ 679              | \$ -               |
| Carryover into next fiscal year          | \$ (679)            | \$ (679)            | \$ (679)            | \$ -               |
| Rescission Current Year                  | \$ (477)            | \$ -                | \$ -                | \$ -               |
| <b>Total Budget Authority</b>            | <b>\$ 8,644</b>     | <b>\$ 8,750</b>     | <b>\$ 8,455</b>     | <b>\$ (295)</b>    |
| <br>                                     |                     |                     |                     |                    |
| <b>Total Financing Available</b>         | <b>\$ 1,375,032</b> | <b>\$ 1,048,079</b> | <b>\$ 1,014,046</b> | <b>\$ (34,033)</b> |



**Table 8**  
**FY 2015 Congressional Budget Justification**  
 SUMMARY OF CREDIT PROGRAMS & REVOLVING FUND  
 (Dollars in Millions)

|   | PROGRAM LEVEL           |                         |                         | SUBSIDY AMOUNT       |                    |                    | SUBSIDY RATE      |                   |                    |
|---|-------------------------|-------------------------|-------------------------|----------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
|   | FY 2013<br>Actual       | FY 2014<br>Budget       | FY 2015<br>Request      | FY 2013<br>Actual    | FY 2014<br>Budget  | FY 2015<br>Request | FY 2013<br>Actual | FY 2014<br>Budget | FY 2015<br>Request |
| Guaranteed Business Loans                     |                         |                         |                         |                      |                    |                    |                   |                   |                    |
| Section 7(a) Guaranty                         | \$ 15,650 <sup>1)</sup> | \$ 15,667 <sup>1)</sup> | \$ 15,649 <sup>1)</sup> | \$ 242.6             | \$ - <sup>2)</sup> | \$ - <sup>2)</sup> | 1.55%             | 0.16%             | 0.15%              |
| Section 7(a) Guaranty Revolvers <sup>3)</sup> | \$ 34,856 <sup>1)</sup> | \$ 40,432 <sup>1)</sup> | \$ 40,361 <sup>1)</sup> | \$ 27.9              | \$ - <sup>2)</sup> | \$ - <sup>2)</sup> | 0.08%             | 0.06%             | 0.05%              |
| Section 7(a) Dealer Floor Plan <sup>4)</sup>  | \$ 141                  | \$ -                    | \$ -                    | \$ -                 | \$ -               | \$ -               | 0.03%             | -                 | -                  |
| Section 504 CDC Guaranty                      | \$ 5,200                | \$ 7,500                | \$ 7,500                | \$ 105.1             | \$ 107.0           | \$ 45.0            | 2.02%             | 1.21%             | 0.60%              |
| Section 504 Loan Refinancing                  | \$ -                    | \$ -                    | \$ 7,500                | \$ -                 | \$ -               | \$ -               | -                 | -                 | 0.00%              |
| SBC - Disasters                               | \$ 2,156                | \$ 4,000                | \$ 4,000                | \$ -                 | \$ -               | \$ -               | 0.00%             | 0.00%             | 0.00%              |
| <b>Total</b>                                  | \$ 58,003               | \$ 67,599               | \$ 75,010               | \$ 375.6             | \$ 107             | \$ 45              |                   |                   |                    |
| Direct Business Loans                         |                         |                         |                         |                      |                    |                    |                   |                   |                    |
| Microloan Direct Program                      | \$ 43                   | \$ 25                   | \$ 25                   | \$ 6.8               | \$ 4.6             | \$ 2.5             | 15.21%            | 18.64%            | 10.12%             |
| <b>Total Business Loans</b>                   | \$ 58,046               | \$ 67,624               | \$ 75,035               | \$ 382.4             | \$ 111.6           | \$ 47.5            |                   |                   |                    |
| Secondary Market Guaranties                   | \$ 4,490                | \$ 12,000               | \$ 12,000               | \$ -                 | \$ -               | \$ -               | 0.00%             | 0.00%             | 0.00%              |
| Disaster Assistance                           | \$ 1,317                | \$ 1,100 <sup>5)</sup>  | \$ 1,100 <sup>5)</sup>  | \$ 146 <sup>4)</sup> | \$ -               | \$ -               | 11.11%            | 8.48%             | 12.32%             |
| Surety Bond Guarantee Program                 | \$ 1,113                | \$ 1,800                | \$ 1,800                | \$ -                 | \$ -               | \$ -               | -                 | -                 | -                  |
| Immediate Disaster Assistance                 | \$ -                    | \$ -                    | \$ 18 <sup>5)</sup>     | \$ -                 | \$ -               | \$ -               | 1.94%             | 1.95%             | 1.93%              |
| Delayed Disaster Assistance                   | \$ -                    | \$ -                    | \$ 58 <sup>5)</sup>     | \$ -                 | \$ -               | \$ -               | 2.31%             | 2.39%             | 2.30%              |

1) Reflects a combined 7(a) program level authorization of \$17.5 billion. Borrowers account for \$1.8 billion of the \$17.5 billion program level.

2) Program level reflects the economic impact/mitigating effect of revolving lines of credit.

3) Based on a combined 7(a) execution rate of 0.05%.

4) Amount includes funding provided under the Disaster Relief Appropriations Act of 2013.

5) Program level is supported by subsidy funds carried over from prior years.

**Table 9**  
**FY 2015 Congressional Budget Justification**  
**FULL TIME EQUIVALENT (FTE) EMPLOYEES**

|   | FY 2013<br>Actual | FY 2014<br>Enacted | FY 2015<br>Request | FY 2015<br>Incr/Decr |
|---|-------------------|--------------------|--------------------|----------------------|
| Regular Salaries and Expenses<br>Funds  | 2,128             | 2,136              | 2,136              | -                    |
| Entrepreneurial Development<br>Programs | 20                | 29                 | 29                 | -                    |
| Sub-Total                               | 2,148             | 2,165              | 2,165              | -                    |
| Disaster Loan Making                    | 1,465             | 800                | 800                | -                    |
| Disaster Loan Servicing                 | 163               | 170                | 170                | -                    |
| Sub-Total, Disaster                     | 1,628             | 970                | 970                | -                    |
| Office of Advocacy                      | 46                | 46                 | 46                 | -                    |
| Inspector General                       | 106               | 112                | 112                | -                    |
| Total                                   | 3,928             | 3,293              | 3,293              | -                    |

**Table 10**  
**FY 2015 Congressional Budget Justification**  
**TOTAL COST BY PROGRAM AND ACTIVITY**

*(Dollars in Thousands)*

|                                    | FY 2013    | FY 2014    | FY 2015    | FY 2015    |
|------------------------------------|------------|------------|------------|------------|
|                                    | Actual     | Enacted    | Request    | Incr/Decr  |
| <b>Capital Programs</b>            |            |            |            |            |
| 7(a) Loans                         |            |            |            |            |
| Loan Making - 7(a) Loans           | \$ 43,100  | \$ 49,938  | \$ 50,590  | \$ 652     |
| Loan Servicing - 7(a) Loans        | \$ 5,743   | \$ 6,291   | \$ 6,389   | \$ 98      |
| Loan Liquidation - 7(a) Loans      | \$ 21,662  | \$ 23,742  | \$ 24,139  | \$ 397     |
| Lender Oversight - 7(a) Loans      | \$ 4,885   | \$ 5,780   | \$ 5,827   | \$ 47      |
| Subtotal                           | \$ 75,390  | \$ 85,751  | \$ 86,945  | \$ 1,194   |
| 504 Loans                          |            |            |            |            |
| Loan Making - 504 Loans            | \$ 22,274  | \$ 25,867  | \$ 26,192  | \$ 325     |
| Loan Servicing - 504 Loans         | \$ 3,065   | \$ 3,363   | \$ 3,417   | \$ 54      |
| Loan Liquidation - 504 Loans       | \$ 13,605  | \$ 14,884  | \$ 15,124  | \$ 240     |
| Lender Oversight - 504 Loans       | \$ 1,530   | \$ 1,811   | \$ 1,825   | \$ 14      |
| Subtotal                           | \$ 40,474  | \$ 45,925  | \$ 46,558  | \$ 633     |
| Microloans                         |            |            |            |            |
| Loan Making - Microloans           | \$ 3,507   | \$ 3,850   | \$ 3,912   | \$ 62      |
| Loan Servicing - Microloans        | \$ 185     | \$ 195     | \$ 198     | \$ 3       |
| Loan Liquidation - Microloans      | \$ 22      | \$ 24      | \$ 24      | \$ -       |
| Microloan Technical Assistance     | \$ 20,151  | \$ 20,723  | \$ 20,478  | \$ (245)   |
| Subtotal                           | \$ 23,865  | \$ 24,792  | \$ 24,612  | \$ (180)   |
| Prime Technical Assistance         | \$ 19      | \$ 3,520   | \$ 20      | \$ (3,500) |
| Surety Bond Program                | \$ 4,615   | \$ 5,091   | \$ 5,172   | \$ 81      |
| <b>Contracting Programs</b>        |            |            |            |            |
| 7(j) Program                       | \$ 5,793   | \$ 4,550   | \$ 4,585   | \$ 35      |
| 8(a) Program                       | \$ 51,649  | \$ 56,829  | \$ 57,615  | \$ 786     |
| HUBZone Program                    | \$ 9,930   | \$ 11,212  | \$ 10,981  | \$ (231)   |
| Prime Contract Program             | \$ 20,199  | \$ 21,958  | \$ 22,254  | \$ 296     |
| Subcontracting Program             | \$ 6,027   | \$ 6,583   | \$ 6,675   | \$ 92      |
| Subtotal                           | \$ 93,598  | \$ 101,132 | \$ 102,110 | \$ 978     |
| <b>Entrepreneurial Programs</b>    |            |            |            |            |
| SCORE                              | \$ 11,546  | \$ 12,339  | \$ 12,379  | \$ 40      |
| Small Business Development Centers | \$ 113,484 | \$ 123,019 | \$ 123,169 | \$ 150     |
| Native American Outreach           | \$ 2,385   | \$ 4,227   | \$ 4,251   | \$ 24      |
| Women's Business Ownership         | \$ 18,350  | \$ 19,862  | \$ 19,950  | \$ 88      |
| Entrepreneurial Development        |            |            |            |            |
| Clusters                           | \$ 3,590   | \$ 5,000   | \$ 6,000   | \$ 1,000   |
| Entrepreneurship Education         | \$ 5,691   | \$ 8,191   | \$ 18,234  | \$ 10,043  |
| Subtotal                           | \$ 155,046 | \$ 172,638 | \$ 183,983 | \$ 11,345  |

**Table 10**  
**FY 2015 Congressional Budget Justification**  
**TOTAL COST BY PROGRAM AND ACTIVITY**

*(Dollars in Thousands)*

|  | FY 2013    |    | FY 2014 |    | FY 2015 |    | FY 2015   |
|--|------------|----|---------|----|---------|----|-----------|
|  | Actual     |    | Enacted |    | Request |    | Incr/Decr |
| <b>Export Programs</b>                     |            |    |         |    |         |    |           |
| International Trade Program                | \$ 9,543   | \$ | 10,608  | \$ | 10,749  | \$ | 141       |
| STEP                                       | \$ 1,681   | \$ | 9,954   | \$ | 1,981   | \$ | (7,973)   |
| Subtotal                                   | \$ 11,224  | \$ | 20,562  | \$ | 12,730  | \$ | (7,832)   |
| <b>Investment Programs</b>                 |            |    |         |    |         |    |           |
| SBIC Loans                                 |            |    |         |    |         |    |           |
| Loan Making - SBIC Loans                   | \$ 2,670   | \$ | 2,904   | \$ | 2,942   | \$ | 38        |
| Loan Servicing - SBIC Loans                | \$ 15,056  | \$ | 16,374  | \$ | 16,589  | \$ | 215       |
| Loan Liquidation - SBIC Loans              | \$ 1,941   | \$ | 2,111   | \$ | 2,139   | \$ | 28        |
| Subtotal                                   | \$ 19,667  | \$ | 21,389  | \$ | 21,670  | \$ | 281       |
| SBIR/STTR Programs                         | \$ 2,430   | \$ | 4,577   | \$ | 584     | \$ | (1,993)   |
| Growth Accelerators                        | \$ -       | \$ | 2,500   | \$ | 5,000   | \$ | 2,500     |
| Rural Business Investment Program          | \$ 15      | \$ | 15      | \$ | 15      | \$ | -         |
| New Market Venture Capital                 | \$ 115     | \$ | 126     | \$ | 127     | \$ | 1         |
| <b>Disaster Assistance Program</b>         |            |    |         |    |         |    |           |
| Loan Making - Disaster                     | \$ 300,852 | \$ | 204,410 | \$ | 199,124 | \$ | (5,286)   |
| Loan Servicing - Disaster                  | \$ 36,292  | \$ | 24,641  | \$ | 24,004  | \$ | (637)     |
| Subtotal                                   | \$ 337,144 | \$ | 229,051 | \$ | 223,128 | \$ | (5,923)   |
| <b>Veterans Programs</b>                   |            |    |         |    |         |    |           |
| Veteran's Business Development             | \$ 9,101   | \$ | 9,739   | \$ | 9,841   | \$ | 102       |
| National Veterans Entrepreneurial Training | \$ -       | \$ | 7,000   | \$ | 7,000   | \$ | -         |
| Subtotal                                   | \$ 9,101   | \$ | 16,739  | \$ | 16,841  | \$ | 102       |

**Table 10**  
**FY 2015 Congressional Budget Justification**  
**TOTAL COST BY PROGRAM AND ACTIVITY**  
*(Dollars in Thousands)*

|  | FY 2013           | FY 2014           | FY 2015           | FY 2015         |
|--|-------------------|-------------------|-------------------|-----------------|
|  | Actual            | Enacted           | Request           | Incr/Decr       |
| <b>Executive Direction</b>                   |                   |                   |                   |                 |
| National Women's Business Council            | \$ 999            | \$ 1,400          | \$ 1,281          | \$ (119)        |
| Ombudsman                                    | \$ 1,270          | \$ 1,478          | \$ 1,503          | \$ 25           |
| Business USA                                 | \$ -              | \$ 3,000          | \$ 6,000          | \$ 3,000        |
| Subtotal                                     | \$ 2,269          | \$ 5,878          | \$ 8,784          | \$ 2,906        |
| <b>Regional and District Office Programs</b> |                   |                   |                   |                 |
| Field Offices - Counseling                   | \$ 18,117         | \$ 19,805         | \$ 20,079         | \$ 274          |
| Field Offices - Training                     | \$ 27,672         | \$ 30,276         | \$ 30,692         | \$ 416          |
| Subtotal                                     | \$ 45,789         | \$ 50,081         | \$ 50,771         | \$ 690          |
| <b>Other</b>                                 |                   |                   |                   |                 |
| Inspector General                            | \$ 22,120         | \$ 28,702         | \$ 29,384         | \$ 682          |
| Advocacy                                     | \$ 11,828         | \$ 12,291         | \$ 11,987         | \$ (304)        |
| Other Reimbursable Programs                  | \$ -              | \$ 300            | \$ 300            | \$ -            |
| Subtotal                                     | \$ 33,948         | \$ 41,293         | \$ 41,671         | \$ (1,622)      |
| <b>Total Obligations</b>                     | <b>\$ 845,709</b> | <b>\$ 831,060</b> | <b>\$ 830,721</b> | <b>\$ (339)</b> |

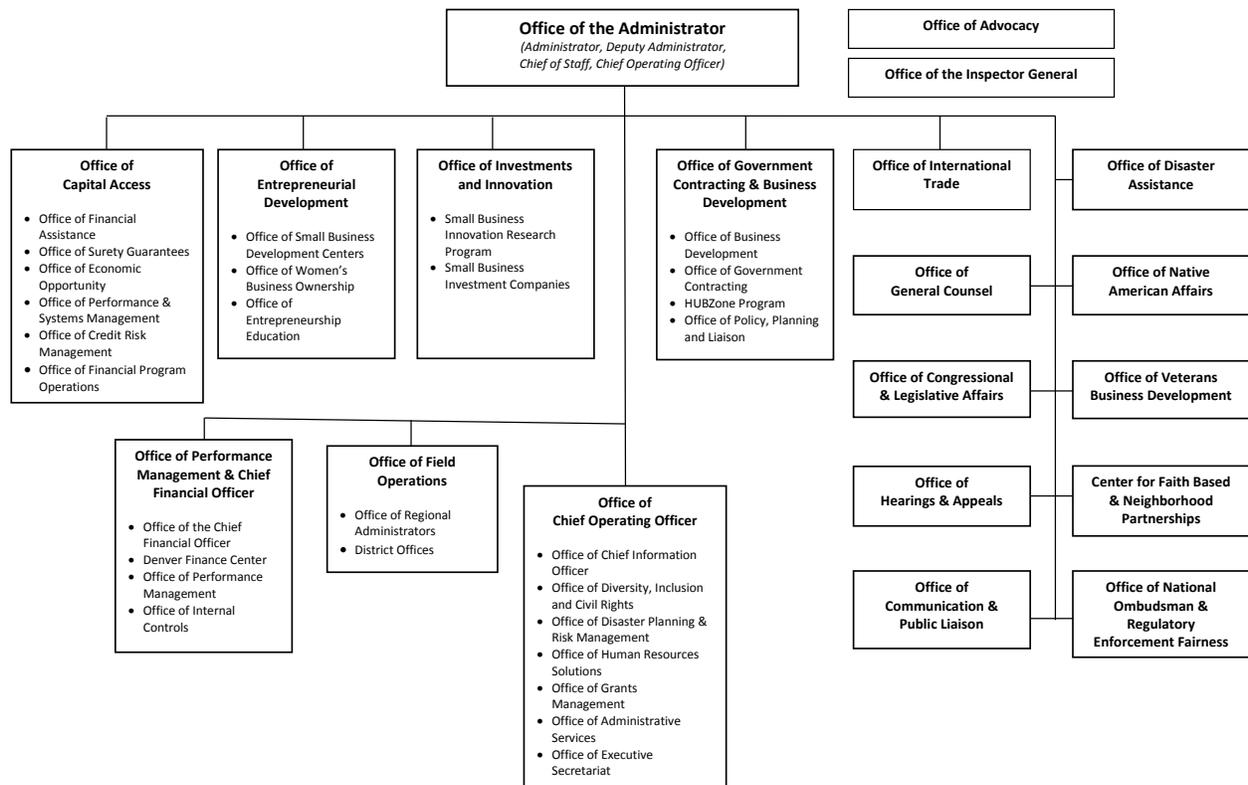
# FY 2015 Performance Plan and FY 2013 Performance Report

## 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. Priority and Performance Goals are linked to Strategic Objectives. 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 an annual budget of nearly \$900 million, including Stafford Act Disaster funding, and over 2,000 employees in Washington, D.C. and 68 district offices across the country, in FY 2015 the Small Business Administration will support more than \$32.5 billion in small business loans, help facilitate 23 percent of all federal contracting dollars for small businesses, counsel and train over one million small business owners or potential owners, disburse over \$1 billion in disaster assistance to victims, and nurture thousands of high-growth companies with up to \$4 billion in long-term capital.

## SBA ORGANIZATION STRUCTURE





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| <b>Performance Goal:</b> Number of jobs supported by capital assistance programs will be 688,650 in FY 2015.   |      |
| <b>Strategies:</b>   |      |
| 1. Offer loan guaranty products to assist small businesses in obtaining financing when they do not qualify for conventional credit   |      |
| 2. Strengthen and expand the network of lenders offering SBA products  |      |
| 3. Leverage network of resource partners to assist small business owners in accessing capital  |      |
| 4. Offer a guaranty surety bond product for small and emerging contractors   |      |
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| 2. Simplify access to federal contracting; attract and educate small businesses on contracting opportunities   |      |
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| 1. Harness SBA’s nationwide network of resource partners   |      |
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| <b>Strategies:</b>   |      |
| 1. Expand market export opportunities  |      |
| 2. Increase access to trade financing  |      |
| 3. Provide tailored training and counseling to lenders and small businesses  |      |
| 4. Engage Trade Promotion Coordinating Committee and state and resource partners for export promotion and support  |      |
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| <b>Strategies:</b>   |      |



1. Grow the deployment of long-term capital
2. Improve Small Business Innovation Research (SBIR/STTR) operations, outreach and commercialization and Small Business Technology Transfer (STTR) programs
3. Strengthen the accelerator network
4. Provide thought, policy and executional leadership on the crowd-finding capital raising model

**Strategic Objective 1.6: Disaster Assistance ..... 66**

**Priority Goal:** Increase the return rate for disaster survivor loan applications by 10 percentage points, from 24 percent to 34 percent, by September 30, 2015.

**Performance Goal:** Customer satisfaction for disaster loan approvals will be 71 percent in FY 2015.

**Strategies:**

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

**Strategic Objective 1.7: Supply Chains..... 72**

**Strategies:**

1. Ensure small businesses have the capital, opportunities, skills and capabilities to become part of private sector supply chains
2. Connect small businesses and large corporations to enable more small businesses to become part of commercial supply chains

***Strategic Goal Two – Serving as the Voice for Small Business..... 74***

**Strategic Objective 2.1: Inclusive Entrepreneurship..... 74**

**Performance Goal:** The number of underserved small businesses assisted by capital assistance programs will be 32,250, and the number assisted by contracting programs will be 14,475 in FY 2015.

**Strategies:**

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

**Strategic Objective 2.2: Cross-Agency Collaboration..... 86**

**Strategies:**

1. Lead and collaborate as a partner on Administration-wide initiatives that support small business

**Strategic Objective 2.3: Outreach..... 90**

**Performance Goal:** [SBA.gov](http://SBA.gov) will average 2.3 million monthly site visits in FY 2015.

**Strategies:**

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

**Strategic Objective 2.4: Reduce Regulatory Burdens..... 96**

**Performance Goal:** To identify and reduce regulatory burdens, the SBA will maintain Regional Regulatory Fairness Board membership at 85 percent or better, identify two or more

rules/regulations that disproportionately affect small business, and work across government to secure lasting regulatory fixes.

**Strategies:**

1. Maintain an ombudsman process to receive comments from small business and liaise with federal agencies
2. Identify and reduce regulatory burdens on entrepreneurs and small businesses
3. Advocate for improved data collection on small business activity

**Strategic Goal Three – Building an SBA that Meets the Needs of Today's and Tomorrow's Small Businesses..... 101**

**Strategic Objective 3.1: Program Operations..... 101**

**Performance Goal:** The overall IT satisfaction rate will be 80 percent, and SBA's percentage of eligible contract dollars awarded to small business will be at least 67 percent in FY 2015.

**Strategies:**

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

**Strategic Objective 3.2: Employees..... 107**

**Performance Goal:** SBA's goal for time-to-hire will be 100 days in FY 2015.

**Strategies:**

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

**Strategic Objective 3.3: Risk Mitigation..... 111**

**Performance Goals:**

- The SBA will perform 300 select risk-based credit reviews in FY 2015.
- The SBA will achieve 100 percent of its target for 8(a) and HUBZone reviews in FY 2015.
- The SBA will conduct 75 reviews of OED resource partners in FY 2015.

**Strategies:**

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

## *Strategic Goal One – Growing Businesses and Creating Jobs*

### **Strategic Objective 1.1: Capital**

*Expand access to capital through SBA's extensive lending network*

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

**Performance Goal:** Number of jobs supported by Capital Assistance programs will be 688,650 in FY 2015.

**Lead Office:** Office of Capital Access

**Programs/Activities:** 7(a) Loan Guaranties, 504 Certified Development Loans, Secondary Market Guaranty, Microloans, Surety Bond Guaranties, Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), SCORE, U.S. Export Assistance Centers

**Strategies:**

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

**7(a) - Priority Goal Indicator (1.1)**

| Priority Goal Indicator | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|-------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| 7(a) New Lenders (#)    | Outcome         | N/A*           | N/A*           | N/A*           | N/A*           | 312            | 306            | Baseline       | N/A*             | 325            | 325            |

\*N/A - Data not tracked prior to FY 2012

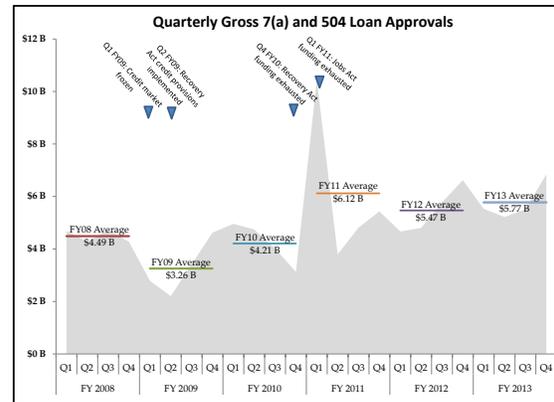
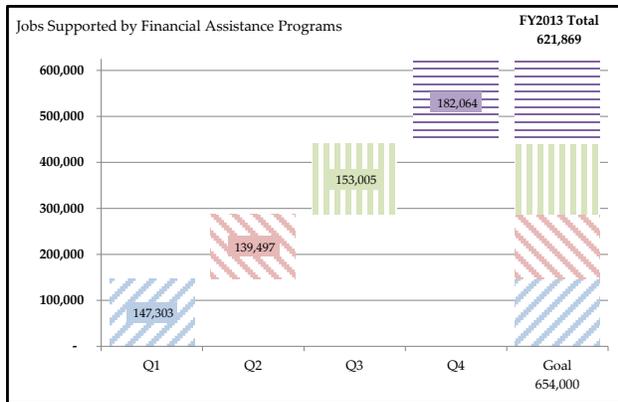
**7(a), 504, Microloans and SBG - Performance Goal Indicator (1.1)**

| Performance Goal Indicator                            | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| 7(a) and 504 Lending Supported (\$000) <sup>(1)</sup> | Output          | \$24,573,164   | \$17,818,196   | \$22,381,940   | \$ 30,539,407  | \$30,254,226   | \$29,629,668   | \$ 23,792,500  | 25%              | \$ 24,268,350  | \$24,753,825   |
| 7(a), 504, Microloans and SBG Jobs Supported (#)      | Output          | 713,574        | 514,035        | 583,737        | 700,736        | 609,437        | 621,869        | 654,000        | -5%              | 674,850        | 688,650        |

<sup>(1)</sup> 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.

**Variance Explanation**

**7(a) and 504 Lending Supported (25% over target)** - SBA's efforts to streamline and simplify its 7(a) and 504 loan programs continue to make SBA lending attractive to stakeholders.



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 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 7(a) loans, 504 loans and Microloans in an easy and streamlined manner through a large network of active lenders and increased referrals from SBA’s network of counseling and training partners, is how the SBA plans to support 688,650 jobs through financial assistance programs in FY 2015.

**7(a) and 504 - Contextual Indicators (1.1)**

| Contextual Indicator                         | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| 7(a) and 504 Loans Approved Combined (\$000) | \$ 17,960,926  | \$ 13,025,367  | \$ 16,840,305  | \$ 24,483,008  | \$ 21,864,656  | \$ 18,630,000  |
| 7(a) and 504 Loans Approved Combined (#)     | 78,317         | 47,897         | 54,833         | 61,690         | 53,847         | 54,106         |

\*N/A - Not available

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

SBA loan guaranty programs play a critical role in ensuring access to capital for U.S. small businesses. When a small business cannot qualify for a loan under conventional credit standards, SBA’s loan guaranty programs provide the necessary financial backing. Small businesses play a crucial role in growing the U.S. economy and SBA’s loan guaranty program is focused on providing necessary capital to entrepreneurs.

**7(a) Loan Program**

The **7(a) Loan** program is the federal government’s primary business loan program, assisting small businesses in obtaining financing when they do not qualify for or otherwise have access to traditional

credit. The SBA guarantees a portion of each loan (typically 75 to 90 percent) that participating lenders make using the credit enhancement of the 7(a) loan program. Its flexibility enables small businesses to obtain financing of up to \$5 million for various business uses, with loan maturities up to 25 years. The 7(a) program allows small businesses with limited access to traditional capital markets to secure start up and growth funding that helps to increase employment, provide services to communities, and expand the local tax base.

7(a) - Performance Indicator Table (1.1)

| Performance Indicator                      | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Loans Approved (\$000)                     | Output          | \$12,671,136   | \$ 9,191,104   | \$ 12,406,997  | \$ 19,637,889  | \$ 15,153,000  | \$ 17,868,036  | \$14,500,000   | 23%              | \$14,790,000   | \$15,085,800   |
| SB Assisted (#) <sup>(1)</sup>             | Output          | 62,441         | 37,153         | 41,705         | 46,749         | 39,022         | 40,574         | 38,700         | 5%               | 39,500         | 40,300         |
| Jobs Supported (#) <sup>(1)(2)</sup>       | Outcome         | 586,955        | 423,980        | 473,502        | 582,707        | 454,814        | 483,976        | 547,200        | -12%             | 558,100        | 569,300        |
| Active Lending Partners (#) <sup>(3)</sup> | Output          | 2,408          | 2,771          | 3,061          | 3,537          | 2,476          | 2,345          | 2,800          | -16%             | 2,850          | 2,850          |
| Cost per SB Assisted (\$)                  | Efficiency      | \$ 1,382       | \$ 2,443       | \$ 2,280       | \$ 1,882       | \$ 2,400       | \$ 1,858       |                |                  | \$ 2,171       | \$ 2,157       |

| Budgetary Resources                                   | Budgetary Obligations Incurred |                |                |                |                |                | Budget          |                 |
|---|--------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|   | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Enacted | FY 2015 Request |
| Total Administrative Resources (\$000) <sup>(4)</sup> | \$ 86,282                      | \$ 90,764      | \$ 95,090      | \$ 88,000      | \$ 93,640      | \$ 75,390      | \$ 85,751       | \$ 86,945       |

(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

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

**Variance Explanation**

|  |
|--|
| <b>Loans Approved (23% over target)</b> - Recent efforts to streamline SBA's 7(a) and 504 loan programs continue to make SBA lending attractive to our stakeholders.   |
| <b>Jobs Supported (-12% under target)</b> - While SBA did not reach its target of supporting 547,200 jobs in FY2013, SBA loans were able to support more jobs than in FY2012. Continuous improvement to SBA's lending programs will help SBA support more jobs in FY2014.        |
| <b>Active Lending Partners (-16% under target)</b> - SBA continues to work to lower the transaction cost of an SBA loan, especially for small and rural community banks. SBA has made bringing new and returning lenders to the program its priority goal for FY2014 and FY2015. |

FY 2013 Accomplishments

In FY 2013, the Agency approved 46,398 7(a) loans that total \$17.9 billion in gross approvals from 2,345 lenders. This includes more than 4,000 Small Loan Advantage 2.0 loans for a total of more than \$624.6 million. In all, the 7(a) loan program supported 483,976 jobs and assisted 40,574 small businesses in FY 2013. As a result of program modernization the revolving CAPLine activity in FY 2013 surpassed all other fiscal years. The SBA approved 682 loans for \$500 million. For FY 2013, initial 7(a) secondary market sales are expected to top 8,400 loan guaranties for \$4.8 billion, and SBA loan pool settlements are projected to top out at approximately 240 pools formed for \$4.6 billion providing more liquidity in the market.

Credit enhancement to participating 7(a) lenders provides a critical source of funding to non-traditional financial institutions that do not take in customer bank deposits. In FY 2013, the SBA permitted the private sector to originate 15 warehouse credit facilities, providing an excess of \$100 million to lender participants and ultimately small business borrowers. This level of financing activity is expected to continue into FY 2014.

FY 2014 and FY 2015 Planned Performance

In FY 2014 and FY 2015 the SBA is requesting no credit subsidy appropriation 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 in FY 2014, and 569,300 jobs and 40,300 small businesses in FY 2015.

Improvements in the delivery of the 7(a) program reduced lender ongoing servicing fees for FY 2014, and the program will continue to move toward 100 percent electronic submission of applications in FY 2014. The SBA waived up-front and annual fees on 7(a) loans of \$150,000 or less in FY 2014 and proposes to waive them in FY 2015. Credit subsidy estimates demonstrate that this policy can be achieved with zero credit subsidy appropriations with the cost covered by annual fees for larger 7(a) loans. Based on the initial success of the revamped CAPLine programs, the Agency expects that interest and uptake will continue during FY 2014. The SBA will continue to develop and implement policies which streamline and simplify the process of making and servicing loans to lower costs to lenders who expand access to capital for small businesses.

## 504 Loan Program

The **504 Certified Development 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 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|-----------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Loans Approved (\$000)            | Output          | \$ 5,289,790   | \$ 3,834,263   | \$ 4,433,308   | \$ 4,845,119   | \$ 6,711,656   | \$ 5,227,392   | \$ 4,130,000   | 27%              | \$ 4,212,600   | \$ 4,296,900   |
| SB Assisted (#) <sup>(1)</sup>    | Output          | 8,675          | 6,461          | 7,664          | 7,752          | 9,038          | 7,502          | 6,400          | 17%              | 6,500          | 6,700          |
| Jobs Supported (#) <sup>(1)</sup> | Outcome         | 111,996        | 74,849         | 82,543         | 87,337         | 116,569        | 90,257         | 79,400         | 14%              | 81,000         | 82,600         |
| Active Lending Partners (#)       | Output          | 274            | 274            | 267            | 249            | 256            | 247            | 267            | -7%              | 267            | 267            |
| Cost per SB Assisted (\$)         | Efficiency      | \$ 2,894       | \$ 4,936       | \$ 4,728       | \$ 5,017       | \$ 4,383       | \$ 5,269       |                |                  | \$ 7,065       | \$ 6,949       |

| Budgetary Resources                    | Budgetary Obligations Incurred |                |                |                |                |                | Budget          |                 |
|--|--------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|  | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Enacted | FY 2015 Request |
| Total Administrative Resources (\$000) | \$ 25,106                      | \$ 31,889      | \$ 36,232      | \$ 38,888      | \$ 39,612      | \$ 40,474      | \$ 45,925       | \$ 46,558       |

(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) FY 2009, 2010 and 2011 Budgetary Resources do not include funds associated with the Recovery and Jobs Acts.

### Variance Explanation

|   |
|---|
| <b>Loans Approved (27% over target)</b> - SBA's efforts to streamline and simplify its 7(a) and 504 loan programs continue to make SBA lending attractive to our stakeholders.          |
| <b>SB Assisted (17% over target)</b> - SBA's efforts to streamline and simplify its 7(a) and 504 loan programs continue to make SBA lending attractive to our stakeholders.             |
| <b>Active Lending Partners (14% over target)</b> - SBA's efforts to streamline and simplify its 7(a) and 504 loan programs continue to make SBA lending attractive to our stakeholders. |

## FY 2013 Accomplishments

In FY 2013, the SBA approved 7,708 regular 504 loans for a total of \$5.2 billion, which supported \$11.8 billion in lending and 90,257 jobs. The temporary Jobs Act refinance program sunset in September 30, 2012 and was not expanded by Congress during FY 2013. However, the 504 loan volume unrelated to the Jobs Act grew by 17.6 percent from FY 2012 to FY 2013, a significant increase. The SBA streamlined the 504 loan closing process, resulting in efficiency gains that will help facilitate 504 loan closings for the SBA, CDCs and the small business borrower.

In FY 2013, the SBA continued with the regulatory process 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 the spring of FY 2014. A significant increase in loan volume is anticipated in FY 2014 when the proposed rule is finalized.

Debenture fundings for FY 2013 in the 504 Certified Development Company program surpassed \$5 billion as loans made under the favorable debt refinancing rules in FY 2011 and FY 2012 made their way to market. Pricing on 20-year debentures reached a program low of 1.93 percent in December 2012, providing borrowers with the lowest cost of capital in program history.

#### FY 2014 and FY 2015 Planned Performance

The SBA is requesting \$45 million in FY 2015 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 in FY 2014, and 82,600 jobs and 6,700 businesses in FY 2015. The SBA requests authority in FY 2015 for 504 Refinance lending (504 Refi), which would have no credit subsidy appropriation. 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 during its authorization in FY 2011-2012.

In FY 2015, the SBA plans to continue implementation of the revised 504 regulations, including training and technical assistance to CDCs for capacity building as well as coordinating with SBA's federal partners, lenders and trade associations to create opportunities for program improvements and expansion. The SBA will seek to improve program efficiency and monitoring for the 504 program through the development of a web-based system for the SBA and for the CDCs' annual reports.

#### **Other Loan Initiatives**

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** and **Community Advantage** loans are specifically targeted for underserved markets and communities. These loan products are described in more detail under Strategic Objective 2.1.

#### ***Strengthen and expand the network of lenders offering SBA products***

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 has strengthened relationships with existing SBA lenders and, with the aid of the Recovery Act programs, attracted more new lenders to the SBA. The Agency continues to be focused on retaining lenders with better customer service and an average payment time of less than 30 days for guaranty purchases when lenders submit complete 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.

The SBA recognizes that small businesses that are able to tap into the global marketplace have the potential for vast expansion and growth. Through collaboration with other agencies, the Office of

International Trade is working to develop a more extensive trade financing infrastructure throughout the country by training a network of export lenders to better serve small business exporters. For more detailed information, please refer to Strategic Objective 1.4: Exports.

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. Therefore, increasing the use of electronic loan applications for the 7(a) and 504 loan programs was an Agency Priority Goal in FY 2012 and 2013. SBA's increased use of technology will improve quality and will reduce the complexity of the lending process, making the process more efficient.

| Performance Indicator                                    | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| 7(a) Approved Applications Originated Electronically (%) | Efficiency      | N/A*           | N/A*           | N/A*           | 72%            | 86%            | 90%            | 90%            | 0%               | N/I*           | N/I*           |
| 504 Approved Applications Originated Electronically (%)  | Efficiency      | N/A*           | N/A*           | N/A*           | 55%            | 65%            | 76%            | 75%            | 1%               | N/I*           | N/I*           |

N/I\* - Not an indicator for FY 2014 & FY 2015

The following contextual indicators are presented to provide context to the "7(a) and 504 Approved Applications Originated Electronically (%)" indicator above. Without knowing the total number of electronic applications issued and the total number of applications issued, the percentage achieved would have little meaning. These contextual indicators also presents the disaster application volume, in each fiscal year, for comparative purposes.

#### 7(a) and 504 - Contextual Indicators (1.1)

| Contextual Indicator             | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 7(a) Electronic Applications (#) | N/A*           | N/A*           | N/A*           |                | 38,668         | 41,714         |
| 7(a) Total Applications (#)      | N/A*           | N/A*           | N/A*           |                | 53,706         | 46,398         |
| 504 Electronic Applications (#)  | N/A*           | N/A*           | N/A*           |                | 4,391          | 5,864          |
| 504 Total Applications (#)       | N/A*           | N/A*           | N/A*           |                | 7,983          | 7,708          |

\*N/A - Not available

#### FY 2013 Accomplishments

During FY 2013, the SBA continued to streamline and simplify the application processes for lenders and small businesses. The SBA standardized the 7(a) process for electronically submitted loans, improving the data collected from lenders and establishing a Change Control Board to manage system changes based on industry best practices. The SBA has now trained approximately 1,600 lenders on the electronic loan system.

Streamlining and simplifying the Small Loan Advantage program in FY 2012 resulted in a substantial increase in activity over the prior fiscal year. The SLA program continued its rapid growth in FY 2013, increasing by 390% in approved loans and 491% in approved dollars as compared to the same time period in FY 2012.

#### FY 2014 and FY 2015 Planned Performance

The SBA will work to increase the number of active lending partners to further expand access to capital for small businesses, with the goal of achieving the participation of 2,850 active lenders in the 7(a) loan program and 269 in the 504 loan program in FY 2014 and FY 2015.

#### *Leverage network of resource partners to assist small business owners in accessing capital*

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 2013 Accomplishments

The SBA administered over \$104 million in grant funding to the SBDC network in FY 2013. Professional business advisors assisted clients in obtaining \$3.8 billion in capital for their businesses.

The clients of the Women's Business Center program are primarily nascent entrepreneurs. While many of these clients are not ready for traditional financing, the WBC network collaborates closely with microlending institutions. About 25 percent of WBCs are collocated with a microlending program. On an annual basis capital access training is included during the WBC training conference. The WBCs are encouraged to collaborate with local lenders and microlenders as a way to help more women entrepreneurs access capital.

#### FY 2014 and FY 2015 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 \$3.4 billion in capital infusion for their small businesses in FY 2014.

The clients of the WBC program are primarily nascent entrepreneurs. While many of these clients are still not ready for traditional financing, the WBC network collaborates closely with microlending institutions. About 25 percent of WBCs are collocated with a microlending program. It is anticipated that the WBCs will assist their clients in accessing over \$20 million in loans in FY 2014, the majority of which are considered microloans.

SCORE will continue to help small businesses access capital by providing face-to-face mentoring and online educational training workshops on finance and money. Several online courses will be available in Spanish such as "*Su evaluacion de las necesidades financieras de la empresa,*" a free online business workshop that explains the various sources of financing and provides information on how to assess a company's financial needs.

#### ***Offer a guaranty surety bond product for small and emerging contractors***

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

#### **Surety Bond Guarantee Program**

Under the **Surety Bond Guarantee** 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 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Contract Value of Bid and Final Bonds (\$ Billions) | Output          | \$ 2.45        | \$ 2.76        | \$ 4.00        | \$ 3.66        | \$ 3.92        | \$ 6.15        | \$ 3.70        | 66%              | \$ 5.70        | \$ 6.00        |
| Total Bid and Final Bonds Guaranteed (#)            | Output          | 6,055          | 6,135          | 8,348          | 8,638          | 9,503          | 12,866         | 8,850          | 45%              | 13,500         | 14,200         |
| Jobs Supported (#) <sup>(1)</sup>                   | Output          | 4,638          | 4,256          | 14,080         | 17,421         | 24,774         | 32,000         | 14,900         | 115%             | 23,000         | 24,000         |
| Cost per Job Supported (\$)                         | Efficiency      | \$ 951         | \$ 1,152       | \$ 439         | \$ 279         | \$ 221         | \$ 184         |                |                  | \$ 221         | \$ 216         |

| Budgetary Resources                                   | Budgetary Obligations Incurred |                |                |                |                |                | Budget          |                 |
|---|--------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|   | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Enacted | FY 2015 Request |
| Total Administrative Resources (\$000) <sup>(2)</sup> | \$ 4,413                       | \$ 4,904       | \$ 6,175       | \$ 4,865       | \$ 5,477       | \$ 4,615       | \$ 5,091        | \$ 5,172        |

(1) A more precise methodology was developed in FY 2010 to calculate "Jobs Supported". Prior year results were calculated using a formula and it is now collected directly from the contractors. 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**

|   |
|---|
| <b>Contract Value of Bid and Final Bonds (66% over target)</b> - Surety Bond increases were primarily driven by concerted outreach and marketing by the HQ, Denver and Seattle staff, particularly the efforts of our two new outreach staff members, one in Denver and one in Seattle, and use of a new, automated 'Quick Bond Guarantee' application that streamlines requirements for small businesses and surety companies. |
| <b>Total Bid and Final Bonds Guaranteed (45% over target)</b> - Surety Bond increases were primarily driven by concerted outreach and marketing by the HQ, Denver and Seattle staff, particularly the efforts of our two new outreach staff members, one in Denver and one in Seattle, and use of a new, automated 'Quick Bond Guarantee' application that streamlines requirements for small businesses and surety companies.  |
| <b>Jobs Supported (115% over target)</b> - Surety Bond increases were primarily driven by concerted outreach and marketing by the HQ, Denver and Seattle staff, particularly the efforts of our two new outreach staff members, one in Denver and one in Seattle, and use of a new, automated 'Quick Bond Guarantee' application that streamlines requirements for small businesses and surety companies.                       |

FY 2013 Accomplishments

The SBA guaranteed a total of 13,000 bid and final bonds for a combined contract value of approximately \$6.15 billion, resulting in a total of 32,000 jobs created and retained, exceeding FY 2013 performance goals on all counts. The number of bonds represents a 35 percent increase over FY 2012 and a 57 percent increase in the value of bonded contracts.

During FY 2013, the SBA approved three new Prior Approval surety companies. Additionally, 42 new surety agencies and 168 new surety agents began participating in the program, which is much higher than in previous years.

At year end, the application cycle time averaged about 3 days, below the FY 2013 target of 4.5 days. The average claims processing cycle time was 3 days, well below the FY 2013 target of 6 days.

FY 2014 and FY 2015 Planned Performance

The SBA will continue to expand access to bonding for small businesses by focusing marketing and outreach efforts on underserved communities and geographical areas of the country. This includes efforts to strengthen relationships with existing surety partners and to add additional participants to offer bonding to more small businesses. As a result, the SBA will have the capacity to support approximately 23,000 jobs in FY 2014 and 24,000 jobs in FY 2015 as reported by the surety companies on all approved bonds.

The SBA will investigate establishing a single guaranty 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. Increasing surety participation will enhance bonding opportunities for more small businesses and increase the capacity to support additional jobs.

## Strategic Objective 1.2: Contracting

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

**Priority Goal:** Maximize small business participation in federal government contracting to meet the statutory goals and reduce participation by ineligible firms.

**Lead Office:** Office of Government Contracting and Business Development

**Programs/Activities:** Small Business Procurement Set-Aside, 8(a) Business Development, 7(j) Technical Assistance, HUBZone, Women-Owned Small Business Federal Contracting, Service-Disabled Veteran-Owned Small Business Procurement, Procurement Assistance, Mentor-Protégé, Size Standards

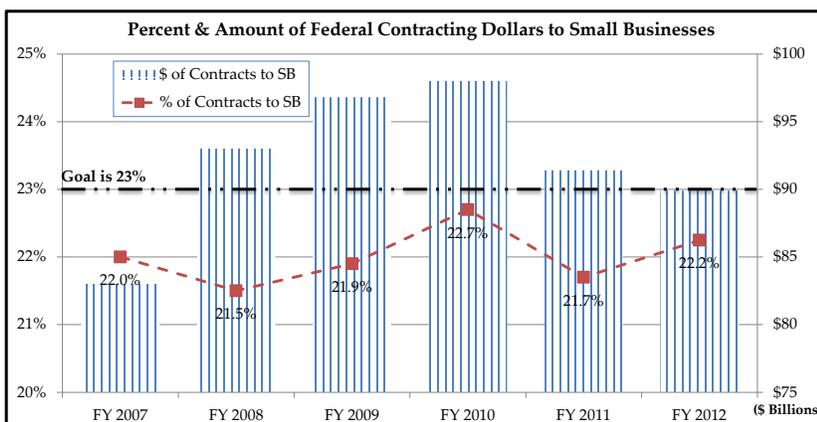
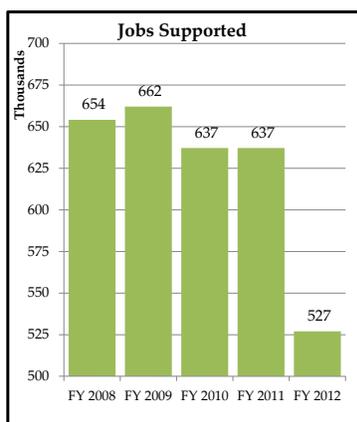
**Strategies:**

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

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

| Priority Goal 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 | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|----------------|
| Fed Contract Dollars Awarded to SB (% of Total Applicable Federal Contract Dollars) | Outcome         | 21.5%          | 21.9%          | 22.7%          | 21.7%          | 22.3%          | 23.0%          | -3%              | 23.0%          | 23.0%          | 23.0%          |

(1) The data supporting the FY 2013 indicators are not finalized until the 3rd or 4th quarter of FY 2014. Therefore, FY 2012 data is reported on as required by OMB Circular A-11.



The following contextual indicator is presented to provide context to the Priority Goal indicator above - "Fed Contract Dollars Awarded to SB (% of Total Applicable Federal Contract Dollars)". These contextual indicators also presents the contracting volume in each fiscal year for comparative purposes.

### Prime Contracting - Contextual Indicator (1.2)

| Performance Indicator                               | Type   | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual |
|---|--------|----------------|----------------|----------------|----------------|----------------|
| Federal Contract Dollars Awarded to SB (\$ Billion) | Output | \$ 93.0        | \$ 96.8        | \$ 98.0        | \$ 91.4        | \$ 89.9        |

Small business contracting is a win-win; the federal government gets to work with the most innovative small businesses in America today – often with direct access to 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 meeting their small business contracting goals. The Agency continues to simplify access to contracting and is improving the certification process and data quality for federal contracting. All of these efforts are focused on ensuring that at least 23 percent of all prime contracting dollars go to small businesses.

In FY 2012, the federal government made real progress toward the 23 percent goal, with 22.25 percent or \$89.9 billion in federal contracting dollars going to small businesses. This is compared to 21.65 percent in FY 2011 and significantly impacts key areas. For the first time, the goal for service-disabled veterans was exceeded. Also, more agencies than ever before reached or surpassed all of their prime contracting goals, and the SBA had its highest percentage of contracts going to small disadvantaged businesses to date. As the result of a government-wide focus on increasing small business contracting opportunities during President Obama's first term (FY 2009 - 2012), the federal government awarded \$376.2 billion in federal contracting dollars to small businesses. This is a \$48.1 billion increase over the four preceding years even as contracting spending overall has been reduced.

Information on specialized assistance for small businesses in underserved markets to maximize participation in federal government prime contracting and subcontracting -- including 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 2.1. For information regarding reducing fraud, waste and abuse in contracting programs, see Strategic Objective 3.3.

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

| 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 | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|----------------|
| Contracts to Small Disadvantaged Businesses - 8(a) Program Participants (%) | Output          | 6.76%          | 7.57%          | 7.95%          | 7.67%          | 8.00%          | 5.00%          | 60%              | 5.00%          | 5.00%          | 5.00%          |
| Contracts to Women-Owned Small Businesses (%)                               | Output          | 3.39%          | 3.68%          | 4.04%          | 3.98%          | 4.00%          | 5.00%          | -20%             | 5.00%          | 5.00%          | 5.00%          |
| Contracts to Service-Disabled Veteran Owned Small Businesses (%)            | Output          | 1.49%          | 1.98%          | 2.50%          | 2.65%          | 3.03%          | 3.00%          | 1%               | 3.00%          | 3.00%          | 3.00%          |
| Contracts to HUBZone Firms (%)  | Output          | 2.34%          | 2.81%          | 2.77%          | 2.35%          | 2.01%          | 3.00%          | -33%             | 3.00%          | 3.00%          | 3.00%          |
| Jobs Supported (#)  | Outcome         | 654,114        | 662,107        | 637,156        | 609,333        | 527,000        | 572,000        | -8%              | 572,000        | 572,000        | 501,113        |
| Cost per Job Supported (\$)   | Efficiency      | \$ 36.94       | \$ 36.60       | \$ 45.99       | \$ 44.53       | \$ 53.37       |                |                  | \$ 45.85       | \$ 49.90       | \$ 57.73       |

| Budgetary Resources                    | Budgetary Obligations Incurred |                |                |                |                | Budget Requests |                 |                 |
|--|--------------------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
|  | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual  | FY 2014 Enacted | FY 2015 Request |
| Total Administrative Resources (\$000) | \$ 24,164                      | \$ 24,230      | \$ 29,300      | \$ 27,136      | \$ 28,126      | \$ 26,226       | \$ 28,541       | \$ 28,929       |

(1)The data supporting the FY 2013 indicators are not finalized until the 3rd or 4th quarter of FY 2014. Therefore, FY 2012 data is reported as required by OMB Circular A-11.

**Variance Explanation**

|  |
|--|
| <b>Contracts to Small Disadvantaged Businesses - 8(a) Program Participants (60% over target)</b> - There is a statutorily-defined goal of 5.00% of all small business eligible prime contracting dollars to be awarded to SDB businesses. The federal government as a whole was able to exceed this goal and achieve 8% for FY12. The goal was exceeded due to increased marketing of the capabilities of 8(a) firms, which are SDBs.  |
| <b>Contracts to Women-Owned Small Businesses (-20% under target)</b> - There is a statutorily-defined goal of 5.00% of all small business eligible prime contracting dollars to be awarded to WOSBs. The federal government as a whole was not able to meet this goal, and achieved 4.00% for FY12. The WOSB federal contract program was newly implemented in FY12. Since implementation, there has been increased use of WOSB firms, but the program had caps limiting the dollar amount of contracts eligible for the program. Those caps were removed in FY13, and we expect to see increased use of WOSB firms in the future. |
| <b>Contracts to HUBZone Firms (-33% under target)</b> - There is a statutorily-defined goal of 3.00% of all small business eligible prime contracting dollars to be awarded to HUBZone program participants. The federal government as a whole was not able to meet this goal, and achieved 2.01% for FY12. The HUBZone program lost a significant number of firms due to the redesignation of areas in response to the 2010 census. Although the HUBZone office continues to recruit new firms, the portfolio size has not yet recovered from the loss of firms.  |

***Ensure federal agencies are meeting their small business contracting goals***

As the chair of the Small Business Procurement Advisory Council (SBPAC), the SBA assists agencies in their acquisition planning efforts to help the federal government reach its 23 percent target for small business contracting. This includes the launch of new contracting initiatives, providing training, sharing best practices, publishing data on contracting and hosting matchmaking events. For example, each month a different agency presents on a best practice that has positively impacted their small business contracting performance, the SBPAC is regularly briefed on upcoming outreach and training initiatives, and there is regular discussion on upcoming rules impacting small business contracting

**FY 2013 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. Staff at the SBA hosted thousands of matchmaking events across the country that linked agencies and large contractors with small businesses interested in contracting. In FY 2013, the SBA completed negotiations with each federal agency to set their prime and subcontracting goals for FY 2014. Finally, the SBA elevated awareness of each agency's performance by publishing a public Annual Scorecard for the previous year. In FY 2013, the FY 2012 Scorecards for both government-wide and individual agencies were published (see <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.

Due to the reporting cycle of federal procurement data, actual results for FY 2013 are not available at the time of publication. However, during this period, the SBA has and continues to review the small business contracting performance at both an agency-specific and government-wide level. Additionally, the SBA continued implementing the 19 procurement-related provisions contained in the Small Business Jobs Act of 2010 which helps small businesses compete more effectively for federal prime contracts and subcontracts.

In FY 2013, the SBA amended its regulations to implement Section 1697 of the National Defense Authorization Act for FY 2013, which removed the statutory limitation on the dollar amount of a contract that women-owned small businesses can compete for under the **Women-Owned Small Business Federal Contracting (WOSB)** program. As a result, contracting officers may now set aside contracts under the WOSB program at any dollar level, as long as the other requirements for a set-aside under the program are met.

#### FY 2014 and FY 2015 Planned Performance

In October 2011, the Administration implemented **QuickPay**, an important tool to attract small business contractors, allowing small businesses that are federal prime contractors to receive payment in 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. OMB has extended that accelerated payment policy for an additional year, until July 11, 2014. This extension will allow OMB and agencies to continue to evaluate the impact of accelerated payment on small business subcontractors. It will also allow the Federal Acquisition Regulation (FAR) Council to solicit public input on strategies that might be used over the longer term to help maintain effective cash flow and prompt payment to small business subcontractors.

In FY 2014 and FY 2015, the SBA will be working with agencies to negotiate their FY 2015 and FY 2016 goals. The Annual Scorecard for FY 2013 will be published as well in FY 2014, and the scorecard for FY 2014 will be published in FY 2015.

#### ***Simplify access to federal contracting; attract and educate small businesses on contracting opportunities***

Small businesses are more likely to engage in federal contracting when the process is simplified and initiatives like the Administration's American Supplier Initiative help small businesses get the cash flow they need to fund and grow their operations.

#### FY 2013 Accomplishments

The SBA continued to promote the **Women-Owned Small Business Federal Contract** program through the **ChallengeHER** campaign, an initiative undertaken via a cosponsorship with American Express OPEN and Women Impacting Public Policy to get more women-owned small businesses involved in the federal supply chain. ChallengeHER events were hosted at various federal agencies and SBA district offices to inform women of contracting opportunities available with the federal government. Events were held at the Department of Energy, the Department of Health and Human Services, and the SBA district offices in Phoenix, Denver, Atlanta, and New Orleans.

In FY 2013, the SBA continued to implement several provisions in the Jobs Act through the rulemaking process that will lower barriers to entry for contracting. Additionally, the QuickPay

provision continues to set higher standards for agencies to pay contractors and for contractors to pay subcontractors more quickly.

#### FY 2014 and FY 2015 Planned Performance

In FY 2015, the SBA will continue to work on increasing awareness of contracting opportunities through efforts such as the American Supplier Initiative (see Strategic Objective 1.7) and its engagement with federal agencies and external stakeholders. Utilizing the redesigned [SBA.gov](http://SBA.gov) and [BusinessUSA.gov](http://BusinessUSA.gov), the SBA will continually improve online offerings through the Government Contracting Classroom for a “No Wrong Door” policy that will let small businesses find the right opportunities for federal government assistance from wherever they engage with the SBA and its partners.

#### ***Improve 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, and helps firms in underserved communities access much needed capital through the federal supply chain. 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 2013 Accomplishments

In FY 2013, the SBA performed federal agency spot checks regarding its FY 2012 small business contracting data. In addition, the SBA handed over responsibility of running anomaly reports to agencies so those agencies could 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 2013, the SBA reviewed and issued final rules for four sectors: Arts, Entertainment and Recreation; Agriculture, Forestry, Fishing and Hunting; Support Activities for Mining and Finance and Insurance; Management of Companies and Enterprises, resulting in an increase in the number of firms qualifying as “small businesses.”

#### FY 2014 and FY 2015 Planned Performance

The SBA will continue to work with federal agencies and the Office of Federal Procurement Policy to ensure small business government contracting data is the most accurate to date. In FY 2014 and FY 2015, checks on pre-certification applications as well as continuous monitoring will help reduce the number of 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.

### ***Increase small business contracting through training of the federal contracting force***

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

#### FY 2013 Accomplishments

The **Government Contracting Classroom** (GC Classroom), available at [www.sba.gov/gcclassroom](http://www.sba.gov/gcclassroom), continued to grow in FY 2013. The GC Classroom has free, self-paced, online learning courses to help small businesses and other stakeholders better understand the federal contracting marketplace. New modules launched in FY 2013 included three parts of the pre-8(a) Business Development program series, which included courses on Setting Expectations for the 8(a) Business Development Program, an Introduction to Federal Contracting, and Winning Contracts. Additional courses planned for launch include specific courses for tribally-owned small business enterprises, Alaska-native corporations, and native Hawaiian-owned small business enterprises.

Additionally, the **SBA.gov Learning Center**, which includes contracting-specific material, was launched to serve as a gateway to support small business online training.

**BusinessUSA** added a contracting wizard on the BusinessUSA home page to easily connect small businesses with small business contracting resources. In response to the Administration's desire to make it easier for small businesses to sell to the federal government, and for the federal government to buy technology from the private sector, SBA and GSA also sponsored the development of the RFP-EZ prototype through the Presidential Innovation Fellows Program.

#### FY 2014 and FY 2015 Planned Performance

In FY 2014, the SBA will continue to increase awareness of contracting opportunities through efforts such as the American Supplier Initiative and ChallengeHER. Utilizing the redesigned [SBA.gov](http://SBA.gov) and [BusinessUSA.gov](http://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 engage with the SBA and its partners. The BusinessUSA program plans to continue to increase the utilization of Application Programming Interfaces in order to leverage small business related content and data. BusinessUSA also plans to develop a mobile application platform designed around the needs of tomorrow's "Mobile First" entrepreneurs and businesses.

In FY 2014, the SBA plans to draft regulations for the **Mentor-Protégé** program, modeled after the 8(a) Mentor Protégé program. Utilizing the redesigned [SBA.gov](http://SBA.gov) and [BusinessUSA.gov](http://BusinessUSA.gov), the SBA will continually improve online offerings through the Government Contracting Classroom (GC Classroom).

## Strategic Objective 1.3: Entrepreneurship

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

**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 2015.

**Lead Office:** Office of Entrepreneurial Development

**Programs:** Small Business Development Centers, Women’s Business Centers, SCORE, Online Learning Center, Boots to Business, Regional Innovation Clusters, Entrepreneurship Education, Emerging Leaders

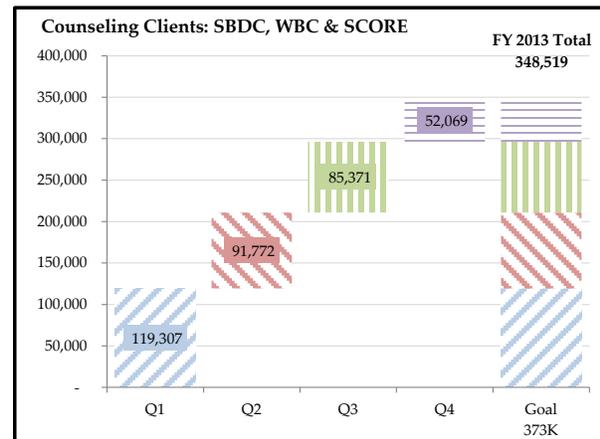
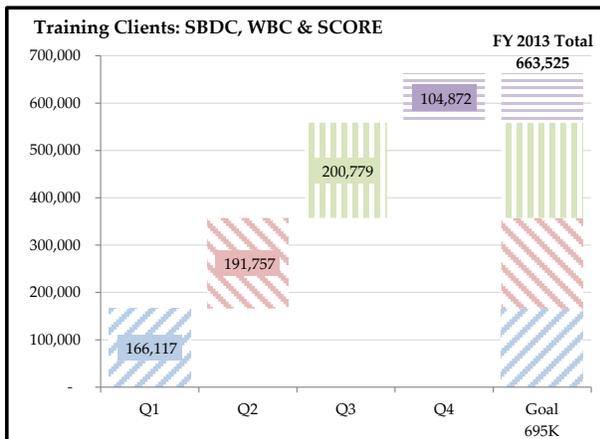
**Strategies:**

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

### OED - Performance Goal Indicators (1.3)

| Performance Indicator                      | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| SBDC, WBC & SCORE - Training Clients (#)   | Output          | 677,051        | 683,355        | 752,588        | 689,114        | 739,616        | 663,525        | 695,000        | -5%              | 695,000        | 695,000        |
| SBDC, WBC & SCORE - Counseling Clients (#) | Output          | 401,874        | 436,425        | 404,739        | 364,344        | 399,620        | 348,519        | N/T*           | N/A              | 373,000        | 379,000        |

N/T - Not Targeted - While the SBA has been collecting data on clients trained and counseled, this was just introduced as a performance goal in FY 2013. As a result, no targets existed for this performance goal in FY 2013. Prior year results are presented to provide the historical perspective for this indicator.



Entrepreneurs and small business owners who receive counseling, training and/or increase sales, create more jobs, and have more economic impact on their communities. SBA’s resource partner network – including 63 small business development centers (SBDCs) with over 900 outreach locations, over 100 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](http://www.score.org) – help foster a robust national entrepreneurial ecosystem by assisting 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 studies<sup>1</sup> 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 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](http://www.sba.gov/training) and strategic partnerships, the SBA supports over one million clients annually as they start, sustain and grow their small businesses. Once the SBA completes revisions to the Agency's Entrepreneurial Development Management Information System, it will re-evaluate its performance metrics in light of the more robust training data that will be available in the system. A new baseline of performance metrics will then be established in FY 2015.

### *Harness SBA's nationwide network of resource partners*

The **Small Business Development Center** program provides SBA grant funding to small business development centers and leverages a unique mix of federal, state and private sector financial resources. This funding model enables SBDCs across the country to foster the economic growth of small businesses, 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 mentoring and training focused on strategic planning, business development, financial planning and cash flow management to approximately 590,000 business clients annually. SBDCs provide assistance that has a positive and lasting impact on aspiring entrepreneurs and small business owners across the country.

**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 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|--------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Training Clients (#)           | Output          | 363,771        | 375,669        | 379,794        | 352,290        | 332,421        | 330,781        | 350,000        | -5%              | 350,000        | 350,000        |
| Counseling Clients (#)         | Output          | 194,716        | 208,374        | 209,558        | 205,408        | 211,091        | 201,596        | N/T*           | N/A              | 220,000        | 220,000        |
| SB Created (#)                 | Outcome         | 12,730         | 12,543         | 14,065         | 13,664         | 14,357         | 14,201         | 12,500         | 14%              | 12,500         | 12,500         |
| Capital Infusion (\$ Billions) | Outcome         | N/A*           | N/A*           | \$ 3.8         | \$ 3.6         | \$ 4.0         | \$ 4.5         | \$ 3.4         | 32%              | \$ 3.4         | \$ 3.4         |
| Cost per SB Created (\$)       | Efficiency      | \$ 8,757       | \$ 10,366      | \$ 9,117       | \$ 9,538       | \$ 8,809       | \$ 7,991       |                |                  | \$ 5,610       | \$ 5,617       |

| Budgetary Resources                    | Budgetary Obligations Incurred |                |                |                |                |                | Budget          |                 |
|--|--------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|  | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Enacted | FY 2015 Request |
| Total Administrative Resources (\$000) | \$ 111,481                     | \$ 130,020     | \$ 128,232     | \$ 130,323     | \$ 126,473     | \$ 113,484     | \$ 123,019      | \$ 123,169      |

\*N/A - Not Available

N/T - Not Targeted - this indicator was introduced in FY 2013 and therefore was not goaled. It is presented for the historical perspective and to complete the picture for the Office of Entrepreneurial Development performance activity.

**Variance Explanation**

|   |
|---|
| <b>SB Created (14% over target)</b> - The variance is attributable to 55 out of 63 SBDCs taking no cost extensions on Small Business Jobs Act activities that were originally scheduled to end in 2012, which resulted in an unanticipated uptick in the creation of small businesses in FY 2013.     |
| <b>Capital Infusion (32% over target)</b> - The variance is attributable to 55 out of 63 SBDCs taking no cost extensions on Small Business Jobs Act activities, which were originally scheduled to end in 2102, resulting in an unanticipated uptick in small businesses capital infusion in FY 2013. |

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

### FY 2013 Accomplishments

The SBA administered \$104.8 million in grant funding to the SBDC network in FY 2013. Professional business advisors at these SBDCs helped 14,000 entrepreneurs start new businesses, provided long-term counseling services (5+ hours or more) to 64,000 clients, assisted clients in obtaining \$4.5 billion in capital for their businesses, and helped 4,200 clients obtain \$1.2 billion in federal government contracts. In FY 2013, a new SBDC in Connecticut was established at the University of Connecticut.

As part of its core programs, the SBDC network actively participated in the Boots to Business pilot by delivering technical assistance to transitioning veterans interested in starting new or growing an existing small business. The SBDCs also served as a resource for businesses considering exporting with staff certified to deliver export assistance through a coordinated approach with the Department of Commerce's Commercial Service Export Assistance Centers. Several SBDCs were also awarded supplemental funds to participate in the Boots to Business and Hurricane Sandy outreach initiatives.

### FY 2014 and FY 2015 Planned Performance

The SBA is requesting \$113.6 million for grants to SBDCs in FY 2015. In turn, SBDCs will have the capacity to offer intensive entrepreneurial education through long-term counseling services to 52,000 clients; help 12,500 entrepreneurs start a new business; and help clients obtain \$3.4 billion in capital for their businesses. SBDCs will continue to provide their established core services with an added emphasis on disaster business assistance, veterans assistance, and international trade.

In FY 2015, the SBDC program will continue to broaden its core services and partnerships, with a focus on the proven benefits of intensive entrepreneurial education and international trade in an increasingly global economy. The SBDC program will also deliver more virtual training and counseling than ever before.

The **Women's Business Center** program provides SBA grant funding to over 100 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 two years and 1:1 thereafter. Many WBCs provide multilingual services and offer flexible hours, including evenings and weekends, allowing mothers with children to attend training classes. WBCs predominantly utilize long term training courses to maximize the delivery of services to a population of primarily nascent entrepreneurs. Many of the training courses focus on business and financial planning, helping women entrepreneurs gain business financial literacy. WBCs also provide direct counseling to clients and help clients understand various loan programs, including loan applications. The SBA uses extensive oversight and program evaluation to administer the grants, requiring the recipients to demonstrate real success in helping women entrepreneurs in addition to practicing sound financial management.

**WBC - 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 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| SB Assisted (#)           | Output          | 159,879        | 155,383        | 160,735        | 138,923        | 136,951        | 133,765        | 125,000        | 7%               | 125,000        | 130,000        |
| Training Clients (#)      | Output          | 133,479        | 131,065        | 135,941        | 115,805        | 114,931        | 114,310        | 95,000         | 20%              | 95,000         | 95,000         |
| Counseling Clients (#)    | Ouput           | 26,400         | 24,315         | 24,794         | 23,118         | 22,020         | 19,455         | N/T*           | N/A              | 20,000         | 22,000         |
| SB Created (#)            | Outcome         | 727            | 727            | 689            | 701            | 694            | 637            | 475            | 34%              | 600            | 650            |
| Cost per SB Assisted (\$) | Efficiency      | \$ 142         | \$ 143         | \$ 139         | \$ 140         | \$ 143         | \$ 137         |                |                  | \$ 159         | \$ 153         |

| Budgetary Resources                  | Budgetary Obligations Incurred |                |                |                |                |                | Budget          |                 |
|--------------------------------------|--------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|                                      | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Enacted | FY 2015 Request |
| Total Administrative Resources (\$0) | \$ 22,744                      | \$ 22,166      | \$ 22,373      | \$ 19,446      | \$ 19,647      | \$ 18,350      | \$ 19,862       | \$ 19,950       |

\*N/A - Not Available

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

**Variance Explanation**

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| <b>Training Clients (20% over target)</b> - In anticipation of a 10% reduction in the WBC budget for FY 2013, SBA adjusted the WBC program targets for FY 2013 downward. However, because the FY 2013 funding affects a 13/14 project period, the FY 2012 funding that was for performance year 12/13 was not affected by that budget reduction. As a consequence, in FY 2013 reporting the WBCs exceeded their training target by 20%.          |
| <b>SB Created (34% over target)</b> -In anticipation of a 10% reduction in the WBC budget for FY 2013, SBA adjusted the WBC program targets for FY 2013 downward. However, because the FY 2013 funding affects a 13/14 project period, the FY 2012 funding that was for performance year 12/13 was not affected by that budget reduction. As a consequence, in FY 2013 reporting the WBCs exceeded their small businesses created target by 34%. |

FY 2013 Accomplishments

In FY 2013, the SBA hosted a national training conference for all WBCs to focus on greater professional development and delivery of services. Specifically, the conference addressed expanding WBC services to encore and veteran entrepreneurs and increasing focus on international trade, microenterprise development, disaster preparedness and assistance, and access to capital. The intensive training helps WBCs deliver a broader array of services to clients, assisting them in starting and expanding their businesses.

In FY 2013, the 106 WBCs received \$12.8 million in federal grants and leveraged more than \$13 million in state, local, and private investments as matching funds. These WBCs served nearly 134,000 clients through training and counseling. They helped clients access more than \$25 million in capital and open more than 630 new businesses throughout the year.

WBCs were also increasingly engaged with special initiatives such as supporting Encore Entrepreneurs, Boots to Business and Start Young. Ten WBCs also received funding to assist businesses recovering from Hurricane Sandy.

FY 2014 and FY 2015 Planned Performance

The SBA is requesting \$14 million for grants to WBCs in FY 2015. In turn, WBCs will target counseling and training to 130,000 clients and will help 650 of them open new businesses. The SBA will put in place new performance metrics based on assessments done in 2014 that include more robust training data. The Agency 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. The SBA will expand programs for women entrepreneurs seeking to grow or expand their businesses, including leveraging public-private partnerships. Further, the WBCs will be better equipped to help their clients prepare for disasters and recover after a disaster hits.

The SCORE program is 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 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|-------------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| SB Assisted (#)                     | Output          | 360,559        | 380,357        | 407,240        | 356,837        | 458,773        | 345,902        | 400,000        | -14%             | 400,000        | 400,000        |
| Training Clients (#) <sup>(1)</sup> | Output          | 179,801        | 176,621        | 236,853        | 221,019        | 292,264        | 218,434        | 250,000        | -13%             | 250,000        | 250,000        |
| Counseling Clients (#)              | Output          | 180,758        | 203,736        | 170,387        | 135,818        | 166,509        | 127,468        | N/T*           | N/A              | 133,000        | 137,000        |
| SB Created (#)                      | Outcome         | 943            | 931            | 1,077          | 816            | 828            | 628            | 700            | -10%             | 700            | 700            |
| Cost per SB Assisted (\$)           | Efficiency      | \$ 29.36       | \$ 23.46       | \$ 29.97       | \$ 36.38       | \$ 22.88       | \$ 33.38       |                |                  | \$ 30.85       | \$ 30.95       |

| Budgetary Resources                  | Budgetary Obligations Incurred |                |                |                |                |                | Budget          |                 |
|--------------------------------------|--------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|                                      | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Enacted | FY 2015 Request |
| Total Administrative Resources (\$0) | \$ 10,586                      | \$ 8,922       | \$ 12,205      | \$ 12,980      | \$ 10,499      | \$ 11,546      | \$ 12,339       | \$ 12,379       |

\*N/A - Not Available

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

**Variance Explanation**

|  |
|--|
| <b>SB Assisted (-14% under target)</b> - The impact of sequestration on SCORE program performance was greater than anticipated.      |
| <b>Training Clients (-13% under target)</b> - The impact of sequestration on SCORE program performance was greater than anticipated. |

FY 2013 Accomplishments

SCORE mentors contributed over one million volunteer hours to assist entrepreneurs develop their ideas, analyze market opportunities, formalize their business plans and otherwise pursue their dreams. Their use of direct business mentoring, workshops, online training and other outreach initiatives resulted in approximately 400,000 clients served during FY 2013. They remain a recognizable and well-respected business resource in hundreds of communities. SCORE's direct service has resulted in over 280,000 mentoring sessions while their advanced use of technology drives over 13,000,000 visitors to their website (accessing online mentors, training modules, downloads, and more). SCORE serves a diverse constituency across America and actively counsels at military bases, faith-based institutions and other partner locations.

FY 2014 and FY 2015 Planned Performance

The SBA is requesting \$7 million for grants to SCORE in FY 2015. 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. SCORE continues its commitment to serve America's entrepreneurs in a client-focused and cost-effective manner.

***Improve entrepreneurial ecosystems through cross-agency partnerships***

The SBA partnered with the Department of Labor to offer **Start Young** entrepreneurship training which focuses on skills building, management and leadership capabilities for the next generation of small

business owners. Unemployment among young workers peaked at approximately 20 percent during the recent downturn, and for them, as well as for existing and older workers who are transitioning to new positions or taking on new duties at their current jobs, entrepreneurship training is the toolkit that empowers them to take their skills and become job creators.

#### FY 2013 Accomplishments

The Interagency Network of Enterprise Assistance Providers is a cross-agency business assistance network or networks that were co-founded by the SBA, allowing federally funded programs to leverage content and delivery systems for seamless business assistance to small businesses across the country. The SBDC program will continue its leadership role in this groundbreaking effort that spawned the E<sup>3</sup>- economy, environment and energy partnership that offers small businesses a holistic approach to business technical assistance.

The SBDC, WBC and SCORE programs are partnering with the Department of Commerce U.S. Patent and Trademark Office (USPTO) to provide essential information on intellectual property rights to small businesses.

Start Young 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 2014 and FY 2015 Planned Performance

The Office of Entrepreneurial Education will offer access to USPTO's vast IP content in their new online delivery system, while the SBDC and WBC programs will partner with USPTO to provide onsite training and access to the USPTO's web-based OP Awareness Assessment Tool.

The SBA also 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 and 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.

#### *Provide outreach through public-private partnerships*

**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 geographic region. Within a cluster, businesses are better able to commercialize innovative technology and create products and services beyond the resources, capabilities, and capacity of a single small business. 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 2013 Accomplishments

According to a FY 2013 third-party evaluation of the pilot clusters, small business participation in the 10 clusters increased by more than 380 percent since FY 2010. Employment grew on average by more than 18 percent in the small businesses that participated. Nearly all clusters, 9 out of 10, saw the average revenue of small business participants increase by 23 percent. Median payroll of small business participants increased by nearly 18 percent; and this initiative helped small businesses access more than \$66 million in private funding sources as well as \$14 million from federal SBIR and STTR awards.

#### FY 2014 and FY 2015 Planned Performance

The SBA requests \$6 million to expand the highly successful Regional Innovation Cluster program in FY 2015. Specifically, \$5 million will be used to continue SBA clusters and evaluation, and \$1 million will be used for new interagency clusters and evaluation. Funds will be used to target tailored business development, intellectual property matters, export and import development, finance, marketing, commercialization of new technology, and federal and private sector supply chain opportunities. Clusters will also allow entrepreneurs in each region to access SBA's comprehensive tools and resources for small business owners.

SBA's **Encore Entrepreneurship** initiative in partnership with AARP focuses on skills building, management and leadership capabilities, business acumen, and experiential learning. Effective workforce development involves skills training for existing and older workers who are transitioning to new positions or taking on new duties at their current jobs. For many of these mid-career and late-career members of America's workforce, entrepreneurship training empowers them to take their skills and become job creators.

#### FY 2013 Accomplishments

In FY 2013, approximately 100 training and mentoring events were held during Encore Entrepreneur Mentor Month in collaboration with SBA district offices, resource partner network and AARP state offices. Encore Entrepreneur Mentor Month events provided counseling and training to 4,967 encore entrepreneurs. The SBA and AARP held ten webinars with 26,061 registrants combined, and the average time participants stayed on each hour long webinar was 53 minutes. More than 49,217 individuals were reached with SBA's encore entrepreneur-focused online courses, with participation occurring daily. More than 50 million people were reached through other joint awareness efforts including conferences, tele-town halls, social media outreach, and online educational content about encore entrepreneurship.

#### FY 2014 and FY 2015 Planned Performance

In FY 2014, through the Encore Entrepreneurship initiative, the SBA plans to continue 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 and AARP will offer counseling

and training in FY 2014 through three webinars. In FY 2015 the SBA and AARP will continue to counsel and train encore entrepreneurs through enhanced partnerships as part of the Encore Entrepreneurship initiative

***Offer tailored training through structured programs and online access***

The **Online Training** program 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 (1.3)**

| Performance Indicator              | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|------------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Online Training Registrations (#)* | Output          | 543,000        | 612,000        | 480,000        | 234,000        | 220,596        | 150,355        | 500,000        | -70%             | 225,000        | 250,000        |

\*FY 2013 - FY 2015 targets include users of SBA free online training courses, business assessment tools, blended learning sessions and mobile application resources used; Registrations may constitute individual users of multiple SBA online training resources; Targets are based on FY 2012 operational funding support level and not reflective of additional funding support requests.

**Variance Explanation**

**Online Training Registrations (-70% under target)** - SBA conducted a data review in FY 2013 to validate registration information and to remove registration duplications, which significantly improved the quality of the performance data. This correction resulted in a lower baseline of actual registrations than originally projected. In FY 2013, SBA reasserted the importance of online service as a mode of entrepreneurial training with the establishment of an agency-wide Online Learning Center strategy and the hiring of a full-time instructional systems designer to lead the program.

**FY 2013 Accomplishments**

During FY 2013, the SBA upgraded its entire inventory of client-based online learning courses, made design improvements to its web interface, and extended marketing of these free training resources. Client satisfaction indicates a continued interest in the web-based resource while customized content for special audiences and co-hosting of training content has proven to extend SBA’s reach to new markets.

**FY 2014 and FY 2015 Planned Performance**

In FY 2014, the SBA will expand online training offerings. To expand access and awareness, the SBA will feature training directly through [SBA.gov/training](http://SBA.gov/training) and numerous partner-hosted sites. The SBA will also expand blended-learning opportunities that host direct interaction with business mentors and ongoing support through digital classrooms.

The SBA’s pursuit of widely distributed, high-quality/high-demand entrepreneurship education via digital platforms will continue during FY 2015, including instructor-led offerings and a wide array of learning tutorials. The SBA will leverage its active business mentoring network through digital means and engage additional business coaches through online learning channels. The SBA also anticipates migration to a Learning Management System in FY 2015 to improve customer service and content development.

The SBA utilizes its nation-wide network to provide training and counseling to small businesses and lenders across the country. 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.

### FY 2013 Accomplishments

The SBA partnered with local coalitions in 27 communities to accelerate entrepreneurship education for high-growth firms as part of the **Emerging Leaders** initiative. Four hundred executives participated in a seven-month-long series to spur business growth through intensive sessions on marketing, finance, procurement, operations and talent management. A multi-year analysis of this successful series indicates impressive outcomes for participants that complete the series. For example, 67 percent of the businesses reported an increase in revenue, 75 percent of the companies hired new employees and 48 percent secured government contracts.

### FY 2014 and FY 2015 Planned Performance

The SBA received \$5 million in FY 2014 to deliver Entrepreneurship Education and is requesting \$15 million in FY 2015 to support and expand the program. This initiative brings intensive entrepreneurship training to high growth companies around the country, targeting underserved and urban markets. The FY 2015 program will also expand the availability of online training opportunities for entrepreneurs. The Agency expects to leverage local community partners and experts, as well as the vast array of SBA programs, to reach high-growth-potential firms with public sector contracting, growth and investment capital, and certification programs. The budget request includes funds for administering and evaluating this initiative.

## Strategic Objective 1.4: Exports

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

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

**Lead Office:** Office of International Trade

**Supporting Offices:** Office of Field Operations, Office of Capital Access, Office of Small Business Development Centers

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

**Strategies:**

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

**International Trade - Priority Goal Indicator Table (1.4)**

| Performance Indicator  | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Number of Lenders (#)  | Output          | N/A*           | N/A*           | N/A*           | 430            | 497            | 483            | 492            | -2%              | 523            | 555            |
| Small Businesses Assisted by USG Finance Programs (#) <sup>(1)</sup> | Output          | 3,167          | 1,393          | 1,326          | 1,346          | 1,283          | 1,388          | 1,349          | 3%               | 1,415          | 1,480          |

\*N/A - Not available

(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

**International Trade - Performance Indicator Table (1.4)**

| Performance Indicator   | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Small Businesses Receiving Export Training (#)                | Output          | 6353           | 5830           | 9151           | 8,717          | 10,598         | 8,244          | 8,000          | 3%               | 7,600          | 8,000          |
| Small Businesses Receiving Export Counseling (#)              | Output          | 4,536          | 5,102          | 5,954          | 5,377          | 4,595          | 4,307          | 4,200          | 3%               | 4,000          | 4,200          |
| Lenders Receiving Export Training (#)                         | Output          | N/A*           | N/A*           | N/A*           | 3,518          | 4,119          | 4,868          | 4,400          | 11%              | 4,000          | 4,200          |
| Cost per Small Business Assisted by USG Finance Programs (\$) | Efficiency      | \$ 296         | \$ 378         | \$ 488         | \$ 497         | \$ 543         | \$ 805         |                |                  | \$ 14,531      | \$ 8,601       |

| Budgetary Resources                    | Budgetary Obligations Incurred |                |                |                |                |                |
|--|--------------------------------|----------------|----------------|----------------|----------------|----------------|
|  | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual |
| Total Administrative Resources (\$000) | \$ 4,154                       | \$ 4,660       | \$ 8,016       | \$ 7,681       | \$ 8,943       | \$ 11,224      |

| Budget          |                 |
|-----------------|-----------------|
| FY 2014 Enacted | FY 2015 Request |
| \$ 20,562       | \$12,730        |

\*N/A - Not Available

\*TBD - To Be Determined

**Variance Explanation**

**Lenders Receiving Export Training (11% over target)** - During FY 2013, SBA headquarters staff provided two previously unscheduled national training webinars in collaboration with the FDIC and OCC that drew 436 lenders. This is the principle reason the goal was exceeded.

### *Expand market export opportunities*

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 increasing exports. In 2010, the Small Business Jobs Act established the State Trade and Export Promotion (STEP) grant 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, and export trade show exhibits. This pilot program helped identify and prepare small businesses for exporting.

#### FY 2013 Accomplishments

During FY 2013, the SBA refined the policies and procedures for administering the pilot **State Trade and Export Promotion (STEP)** grants program and began the administration of the second round of grant funding comprised of 52 awards totaling \$30 million, awarded in FY 2012 with an estimated 10:1 return on investment. In addition, the SBA approved 37 state grantee requests to extend the grant period of the first round awards, which were also administered during FY 2013.

The results of this program, measured in terms of the impact on export sales of eligible small business beneficiaries, are very strong. Based upon periodic reporting from STEP grant recipients, their constituent small businesses achieved actual or projected export sales of over \$330 million, attributable to STEP assistance under the program's initial \$29 million round of distributed grant awards in FY 2011. This represents a return on federal investment of over 11:1 for FY 2011. The following states reported actual export sales that reflect a return on federal investment of over 20:1: Arizona, Maryland, Missouri, Montana, Puerto Rico, and Washington. The return on federal investment is expected to grow as the export activities previously supported by federal assistance continue to bear fruit.

A number of state grantees leveraged STEP grants to assist small businesses to attend trade shows and conduct foreign market sales trips to great effect. For example, the state of Missouri assisted over 100 firms across a spectrum of industries, from food products to technology, resulting in \$36 million of reported actual export sales. Missouri's successful STEP activities yielded a return on investment of over 37:1.

#### FY 2014 and FY 2015 Planned Performance

Building on the success of the pilot STEP grant program, during FY 2014 the SBA will continue to refine the program to include improving processing and tracking of grantee payments. In addition, the SBA approved 43 state grantee requests to extend the second round award period of performance, which will be administered during FY 2014. Based on the appropriation of \$8 million for STEP grant awards in FY 2014, the SBA will also gear up to announce, evaluate and award a third round of STEP grants to further increase the number of small business exporters and grow the volume of U.S. exports. The SBA will begin administration of the third round of awards in FY 2015.

#### ***Increase access to trade financing***

Small business access to trade finance is one of the strategic objectives in the July 2012 report of the Export Promotion Cabinet. In order to build a more extensive trade financing infrastructure to serve small business exporters, the SBA is collaborating with other agencies to simplify trade financing for banks. Without timely export financing, many small exporters simply would not have the ability to perform on a successfully secured export order.

#### FY 2013 Accomplishments

The SBA has three loan products that specifically support small businesses engaged in exporting, in direct support of the National Export Initiative. **Export Express** is a stand-alone, permanent program with a \$500,000 maximum loan amount. It is especially helpful for early stage exporters who can use

the funds for a wide range of options, including attending overseas conferences and other costs associated with developing and entering new markets. With a 90 percent guaranty on amounts up to \$350,000 and a 75 percent guaranty on amounts up to \$500,000, the program offers lenders enhanced coverage in support of small business exporters. At the end of FY 2013, 73 lenders had made 160 Export Express loans to 151 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, with a \$5 million maximum loan amount and 90 percent guaranty. The SBA educated a number of lenders on the Agency's export loan products, and as a result, the number of preferred lenders able to easily generate new SBA Export Working Capital loans grew from 10 in FY 2010 to 16 in FY 2013. At the end of FY 2013, 80 lenders had made 188 Export Working Capital loans to 177 small businesses. The allowable size for the **International Trade** loan was also increased to \$5 million and given a 90 percent guaranty through the Small Business Jobs Act of 2010. This loan provides financing to allow a successful export company to expand its production capacity, including those that want to bring production back from overseas or companies that have been adversely impacted by imports. At the end of FY 2013, the SBA had guaranteed 153 international trade loans made by 67 lenders to 139 small businesses, a significant increase from 27 loans made in FY 2011.

#### FY 2014 and FY 2015 Planned Performance

Under a new, multi-agency initiative, six federal agencies will collaborate to combine their trade finance programs and export marketing services into a one-stop platform, U.S. Global Business Solutions (USGBS). A new approach for assessing and meeting the business needs of small business exporters, USGBS will reduce complexity for both exporters and lenders, streamline access to business services, and establish a network of lending partners that are prepared to meet the financial needs of small business exporters.

The SBA entered into a Memorandum of Understanding with the Export-Import Bank to launch a pilot program in early 2014. SBA staff located in U.S. export assistance centers nationwide will work with a group of diverse lenders to test the program throughout the country. Upon completion, the USGBS program will be refined through lessons learned in the pilot phase.

#### ***Provide tailored training and counseling to lenders and small businesses***

Through its network of trade finance specialists located in 19 **U.S. Export Assistance Centers (USEAC)** throughout the country, the Office of International Trade provides training and counseling on trade financing and U.S. government export financing programs to both lenders and small businesses. In addition to speaking at workshops and conferences on trade finance topics, SBA's trade finance specialists provide in-depth, in-bank training for lenders on U.S. government export financing programs. USEACs are a valuable resource for small business exporters, combining the international marketing expertise of Commercial Service staff with the trade financing expertise of SBA (and in some cities, the Export-Import Bank) staff in one location.

#### FY 2013 Accomplishments

The SBA developed a small business counselor training certification program in partnership with the Department of Commerce and the Trade Promotion Coordinating Committee. At the end of FY 2013, the SBA USEAC staff had counseled 4,307 and trained 8,244 small businesses on export finance.

Also, additional training for SBA staff, such as district international trade officers and lender relations specialists in every region of the country, vastly increased the awareness of the export loan programs.

By the end of FY 2013, the SBA had trained 4,868 and counseled 3,755 lenders on SBA export loan guaranty programs, including at the SBA's 6<sup>th</sup> Annual Export Lenders' Roundtable, held to coincide with the Export-Import Bank's annual conference in April which draws more and more lenders each year.

#### FY 2014 and FY 2015 Planned Performance

Through its Office of International Trade, the SBA will provide more in-depth lender training based on U.S. government financing options that specifically address exporter needs. Continued training on the U.S. Global Business Solutions initiative and other SBA loan programs, including webinars and on-the-ground training sessions, is expected to allow 63 lenders to utilize SBA loan programs for a total of 492 lenders providing export financing to 1,413 small business exporters during FY 2014. In FY 2015, these continued efforts are expected to result in an additional 63 lenders utilizing SBA loan programs for a total of 555 lenders providing export financing to 1,480 small business exporters.

The SBA expects to train its resource partners, 4,000 lenders and 7,600 small businesses on exporting, international methods of payments, financing export sales and related expansion activities during FY 2014. In FY 2015, the SBA expects to train 4,200 lenders and 8,000 small businesses.

The SBA will partner with the Export-Import Bank to provide financing experts at domestic and overseas trade shows to counsel U.S. small business exhibitors about various financing options. SBA export finance specialists plan to provide counseling and training at 10 of the Department of Commerce's international buyer program-domestic (IBP) industrial shows and two international trade shows in FY 2014. In FY 2015, the SBA plans to deliver counseling and training at 10 to 12 of the IBP domestic industrial shows and 2 to 4 international trade shows.

#### ***Engage Trade Promotion Coordinating Committee and state and resource partners for export promotion and support***

Since the launch of the National Export Initiative in 2010, the SBA has played an integral role in promoting exporting to small businesses. SBA's Administrator chairs the TPCC's Small Business Working Group (SBWG). The SBA Office of International Trade (OIT) plays a vital role in communicating and marketing to small businesses all of the important NEI undertakings of its partner TPCC agencies.

#### FY 2013 Accomplishments

In 2013, the SBA OIT hosted and presided over three meetings of the SBWG. The SBA Administrator attended three Export Cabinet meetings with Cabinet-level counterparts and members of the Fortune 10 C-Suite private sector partners. The team gathered to evaluate effectiveness of government trade policy programs and implement necessary changes to strengthen trade practices.

Working closely with the SBA Office of Field Operations and the Department of Commerce, OIT supported the creation of Export Outreach Teams in all 68 SBA district offices. Each team held a workshop to launch their program for the calendar year.

OIT continued to participate in marketing and communication programs of the TPCC that support exporting, including preparation for the launch of the "Open for Business" and "Look South" initiatives.

OIT participated in high-level meetings of the Interagency Policy Coordination Committee for the NEI which was led by the White House.

FY 2014 and FY 2015 Planned Performance

The SBA Administrator will continue to represent the SBA at biannual Export Cabinet (PEC) meetings. The PEC team, consisting of 19 trade interagency partners and members of the Presidentially-appointed private sector, will continue to evaluate the effectiveness of government trade policy programs and make recommendations for their improvement. Again working closely with field operations and the Department of Commerce, in FY 2014 and FY 2015, OIT will support Export Outreach Teams in holding quarterly meetings, and will also support field operations in tracking the outcomes of these meetings.

OIT will continue to promote the “Open for Business” and “Look South” initiatives throughout FY 2014, and will support other programs as requested.

## Strategic Objective 1.5: High-Growth and Start-ups

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

**Performance Goal:** The SBA will issue \$2.5 billion in debenture leverage to SBICs in FY 2015

**Lead Office:** Office of Investment and Innovation

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

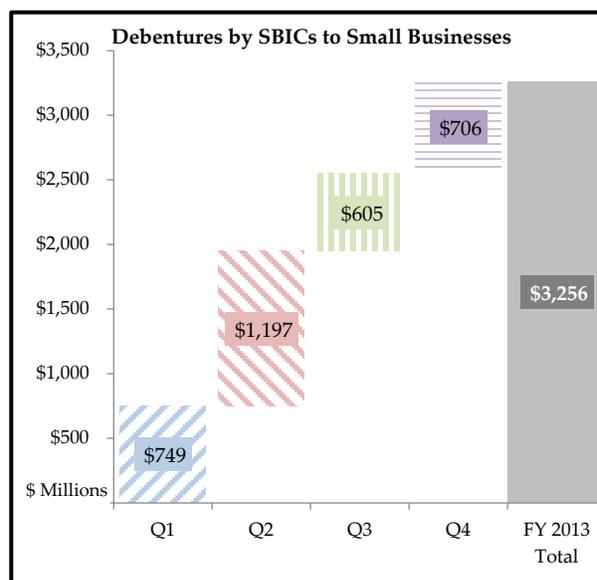
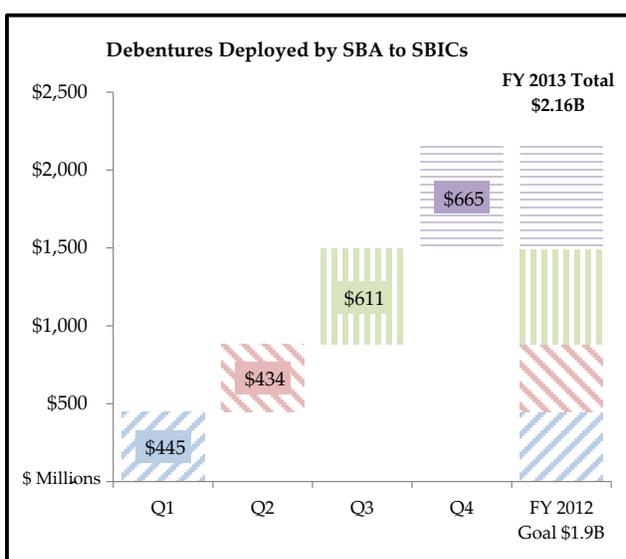
**Strategies:**

1. Grow the deployment of long term capital via the SBIC program
2. Improve Small Business Innovation Research (SBIR/STTR) operations, outreach and commercialization and Small Business Technology Transfer (STTR) programs
3. Strengthen the accelerator network targeted at high growth startups and capital providers
4. Provide thought, policy and executional leadership on the crowd-finding capital raising model

### SBIC - Performance Goal Indicator (1.5)

| Performance Indicator                                   | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| SBA Debenture Leverage Committed to SBICs (\$ Millions) | Output          | \$ 1,029       | \$ 788         | \$ 1,165       | \$ 1,827       | \$ 1,924       | \$ 2,156       | \$ 2,400       | -10%             | \$ 2,500       | \$ 2,500       |

| Budgetary Resources     | Budgetary Obligations Incurred |                |                |                |                |                | Budget          |                 |
|-------------------------|--------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|                         | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Enacted | FY 2015 Request |
| Total Resources (\$000) | \$ 17,097                      | \$ 19,166      | \$ 24,262      | \$ 26,305      | \$ 23,229      | \$ 19,667      | \$ 21,389       | \$ 21,670       |



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 research and development (R&D) grants, and export assistance, the SBA plays a critical role in the ongoing success of high-growth small businesses, providing the opportunities that help small businesses go on to create jobs and sustain the cycle of American entrepreneurship and innovation.

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 2015.

The following contextual indicators are presented to provide context to the "SBA Debenture Leverage Committed to SBICs (\$ Millions)" indicator above. These indicators put into context the Debenture Leverage Capital market. Without knowing the total dollars available for Debenture Capital the reader would be unable to ascertain how well the program is working. These contextual indicators also presents the overall SBA Debenture Leverage market for the past 5 years for comparative purposes.

**SBIC - Contextual Indicators (1.5)**

| Contextual Indicator                                     | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| SBIC Debenture Capital to Small Businesses (\$ Millions) | Output          | \$ 1,436       | \$ 1,227       | \$ 1,587       | \$ 2,589       | \$ 2,950       | \$ 3,256       |
| Licensing Times (Months)                                 | Output          | 8.7            | 14.6           | 5.8            | 5.5            | 5.4            | 6.8            |
| Debenture Funds in Active Operation (#)                  | Output          | 129            | 126            | 140            | 143            | 158            | 175            |

***Grow the deployment of long-term capital via the SBIC program***

The **Small Business Investment Company** program provides long-term loans and equity capital to small businesses, especially those with potential for substantial job growth and economic impact. SBICs are privately owned and managed investment funds that are licensed and regulated by the SBA. They use private capital plus funds borrowed with an SBA guaranty to make investments in qualifying small businesses. Over 280 SBICs have more than \$20 billion of capital under management. By increasing availability of growth capital to small businesses, the SBA helps small business owners at every stage of a business’s development. This capital is generally longer term “patient” capital that is well suited to high-growth companies and is a critical tool to help these businesses expand and create good jobs in their communities.

FY 2013 Accomplishments

The SBA licensed 34 new funds, exceeding the 30 licensed in FY 2012. The ambitious two year Priority Goal to commit at least \$4.3 billion in debenture leverage concluded in FY 2013. Although the goal fell slightly short due to lower than expected applicants for the Early Stage and Impact Fund program, the number of applicants is expected to increase in future years.

FY 2014 and FY 2015 Planned Performance

During FY 2014 and FY 2015, the SBA expects to continue the dramatic program growth of SBIC debenture funds that began in FY 2009. The Agency expects to issue \$2.15 billion to SBICs in new debenture leverage commitments in FY 2014 and \$2.5 billion in FY 2015. The SBA will also target increased financings in rural areas as it partners with USDA on the Interagency Rural Initiative. Due to various new initiatives and continued growth in the SBIC program, the SBA expects to issue more than 30 licenses in FY 2014 and more than 35 licenses in FY 2015. In addition, the SBA proposes to expand the Impact Investment Initiative to include investment into innovative, manufacturing

businesses, as well as how to help bridge the financing gap to scale up advanced manufacturing technologies through the Opportunity, Growth, and Security Initiative.

***Improve Small Business Innovation Research (SBIR/STTR) operations, outreach and commercialization and Small Business Technology Transfer (STTR) programs-***

The **SBIR/STTR program** helps innovative small businesses meet the research and development needs of the federal government and then commercialize those innovations in the marketplace. The 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. Research by the National Academies shows that about half of the firms that receive SBIR/STTR 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/STTR funds at some point. 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 2013 Accomplishments

During FY 2013, the SBIR/STTR annual report for FY 2009 – FY 2011 was published. The report noted a number of accomplishments of the programs as follows:

- Over FY 2009 and FY 2011, the SBIR program gave out an average of \$2.05 billion in SBIR awards per year while the STTR program averaged \$265 million in STTR awards annually. This represents a 57 percent increase in average dollars over the last 10 years for the SBIR program.
- The SBIR program is competitive. Between FY 2002 and FY 2011, 16 percent of Phase I proposals received an award. Over half of Phase I awards go on to receive a Phase II award, netting an “effective proposal acceptance rate” of 7 percent for Phase II awards.
- A total of \$1.9 million in FAST grants was awarded to 20 organizations across the country.
- The SBA continued to enhance the [SBIR.gov](http://SBIR.gov) website with emphasis on data collection and success management which will provide a new set of metrics for the participating agencies.

In addition to the annual report data, the SBIR/STTR program had several other accomplishments that were led by the SBA. The Agency published final size rule, modifying eligibility requirements for the program and including requirements for data and reporting. The SBA established performance criteria for agencies to use in their specific SBIR work plans with the goal of improving overall SBIR performance. These include metrics, goals, and outcomes in six categories:

- Outreach to under-represented groups;
- Commercialization – getting to market and success in the market;
- Streamlining and simplification – decreasing the duration of time between solicitation close, selection, award notification, and period of performance dates;
- Prevention and detection of fraud, waste, and abuse;
- Administrative, congressional, and interagency reporting – streamlined format that clearly indicates quarterly data and success toward performance goals; and,
- Administration and implementation of SBIR/STTR policy directives.

The SBA also launched company registry on [SBIR.gov](http://SBIR.gov) and implemented Agency benchmarks for required performance for past awardees to qualify for new awards.

### FY 2014 and FY 2015 Planned Performance

In FY 2014, the SBA will continue to work closely with the 11 federal agencies through the established working groups to ensure that the Reauthorization Act is fully implemented. Areas of focus are:

- outreach to under-represented groups;
- commercialization – getting to market and success in the market;
- streamlining and simplification – decreasing the duration of time between solicitation close, selection, award notification, and period of performance dates;
- prevention and detection of fraud, waste, and abuse;
- administrative, congressional, and interagency reporting – streamlined format that clearly indicates quarterly data and success toward performance goals; and,
- administration and implementation of SBIR/STTR policy directives.

In FY 2014 the SBA allocated \$2 million for SBIR evaluation. The funds will be used to launch the one central commercialization database to track data and perform business intelligence analysis. In addition, funding will be used for outreach to program participants to develop plans to further enhance the SBIR program and evaluate its metrics.

During FY 2015, the SBA will also implement and monitor multiple cross-agency initiatives designed to improve program effectiveness, including sharing best practices, continuing to enhance the TechNet database and further improvements to the public facing [SBIR.gov](http://SBIR.gov).

### ***Strengthen the accelerator network targeted at high growth startups and capital providers***

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

### FY 2013 Accomplishments

During FY 2013, the SBA led a new initiative which educated small businesses on contracting opportunities with the federal government. The **RFP/EZ** project streamlined the process for small acquisitions under \$150,000, making it easier to find, bid on and win government contracts; and focused on web design, web programming, content management and social media using free, open source software. This pilot project successfully awarded four contracts to small businesses.

The SBA also launched demo day which highlighted the top 16 accelerators in the country to a panel of funders. The effort showcased the support needed for operational budgets of accelerators.

### FY 2014 and FY 2015 Planned Performance

The SBA's FY 2014 enacted budget includes \$2.5 million for the growth accelerator competition. In addition, the SBA will host with a co-sponsor 3 demo days across the country. In FY 2015 the SBA requests \$5 million in funding to support an expansion of the Agency's growth accelerators initiative. Under this funding proposal, the SBA will scale these growth accelerators via a competition whereby

the Agency would provide funding to universities and private sector organizations to enhance and scale a successful existing accelerator program. With an initial investment of \$25 million over a five-year period, this initial investment would scale what already works best and has proven records of success. The Agency will continue to support the RFP/EZ initiative, which is now overseen by GSA.

***Provide thought, policy and executional leadership on the crowd-finding capital raising model***

The SBA has been the lead on crafting policy and thought leadership on the current proposed rules as published by the SEC. The SBA led webinars with major partners to provide education on the proposed rules. Through SBA's position on the SEC advisory board for small and emerging companies, the Agency will continue working with SEC on the development of the rules and platforms and ensuring that the needs of the small business owners and entrepreneurs are articulated and influences the policy.

FY 2013 Accomplishments

The SBA created crowdfunding 101 decks for education for both agencies and the public. In addition, the SBA worked with SEC on gathering comments for the proposed rule.

FY 2014 and FY 2015 Planned Performance

The SBA will continue to work with SEC on the rules and the implementation of the platforms which will be in draft for another 9 months. Once the rules are finalized, the SBA will lead an education series for small business owners and entrepreneurs via the SBA field network and resource partners.

## Strategic Objective 1.6: Disaster Assistance

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

**Priority Goal:** Increase the return rate for disaster survivor loan applications by 10 percentage points, from 24 percent to 34 percent, by September 30, 2015.

**Performance Goal:** Customer satisfaction for disaster loan approvals will be 71 percent in FY 2015.

**Lead Office:** Office of Disaster Assistance

**Programs/Activities:** Disaster Loans, Disaster Assistance, Small Business Development Centers, Women's Business Centers, SCORE, Field Office Outreach

**Strategies:**

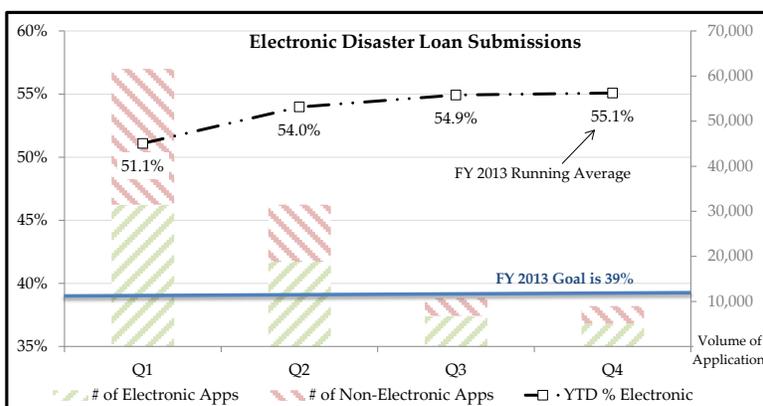
1. Promote disaster preparedness in targeting of pre-disaster outreach by region and type of disaster
2. Strengthen disaster operations to enhance effectiveness and efficiency
3. Utilize SBA's nationwide infrastructure for short and long term recovery

Disaster Assistance - Priority Goal Indicator (1.6)

| Performance Indicator                          | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Return rate for disaster survivor applications | Output          | N/A*           | N/A*           | N/A*           | N/A*           | N/A*           | 24%            | N/T*           | N/A*             | 29%            | 34%            |

\*N/A - Not Available/Not Applicable

\*N/T - Not Targeted



The following two contextual indicators are presented to provide context to Disaster's Priority Goal - "Increase the response rate for disaster survivor applications by 10 percent". Knowing the volume of loan applications mailed to disaster survivors, the percentage change achieved has proper perspective. These contextual indicators also give an indication as to the magnitude of disasters in each fiscal year presented.

**Disaster Assistance - Applications Mailed to Disaster Survivors**

| Contextual Indicator                               | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual |
|--|----------------|----------------|----------------|----------------|
| Loan Applications Mailed to disaster survivors (#) | 236,715        | 324,434        | 205,977        | 520,780        |
| Response Rate from Mailed Applications (#)         | 44,976         | 51,909         | 47,375         | 126,358        |

**Disaster Assistance - Performance Goal Indicator (1.6)**

| Performance Indicator                         | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Customer Satisfaction Rate for Approvals (%)* | Outcome         | 65%            | 72%            | 74%            | 80%            | 80%            | 81%            | 71%            | 14%              | 71%            | 71%            |

\*This is an independent study. The US Treasury contacted with the University of Michigan to create The American Customer Satisfaction Index for the US Small Business Administration's Office of Disaster Assistance. The study was conducted using the methodology of the American Customer Satisfaction

**Variance Explanation**

**Customer Satisfaction Rate for Approvals (14% over target)** - The Office of Disaster Assistance created a new electronic loan application (ELA) which resulted in receiving 55% of the loan applications via ELA in FY 2013. The new ELA application had a direct and positive impact on disaster applicants.

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, the American Red Cross, federal agencies 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 survivors 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, small agricultural cooperatives, small aquaculture businesses and most 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 2013, the SBA approved 46,817 disaster loans for \$2.8 billion.

By providing disaster assistance loans that 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 other forms of 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 is user-friendly and 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.

The following two contextual tables are presented to provide context to the "Percent use of Electronic Processing (%)" indicator in the "Disaster Assistance - Performance Indicator Table (1.6)". For FYs 2012 & 2013, that indicator was identified as an SBA priority indicator that tracked SBA's efforts to streamline the disaster loan application; moving toward an electronic submission model that cut down on errors and processing time, and promoted disaster preparedness to lead to more satisfied recipients of disaster loans. The actual number of loans approved and loan application processed, gives context to the percentage achieved in the indicator.

**Disaster Assistance - Loan Volume over 6 Years**

| Contextual Indicator                     | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Loan Applications Processed (#)          | 50,184         | 96,643         | 42,465         | 45,760         | 46,356         | 122,798        |
| Loans Approved (#)                       | 15,128         | 21,780         | 15,356         | 13,643         | 15,324         | 46,817         |
| Cost per Loan Application Processed (\$) | \$ 5.19        | \$ 3.23        | \$ 5.86        | \$ 5.54        | \$ 5.47        | 1.86           |
| Cost per Loan Approved (\$)              | \$ 17.22       | \$ 14.33       | \$ 16.19       | \$ 18.58       | \$ 16.55       | 4.89           |

**Disaster Assistance - Applications Submitted over 6 Years**

| Contextual Indicator                    | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Applications Submitted (#)        | N/A*           | 87,064         | 40,823         | 45,829         | 40,950         | 112,749        |
| Electronic Applications Submitted (#)   | N/A*           | 23,481         | 11,290         | 12,122         | 14,679         | 62,106         |
| % of Electronic Application Submitted # | N/A*           | 27%            | 28%            | 26%            | 36%            | 55%            |

***Promote disaster preparedness in targeting of pre-disaster outreach by region and type of disaster***

Small business owners invest a tremendous amount of time, money and resources to make their ventures successful, but many owners fail to properly plan and prepare for disaster situations. Having a plan in case disaster strikes can help mitigate the negative effects on a small business or individual, and by extension the possible negative impacts on employees, customers, vendors and the local economy. 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. The SBA partners with the American Red Cross as well as a nationwide network of counseling partners, such as small business development centers, to prepare businesses for disasters and assist them when one occurs.

**Disaster Assistance - Performance Indicator Table (1.6)**

| Performance Indicator   | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 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          | 99%            | 100%           | 100%           | 100%           | 100%           | 100%           | 95%            | 5%               | 95%            | 95%            |
| Home Loans Processed Within Standard (%)  | Output          | 94%            | 94%            | 100%           | 98%            | 96%            | 49%            | 85%            | -42%             | 85%            | 85%            |
| Business Loans Processed Within Standard (%)  | Output          | 91%            | 81%            | 99%            | 99%            | 93%            | 41%            | 85%            | -52%             | 85%            | 85%            |
| EIDL Loans Processed Within Standard (%)  | Output          | 89%            | 84%            | 100%           | 99%            | 93%            | 48%            | 85%            | -44%             | 85%            | 85%            |
| SB Sustaining Economic Injury that Remain in Operation 6 Months After Final Disbursement (%)  | Outcome         | 92%            | 90%            | 91%            | 93%            | 95%            | 97%            | 79%            | 23%              | 79%            | 79%            |
| SB Sustaining Physical Damage that are in Operation 6 Months After Final Disbursement (%)     | Outcome         | 69%            | 57%            | 61%            | 73%            | 73%            | 71%            | 65%            | 9%               | 65%            | 65%            |
| Homeowners that Completed Eligible Disaster Repairs Within 6 Months of Final Disbursement (%) | Outcome         | 71%            | 70%            | 91%            | 64%            | 79%            | 67%            | 79%            | -15%             | 70%            | 70%            |
| Renters that Completed Eligible Repairs Within 6 Months After Final Disbursement (%)          | Outcome         | 73%            | 70%            | 85%            | 77%            | 77%            | 87%            | 84%            | 4%               | 80%            | 80%            |
| Percent use of Electronic Processing (%)  | Efficiency      | N/A*           | 27%            | 28%            | 26%            | 36%            | 55%            | 39%            | 41%              | 45%            | 45%            |

| Budgetary Resources     | Budgetary Obligations Incurred |                |                |                |                |                | Budget          |                 |
|-------------------------|--------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|                         | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Enacted | FY 2015 Request |
| Total Resources (\$000) | \$ 260,496                     | \$312,174      | \$ 248,669     | \$ 253,428     | \$ 253,629     | \$ 337,144     | \$229,051       | \$ 223,128      |

\*N/A - Not Available

**Variance Explanation**

|  |
|--|
| <b>Home Loans Processed Within Standard (-42% under target)</b> - Standard was based on a normal year in which approximately 40,000 home loan applications are processed. During FY 2013, SBA processed approximately 104,809 home loan applications.  |
| <b>Business Loan Processed Within Standard (-52% under target)</b> - Standard was based on a normal year in which approximately 10,000 business loan applications are processed. During FY 2013, SBA processed 18,505 business loan applications.  |
| <b>EIDL Loans Processed Within Standard (-44% under target)</b> - Standard was based on a normal year in which approximately 2,000 EIDL loan applications are processed. During FY 2013, SBA processed 3,853 EIDL loan applications.   |
| <b>SB Sustaining Economic Injury that Remain in Operation 6 Months After Final Disbursement (23% over target)</b> - SBA has improved the approval and disbursement process for Economic Injury loans which has resulted in our ability to get the working capital funds into the hands of the disaster impacted businesses faster. This ensured that business has every opportunity to successfully return to pre-disaster operating performance.  |
| <b>Homeowners that Completed Eligible Disaster Repairs Within 6 Months of Final Disbursement (-15% under target)</b> - The high concentration of damage inside the footprint of Hurricane Sandy contributed to challenges for homeowners trying to complete reconstruction projects. The limited availability of licensed contractors and the decision by local authorities to raise base flood elevations, thereby forcing homeowners to elevate their homes, also affected homeowners' ability to complete repairs more quickly. |
| <b>Percent use of Electronic Processing (41% over target)</b> - The Office of Disaster Assistance created a new electronic loan application (ELA) which resulted in receiving 55% of the loan applications via ELA in FY 2013. ODA launched the new user-friendly ELA in FY 2012 and encouraged its use by placing ELA workstations in all disaster centers and sharing links to the webpage through various channels.   |

**FY 2013 Accomplishments**

The SBA continued to help small businesses prepare for disasters through its partnership with Agility Recovery Solutions, which includes the Prepare My Business website, to encourage small businesses to take the necessary steps to protect their employees, important records and business assets.

Additionally, the SBA continued its partnership with the American Red Cross on readiness and preparedness initiatives including the Red Cross Ready Rating™ program, an easy-to-use tool to help organizations better prepare for and recover from a disaster or other emergencies.

#### FY 2014 and FY 2015 Planned Performance

The SBA continues to focus on mitigating future disaster damage by promoting disaster preparedness. This includes resources housed at [SBA.gov](http://SBA.gov) to help small businesses plan for emergencies, as well as SBA's continued work with its partners to educate individuals and small businesses in disaster prone areas about best practices to respond to and recover from a disaster.

The SBA will build a Disaster Preparedness and Operations Team focused on planning to help SBA district offices, including those in the Superstorm Sandy region, ensure clear and consistent guidance on how to access both local and federal aid following a disaster.

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 the pilot Technical Assistance Loan Approval Initiative to the larger SBDC network, women business centers and SCORE 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.

#### ***Strengthen disaster operations to enhance effectiveness and efficiency***

The SBA is continually reviewing and implementing process improvements in order to enhance program delivery. After the 2005 Gulf Coast hurricanes, an initiative to make disaster assistance responsive, consistent and easy to access resulted in [DisasterAssistance.gov](http://DisasterAssistance.gov), an easy-to-use site for survivors of disaster to find government resources. Additionally, the SBA created an electronic loan application (ELA) for its disaster loans that now captures more than half of all applications, simplifying the application process and speeding delivery of assistance to disaster survivors across all eligible home or business loan applications. Response time to the disaster survivors 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 employees entering application data into the Disaster Credit Management System (DCMS). The SBA met its Priority Goal to increase the use of electronic loan applications by 50 percent from FY 2011 to FY 2013.

#### FY 2013 Accomplishments

In FY 2013, the SBA received 112,749 disaster loan applications. More than 62,100 (55 percent) of the loan applications were submitted via the electronic loan application. The SBA approved 46,817 disaster loans for \$2.8 billion. The Agency exercised its surge capacity by opening processing operations in Sacramento, California and Buffalo, New York. As a result of the increased activity due to Superstorm Sandy and other disasters during the year, the SBA identified additional avenues to further improve the disaster response. These new projects will be addressed in the 2013 Process Improvement activity.

#### FY 2014 and FY 2015 Planned Performance

The SBA will target an electronic loan submission rate of 43 percent in FY 2014, a 65 percent improvement from FY 2011. Building upon the lessons learned from past disasters is routine practice and part of SBA's mission-driven culture. The SBA continues to reevaluate and re-engineer business processes to meet the ever-changing needs of the disaster survivors it serves. The implementation of changes to office operations will be ongoing, and the changes will result in a more efficient operation

that responds to major disaster declarations and enhances customer service. In FY 2014, the SBA will target 71 percent customer satisfaction for approvals.

The SBA will increase the return rate for disaster survivor applications from 24 percent in FY 2013 to 34 percent in FY 2015. By promoting greater ELA use to encourage higher application return rates, the SBA will also reduce the number of applications mailed to disaster survivors as well as the associated costs, resources and work hours. The increased return rate is also achieved through enhanced communications efforts, i.e. DAIP, leveraging digital media and social media release that link to ELA, and auto dialer and mail outs that direct applicants to ELA.

### ***Utilize SBA's nationwide infrastructure for short and long term recovery***

The SBA is committed to providing a "One SBA" approach in the aftermath of disasters to provide short and long-term assistance. In doing so, the Office of Disaster Assistance (ODA) engages local SBA offices and resource partners early on so that they can continue to provide assistance to their local communities after the disaster declaration deadlines have passed. ODA works closely with district offices to leverage public and private sector resources, including SBA resource partners: small business development centers, women's business centers and SCORE, throughout the disaster affected areas.

#### FY 2013 Accomplishments

When Superstorm Sandy hit the east coast, ODA worked with SBA's resource partners to establish business recovery centers throughout the affected areas and provide a more robust offering of disaster assistance programs and services to entrepreneurs and small business owners. Additionally, ODA worked with the Office of Entrepreneurial Development to implement the Technical Assistance Loan Approval Initiative (TALAI). Through the initiative, ODA's customer service center counseled disaster-impacted businesses that were declined as a result of a lack of repayment ability or unsatisfactory credit history, or withdrawn because they failed to provide required data, and connected them to available SBA resource partners including small business development centers, SCORE chapters, and the women business centers that could provide management and technical services in their local area.

SBA's resource partners provided free assistance in preparing reconsideration/reacceptance requests for declined/withdrawn disaster loan applications, free consultation in areas such as developing or adapting a business plan, financial planning and marketing and free management and technical services. In the year after Superstorm Sandy, the SBA contacted more than 5,700 disaster-impacted businesses solely to inform them of the free services provided by local resource partners and connect them to the office nearest them.

#### FY 2014 and FY 2015 Planned Performance

Working with the Office of Entrepreneurial Development, ODA will continue its long-term outreach efforts utilizing the various resource partners available in the disaster damaged areas. ODA also plans to continue and expand TALAI outreach in order to assist in the economic recovery of communities after a disaster.

## Strategic Objective 1.7: Supply Chains

*Ensure the competitiveness and innovation of American manufacturing and supply chains by building capacity and supporting integrated networks of small business suppliers that encourage insourcing and the expansion of U.S. operations*

**Lead Office:** Office of Government Contracting and Business Development

**Programs/Activities:** American Supplier Initiative, Match-Making Events, Regional Innovation Clusters, Small Business Procurement Set-Aside, International Trade

**Strategies:**

1. Ensure small businesses have the capital, opportunities, skills and capabilities to become part of private sector supply chains
2. Connect small businesses and large corporations to enable more small businesses to become part of commercial supply chains

U.S. competitiveness hinges on the strength of small business suppliers. Currently, the SBA runs a number of programs to help small businesses gain access to supply chain opportunities in the federal government. Studies show that when small businesses diversify their business and gain access to commercial supply chain opportunities, their revenues increase by more than 250 percent and their employment increases by 150 percent. The SBA's **American Supplier Initiative** is focused on increasing small business opportunities in America's private sector supply chains. The initiative does this by: (1) ensuring small businesses have the capital, opportunities, skills and capabilities to become part of private sector supply chains; (2) helping large corporations redesign processes to enable more small businesses to become part of their supply chains; and (3) connecting small businesses and large corporations to identify supply chain opportunities. The SBA aims to achieve these objectives through matchmaking events, as well as by developing new, innovative tools to connect small businesses and large corporations.

### *Ensure small businesses have the capital, opportunities, skills and capabilities to become part of private sector supply chains*

In order for small business suppliers to successfully compete for supply chain opportunities in the global private sector, they must be well equipped to navigate the acquisition process, have access to capital to scale their operations, and have the skills and business capabilities required to meet supply chain demand.

#### FY 2013 Accomplishments

To build capacity and depth in America's small business supply chain, the SBA sponsored the American Supplier Initiative which is 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, sources of capital to support sales, and addressing the skills gap facing many small manufacturers and suppliers. The American Supplier Initiative has allowed 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. The SBA, in collaboration with the private sector and federal partners, has held numerous supply chain-related events throughout the country in FY 2013.

#### FY 2014 and FY 2015 Planned Performance

In FY 2014 and FY 2015, the SBA will continue to lead the American Supplier Initiative and collaborate with federal agencies and the private sector to provide the tools and resources small business suppliers need in order to be successful small business suppliers. The SBA will also work to streamline federal government assets into one place by using the wizard-based approach of Business USA, allowing business owners to access all of the federal government's resources in a single online location. Finally, the SBA will continue to hold American Supplier Initiative events throughout the country in order to educate small businesses and connect them with the right resources and contracting opportunities.

#### ***Connect small businesses and large corporations to enable more small businesses to become part of commercial supply chains***

There are millions of established business owners across the country who are ready to take their companies to the next level. One of the best ways to achieve that growth is by plugging into the supply chains of large corporations. Business matchmaking is an invaluable resource to the small business community, providing small businesses with the resources, opportunities and connections they need to participate in commercial supply chains.

#### FY 2013 Accomplishments

To support SBA's American Supplier Initiative and the Administration-wide Investing in Manufacturing Communities Partnership, the SBA awarded contracts to five small businesses to conduct supply chain analysis of disrupted or at-risk regional manufacturing communities/clusters and then integrate small businesses into identified supply chains

#### FY 2014 and FY 2015 Planned Performance

In FY 2014 and FY 2015, the SBA will continue to partner with key private sector stakeholders to create an environment where small businesses can be successful in the commercial supply chain space. The Agency will engage existing collaborators and broaden its reach by seeking out new leaders in this space. The SBA will also continue to hold outreach and matchmaking events in strategic locations throughout the country aimed at educating small businesses and connecting them with commercial and federal buyers.

## *Strategic Goal Two – Serving as the Voice for Small business*

### **Strategic Objective 2.1: Inclusive Entrepreneurship**

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

**Performance Goal:** The number of underserved small businesses assisted by capital assistance programs will be 32,250, and the number assisted by contracting programs will be 14,475 in FY 2015.

**Lead Offices:** Office of Entrepreneurial Development, Office of Capital Access, Office of Government Contracting and Business Development

**Supporting Offices:** Office of Native American Affairs, Office of Veterans Business Development, Office of Investments and Innovation, Office of Diversity, Inclusion and Civil Rights

**Programs/Activities:** 8(a) Business Development, 7(j) Technical Assistance, HUBZone, Women-Owned Small Business Federal Contracting, Service-Disabled Veteran-Owned Small Business Procurement, Native American Outreach, Boots to Business, Veterans Business Outreach Centers (VBOC), Small Business Procurement Set-Aside, 7(a), 504, Microloans, SBIC, SBIR, STTR, SBDCs, WBCs, SCORE

**Strategies:**

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

#### **SG 2.1 - Performance Goal Indicators**

| Program              | Performance Indicator                        | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|----------------------|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| 7(a), 504, Microloan | USM - Financing programs - SB Assisted (#)   | Output          | 52,095         | 30,866         | 34,115         | 37,267         | 33,449         | 33,458         | 31,000         | 8%               | 31,550         | 32,250         |
| 8(a), HUBZone        | USM - Contracting programs - SB Assisted (#) | Output          | 12,340         | 9,555          | 14,847         | 13,615         | 15,260         | 13,158         | 14,775         | -11%             | 14,475         | 14,475         |

#### **Variance Explanation**

**USM - Contracting Programs - SB Assisted (-11% under target)** - the number of firms in the 8(a) program has declined due to a significant number of program graduations and expirations of terms. The 8(a) program is actively seeking and recruiting additional firms to support the portfolio size.

Underserved communities – including women, low-income minority, veteran and other entrepreneurs – often have extreme difficulty in accessing capital, counseling, and federal contracting opportunities. SBA’s unique approach to inclusive entrepreneurship provides products, services, and programs that offer 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 with activities that include 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.

***Expand access to capital, counseling and contracting for small businesses and entrepreneurs in underserved communities***

Small businesses in underserved markets have more difficulty than other businesses 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. And in the last several years, approximately 17 to 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.

**Underserved Markets<sup>(1)</sup> - Performance Indicator Table (2.1)**

| Program | Performance Indicator | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---------|-----------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| 7(a)    | USM - SB Assisted (#) | Output          | 43,699         | 24,096         | 25,679         | 28,621         | 23,846         | 24,255         | 23,600         | 3%               | 24,100         | 24,600         |
| 504     | USM - SB Assisted (#) | Output          | 5,613          | 3,956          | 4,384          | 4,607          | 5,379          | 4,361          | 3,800          | 15%              | 3,800          | 4,000          |

(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**

**USM - SB Assisted (15% over target)** - SBA's efforts to streamline and simplify its 7(a) and 504 loan programs continue to make SBA lending attractive to our stakeholders and allowed it to reach many underserved borrowers in FY 2013.

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. To spur lending in underserved markets, the SBA proposes to continue to waive, for FY 2015, upfront and annual fees on all 7(a) small business loans of \$150,000 or less. The SBA also proposes to continue to waive upfront fees on SBA Express loans to veterans between \$150,000 and \$350,000 and a 50 percent waiver of upfront fees on all non-SBA Express loans to veterans above \$150,000. Credit subsidy estimates demonstrate that this policy can be achieved with zero credit subsidy appropriations. Another initiative to help reverse the trend of fewer smaller dollar loans being made is to extend SBA's **Lender Advantage** loan approval process to Preferred Lenders program participants and to mission-oriented financial intermediaries in the **Community Advantage** program. The extension of these programs is designed to help reverse this trend, providing more SBA lenders with a streamlined way to underwrite and close their 7(a) loans as a way to encourage more SBA lending.

SBA's **Microloan** program provides loans to non-profit intermediary lenders which in turn lend the funds in 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.

In order to bring greater unity, focus and effectiveness to SBA's support of inclusive entrepreneurship, the Office of Economic Opportunity (OEO) was created in FY 2013 with the express mission to expand access to capital for small business and entrepreneurs in underserved communities, thus helping to drive economic growth and job creation. Key SBA programs under the purview of OEO include the Microloan

program, the Program for Investment in Micro-Entrepreneurs (PRIME), the Intermediary Lending Pilot program (ILPP), the Community Advantage (CA) pilot program and the general marketing of all the Lender Advantage loan programs.

With the CA program as the linchpin, OEO will work to create a streamlined program where an underserved market entrepreneur may be introduced to a “starter” SBA program such as a microloan with technical assistance, subsequently grow his or her business and obtain additional working capital from a CA loan, and access new business opportunities by harnessing SBA’s contracting, bonding and specialized technical assistance programs – all connected and tracked by a growing network of Community Advantage participants.

**Microloan - Performance Indicator Table (2.1)**

| Performance Indicator                                | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| SB Assisted (#) <sup>(1)</sup>                       | Output          | 2,783          | 2,814          | 4,052          | 4,039          | 4,224          | 4,842          | 3,600          | 35%              | 3,650          | 3,650          |
| Jobs Supported (#) <sup>(1)</sup>                    | Output          | 9,985          | 10,950         | 13,612         | 13,271         | 13,280         | 15,636         | 12,500         | 25%              | 12,750         | 12,750         |
| Loans Approved by SBA to Micro Lenders (\$000)       | Output          | N/A*           | N/A*           | \$ 38,129      | \$35,479       | \$24,606       | \$43,286       | \$ 25,000      | 73%              | \$25,000       | \$ 25,000      |
| Loans Approved by Lenders to Micro Borrowers (\$000) | Output          | \$ 32,480      | \$35,578       | \$ 46,612      | \$47,453       | \$46,107       | \$54,850       | \$ 44,000      | 25%              | \$45,000       | \$ 45,000      |
| Businesses Counseled (#)                             | Output          | 2,682          | 2,757          | 14,916         | 15,900         | 15,892         | 19,368         | 14,400         | 35%              | 14,600         | 14,600         |
| Grant-Eligible Micro Lenders (#)                     | Output          | 113            | 118            | 128            | 131            | 134            | 135            | 135            | 0%               | 135            | 135            |
| Cost per SB Assisted (\$)                            | Efficiency      | \$ 6,606       | \$ 8,807       | \$ 8,313       | \$ 9,589       | \$ 7,095       | \$ 6,429       |                |                  | \$ 6,792       | \$ 6,743       |

| Budgetary Resources                    | Budgetary Obligations Incurred |                |                |                |                |                | Budget          |                 |
|--|--------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|  | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Enacted | FY 2015 Request |
| Total Resources (\$000) <sup>(2)</sup> | \$ 18,385                      | \$24,783       | \$ 33,686      | \$38,729       | \$29,971       | \$23,865       | \$24,792        | \$ 24,612       |

N/A\* - Not Available

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

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

**Variance Explanation**

|  |
|--|
| <b>SB Assisted (35% over target)</b> - In FY 2013, SBA's Office of Economic Opportunity (OEO) worked heavily with key microlenders to create and enhance their small dollar and minority lending platforms.                            |
| <b>Jobs Supported (25% over target)</b> - In FY 2013, SBA's Office of Economic Opportunity (OEO) worked heavily with key microlenders to create and enhance their small dollar and minority lending platforms.                         |
| <b>Loans Approved by SBA to Micro Lenders (73% over target)</b> - In FY 2013, SBA's Office of Economic Opportunity (OEO) worked heavily with key microlenders to create and enhance their small dollar and minority lending platforms. |
| <b>Loans Approved by Lenders to Micro Borrowers (25%)</b> - In FY 2013, SBA's Office of Economic Opportunity (OEO) worked heavily with key microlenders to create and enhance their small dollar and minority lending platforms.       |
| <b>Businesses Counseled (35% over target)</b> - In FY 2013, SBA's Office of Economic Opportunity (OEO) worked heavily with key microlenders to create and enhance their small dollar and minority lending platforms.                   |

**FY 2013 Accomplishments**

In FY 2013, the SBA approved \$43 million in loans to intermediary lenders, subsequently allowing the program’s intermediaries to provide approximately \$43.1 million in microloans to small businesses. These small businesses will have created or retained more than 12,550 jobs in local economies. As many as 52.3 percent of the microloans went to businesses owned in the majority by women. Approximately 51.5 percent of the microloans were made to businesses owned by members of minority groups. A rural lending initiative, currently underway in partnership with the USDA is expected to lead to increased lending to small businesses in rural and remote areas.

Significant changes to the Community Advantage program in FY 2013, including extending the program’s pilot phase three years to March 2017 and modifying capital requirements have made it more attractive and viable for mission-oriented lender participation. These changes resulted in the program’s expansion from 55 approved lenders at the end of 2012 to 70 by the end of 2013. In addition, the ability for CA lenders to sign up Community Associate referral agents mean the program is expected to be available in at least 150 different locations by year end.

### FY 2014 and FY 2015 Planned Performance

Leveraging the SBA's streamlined process to obtain 7(a) guaranties on smaller dollar loans, the Agency expects to continue to increase the number and percentage of smaller dollar loans in FY 2013 and FY 2014.

During FY 2014 and FY 2015, the SBA will continue to grow its network of Community Advantage lenders and locations to more than 300, and grow the capacity of participating microlenders. It is anticipated that Community Advantage loans will average about \$125,000. With more than 60 percent of the Community Advantage loans going to underserved markets, the SBA will continue to seek permanent status for the Community Advantage program before it expires in March 2017.

For FY 2014, the Microloan program will continue to seek ways to improve access for microloan intermediaries and, in turn, ease access to credit for America's smallest businesses and businesses in underserved communities. In addition, a FY 2013 review of the program determined where additional regulation updates were warranted and the SBA expects to issue a new rule in 2014. This proposed rule will lift barriers to borrowing for formerly incarcerated individuals that seek self-employment. It will also increase the minimum lending requirements for microlenders forcing a higher volume of lending and better distribution of grant funding. The Agency will continue upgrading the electronic reporting system in FY 2014 which will improve its ability to present data and perform outcome analytics.

For FY 2015, the Microloan program requests a loan subsidy of \$2.5 million to support a program level of \$25 million. For the associated microloan technical assistance grants, the SBA is requesting \$20 million. With the newly published Microloan program SOP in FY 2013, the Agency clarified policies and procedures regarding Microloan program participation. This increased the capacity of the microlenders to make loans under the program. The requested Microloan program grant dollars will be used to provide business-based training and technical assistance to program microborrowers and potential microborrowers. Unlike SBA's Entrepreneurial Development programs, the major portion of Microloan program training dollars are specifically targeted to small businesses that have received microloans, assisting with business survival and mitigating risk to the taxpayer.

The federal government has a goal of awarding five percent of its contracting dollars to disadvantaged small business owners and three 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 (2.1)**

| Performance Indicator | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|-----------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| SB Assisted (#)       | Output          | 9,122          | 8,854          | 8,442          | 7,814          | 7,388          | 6,661          | 8,300          | -20%             | 8,000          | 8,000          |
| (\$)                  | Efficiency      | \$ 5,678       | \$ 5,925       | \$ 6,730       | \$ 7,458       | \$ 8,237       | \$ 7,754       |                |                  | \$ 7,104       | \$ 7,202       |

| Budgetary Resources                  | Budgetary Obligations Incurred |                |                |                |                |                | Budget          |                 |
|--------------------------------------|--------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|                                      | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Enacted | FY 2015 Request |
| Total Administrative Resources (\$0) | \$ 51,795                      | \$ 52,458      | \$ 56,817      | \$ 58,274      | \$ 60,855      | \$ 51,649      | \$ 56,829       | \$ 57,615       |

**Variance Explanation**

**SB Assisted (-20% under target)** - the number of firms in the 8(a) program has declined due to a significant number of program graduations and expirations of terms. The 8(a) program is actively seeking and recruiting additional firms to support the portfolio size.

**HUBZone - Performance Indicator Table (2.1) <sup>(1)</sup>**

| Performance Indicator     | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| SB Assisted (#)           | Output          | 3,218          | 701            | 6,405          | 5,801          | 7,872          | 6,497          | 6,475          | 0.3%             | 6,475          | 6,475          |
| Cost per SB Assisted (\$) | Efficiency      | \$ 2,686       | \$ 18,454      | \$ 2,649       | \$ 2,684       | \$ 1,156       | \$ 1,528       |                |                  | \$ 1,732       | \$ 1,696       |

| Budgetary Resources                    | Budgetary Obligations Incurred |                |                |                |                |                | Budget          |                 |
|--|--------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|  | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Enacted | FY 2015 Request |
| Total Administrative Resources (\$000) | \$ 8,644                       | \$ 12,936      | \$ 16,969      | \$ 15,569      | \$ 9,102       | \$ 9,930       | \$ 11,212       | \$ 10,981       |

(1) FY 2013 data will not be available until the 3rd quarter FY 2014.

**7(j) - Performance Indicator Table (2.1)**

| Performance Indicator     | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| SB Assisted (#)           | Output          | 2,021          | 2,865          | 3,480          | 3,550          | 3,272          | 3,913          | 3,550          | 10%              | 3,550          | 3,550          |
| Cost per SB Assisted (\$) | Efficiency      | \$ 2,356       | \$ 1,703       | \$ 1,574       | \$ 1,832       | \$ 1,637       | \$ 1,480       |                |                  | \$ 1,282       | \$ 1,292       |

| Budgetary Resources                    | Budgetary Obligations Incurred |                |                |                |                |                | Budget          |                 |
|--|--------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|  | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Enacted | FY 2015 Request |
| Total Administrative Resources (\$000) | \$ 4,761                       | \$ 4,880       | \$ 5,478       | \$ 6,502       | \$ 5,356       | \$ 5,793       | \$ 4,550        | \$ 4,585        |

FY 2013 Accomplishments

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 2013, approximately 5,700 companies participated at any given time. As of July 12, 2013, there were 1,752 applications to the program and 239 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. As of September 30, 2013, there were approximately

484 active mentor-protégé agreements, of which 95 had been approved during FY 2013. Also, as of that date, 7(j) funds had been used to assist 3,572 small businesses during FY 2013.

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 15 HUBZone outreach events where over 500 individuals learned about program eligibility requirements and benefits. The full impact of these outreach events, however, is not yet evident.

The SBA knows that for agencies to award contracts to small businesses, they need qualified small businesses ready to succeed in the federal procurement arena. To that end, the SBA has increased its outreach efforts to ensure that small businesses are aware of its contracting programs and educate small businesses on the nuances of federal contracting. The SBA recently launched a strategic HUBZone and 8(a) Business Development program recruitment initiative, which is aimed at recruiting new firms into both programs that better meet the needs of the federal procurement marketplace. The SBA is also collaborating with Women Impacting Public Policy and American Express OPEN on the ChallengeHER campaign, to inform women-owned small businesses about the opportunities available within the federal supply chain.

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 2012, 606 action obligations totaling \$72,527,325 were made under the program. The SBA also conducted approximately 120 program examinations to ensure participant eligibility. The SBA amended its regulations to implement Section 1697 of the National Defense Authorization Act for FY 2013, which removed the statutory limitation on the dollar amount of a contract that women-owned small businesses can compete for under the Women-Owned Small Business (WOSB) program. As a result, contracting officers may now set aside contracts under the WOSB program at any dollar level, as long as the other requirements for a set-aside under the program are met.

#### FY 2014 and FY 2015 Planned Performance

The SBA will use its broad network of district offices to raise awareness of the 8(a) program and continue using the 7(j) Technical Assistance program in innovative ways to provide disadvantaged firms with the training and mentor-protégé assistance that can mean the difference in winning a federal contract. The SBA will target assisting 6,475 small businesses via the 8(a) program and 3,550 with the 7(j) program in FY 2014; it will target 8,000 small businesses via the 8(a) program and 3,550 with the 7(j) program in FY 2015.

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 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. The SBA

will target assisting 6,475 small businesses via the HUBZone program in FY 2014 and 6,475 in FY 2015.

In FY 2014, the SBA will draft regulations to expand the successful Mentor-Protégé program currently used by the 8(a) program to include all small businesses. In FY 2015, the SBA will continue to promote federal contracting opportunities to women-owned small businesses.

### ***Help veterans become small business owners***

The Office of Veterans Business Development (OVBD) is dedicated to serving and supporting the veteran business community. There are approximately 2.4 million veteran-majority-owned firms in the United States. This represents a little more than nine percent of all firms nationwide. These firms generated in excess of \$1.2 trillion in receipts and employed about 5.8 million people. Approximately one half or 1.2 million of the veteran-owned small businesses are also-minority-owned firms.

In the coming years, more than a quarter of a million service members will transition from active service each year. Many transitioning veterans are natural entrepreneurs, possessing the training, experience, and leadership skills to start businesses and create jobs. According to a report published by the Office of Advocacy titled *Factors Affecting Entrepreneurship among Veterans*, veterans are at least 45 percent more likely than those with no active duty military experience to be self-employed entrepreneurs in the private sector workforce.

To further validate Advocacy's report, the Institute for Veterans and Military Families at Syracuse University finds that "military experience, on average, exposes individuals to highly advanced technology and technology training at a rate that is accelerated relative to non-military, age group peers." Leveraging the skills of veterans will help build a stronger workforce, a more competitive economy, and create more jobs.

Through OVBD, the Small Business Administration promotes veterans' small business ownership by conducting comprehensive outreach, through program policy development and implementation, ombudsman support, coordinated Agency initiatives, and direct assistance to veterans, service-disabled veterans, Reserve and National Guard members, and discharging active duty service members and their families. OVBD accomplishes this task through: 15 veterans business outreach centers; SBA district office outreach; OVBD-developed and distributed materials; websites; partnering with the Department of Defense, Department of Labor and Department of Veteran Affairs; direct guidance; training and assistance to Agency veteran customers; and, through enhancements to intra-agency programs used by the military and veteran communities.

As a continued initiative since FY 2012, to assist these transitioning veterans, the SBA works closely with the Department of Defense to provide an entrepreneurship track as part of the newly redesigned Transition GPS program. The entrepreneurship track is offered to all transitioning service members under the name Boots to Business (B2B) that provides transitioning service members with an introduction to entrepreneurship and culminates in the development of a full business plan. B2B is described further under Strategic Objective 1.3.

**Veterans Affairs - Performance Indicator Table (2.1)**

| Performance Indicator                       | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Veterans Assisted (#)                       | Output          | 93,545         | 122,901        | 131,523        | 137,011        | 134,069        | 101,839        | 112,000        | -9%              | 115,000        | 120,000        |
| Boots to Business Training participants (#) | Output          | N/A*           | N/A*           | N/A*           | N/A*           | N/A*           | Baseline       | N/T*           | N/A*             | 15,000         | 25,000         |
| Customer Satisfaction (%)                   | Outcome         | 85%            | 89%            | 85%            | 91%            | 93%            | 91%            | 90%            | 1%               | 90%            | 88%            |
| Cost per Veteran Assisted (\$)              | Efficiency      | \$ 53.58       | \$ 42.55       | \$ 48.68       | \$ 65.65       | \$ 69.81       | \$ 89.37       |                |                  | \$145.56       | \$ 140.34      |

| Budgetary Resources                    | Budgetary Obligations Incurred |                |                |                |                |                | Budget          |                 |
|--|--------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
|  | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Enacted | FY 2015 Request |
| Total Administrative Resources (\$000) | \$ 5,012                       | \$ 5,230       | \$ 6,402       | \$ 8,995       | \$ 9,359       | \$ 9,101       | \$16,739        | \$ 16,841       |

FY 2013 Accomplishments

**All Veterans:** In FY 2013, the veterans business outreach centers provided counseling and training services to over 73,266 veteran-owned and service-disabled veteran-owned small businesses and entrepreneurs, along with Reserve Component members starting new small businesses or expanding established small businesses. The SBA launched the Veteran’s Pledge initiative, encouraging lenders to commit to increasing their small business lending to veterans based on historic activity. Thus far, SBA’s top 20 national lending partners and 100 additional regional and community lending partners across the U.S. have committed to lending 5 percent more per year, each year, to veteran borrowers. This lending commitment will support an estimated 2,000 veteran-owned small businesses and raise \$475 million in capital.

**Transitioning Veterans:** At the end of FY 2012, Congress authorized the reprogramming of \$650,000 to support the development and piloting of Boots to Business. In January 2013, the SBA began to conduct B2B classes with extremely limited resources. With constrained resources, the SBA has been able to meet 11.8 percent of the requirement as defined by the Department of Defense.

**Veterans with Disabilities:** The continued success of the Entrepreneurship Boot Camp for Veterans with Disabilities (EBV) with Syracuse University, and its expansion which now includes Fayetteville State University and Oklahoma State University, as independent EBV/VEP training providers, has resulted in training over 240 service-disabled veterans in 2013. Despite budget challenges during this timeframe, new competitive grants were awarded to these universities engaged in providing experiential entrepreneurship training to aid service-disabled veterans in reestablishing their lives and setting a path to career success.

EBV is a specialized training program for post 9/11 service-disabled veterans that offers cutting edge, experiential training in entrepreneurship and small business management designed to open the doors to business ownership for veterans by: (1) developing the skills associated with launching and growing a successful small enterprise, and (2) leveraging programs and services for veterans with disabilities.

While each university uses a different training approach, all reach the same results: graduates with the knowledge, skills and confidence to start, manage and grow successful small enterprises that are a source of competitive strength in the U.S. economy. Today, nearly 70 percent of the first graduates from the EBV program at Syracuse University are proud business owners, and four of those graduates own ventures that generated in excess of \$1 million dollars in 2009.

**Women Veterans:** In the first and second quarters of FY 2014, through SBA's cooperative agreement with Syracuse University, two Women Veterans Igniting the Spirit of Entrepreneurship (VWISE) training conferences were held in Denver, Colorado and Long Beach, California. As a result of these two events, 256 women veterans were trained in FY 2014, bringing the total number of female veterans trained since the premier of VWISE to 1,209. Two additional VWISE conferences are scheduled for 2014 in New York City on June 13-15, 2014 and New Orleans in August 2014.

VWISE is an entrepreneurial training program for female veterans of all service eras and branches with a passion for and interest in either starting new small firms or growing existing ones. This unique training program was designed specifically by Syracuse University with the Office of Veterans Business Development, U.S. Small Business Administration, to encourage and support female veterans with an interest in exploring career opportunities in small business ownership. VWISE is committed to helping female veterans by providing the tools needed to become successful entrepreneurs; its goal is to integrate their leadership, integrity, focus, and drive into a premier education training program taught by accomplished entrepreneurs and entrepreneurship educators from across the United States. VWISE enables female veterans to find their passion and learn business-savvy skills to turn their ideas or businesses into growth ventures while recognizing entrepreneurship as an important part of economic growth nationwide.

Fifty-six percent of VWISE graduates have started business since the program's inception, with 14 percent generating revenues in excess of \$100,000.

**National Guard and Reservists:** The SBA continues to prioritize making services available and accessible to the National Guard and Reserves. SBA district offices reach out to the Adjutant Generals in their states to ensure they are aware of all the services the SBA provides to include the aforementioned programs. In cases where SBA programs are not fully accessible to all guardsmen and reservists, the SBA will look for ways to expand access. For example, the Boots to Business program is only available to National Guard and Reserve component members that are eligible for transition services.

#### FY 2014 and FY 2015 Planned Performance

**All Veterans:** Outreach through VBOCs, strategic alliances with the Department of Defense and other agencies, growing partnerships with universities, and reinstatement of the district office outreach initiative will help amplify SBA's assistance to veterans in FY 2014.

**Veterans Business Outreach Centers (VBOCs):** The SBA plans to reach and provide assistance to more than 115,000 veterans in FY 2014. Moving into FY 2015, the SBA plans on reaching, and providing assistance to, more than 120,750 veteran small business owners and entrepreneurs. Outreach through the VBOCs, strategic alliances with the Department of Defense and other agencies, growing partnerships with universities, and fostering strategic alliances and partnerships with organizations that represent the interest of, advocate for, and promote entrepreneurship among veterans will help amplify SBA's assistance to veterans in FY 2015 and FY 2016. The Agency is requesting \$2.5 million in FY 2015 for **veteran business outreach centers**.

**Transitioning Veterans:** The SBA is dedicated to developing veteran entrepreneurs at the transition from their military service and beyond. In FY 2015, the SBA will work to increase accessibility to

veterans, guardsmen, and reservists who are not eligible for transition services. The program's mission is to develop veteran entrepreneurs to be accessible to all veterans and transitioning service members (TSMs).

Additionally, Boots to Business will reach full operational capability as the as the optional entrepreneurship training track within the Department of Defense's revised standard portion of the curricula offered at the revised Transition Assistance Program. – Transition Goals, Plans, Success (GPS). At FOC Boots to Business will provide entrepreneurship training to all TSMs and their spouses and dependents that elect to participate both in the U.S. and overseas. The SBA expects 25,000 TSMs to benefit from this training in FY2014. The SBA requests \$7 million in FY 2015 to conduct the Boots to Business program at 151 stateside and 50 overseas installations as requested by DOD. In addition to training transitioning service members that are eligible for transition services from DOD, the SBA intends to expand the Boots to Business program to better serve National Guard and Reserve component members that may not be transition service eligible, as well as veterans that transitioned prior to the start of the Boots to Business program.

**Veterans with Disabilities:** With the continued success of the Entrepreneurship Boot Camp for Veterans with Disabilities (EBV), the SBA plans to expand the program by 50 percent in FY 2015, increasing both the number of course offerings and the number of participating business schools. In all, the SBA expects to train over 1,250 veterans and military family members through the EBV program in FY 2015. Additionally, the SBA plans to expand the program by another 25 percent in FY 2016. With the addition of two new universities – Fayetteville State and Oklahoma State Universities – and the intent of Oklahoma State University to explore the implementation of a consortium with three to four additional universities and colleges in 2014, the combined consortium membership will increase to 12 universities and colleges; the SBA expects to train 1,500 veterans and military families through these specialized training programs in FY 2016.

**Women Veterans:** OVBD plans to expand the program in 2015 to more cities serving more than 1,200 additional women veterans. The Agency will continue to support Syracuse University by recruiting program participants, providing referrals to SBA services after graduation, and tracking the program's performance.

**National Guard and Reservists:**

In FY 2014 OVBD intends to reinstate funding support to VBDOs engaging in the Department of Defense Yellow Ribbon Reintegration Program events for Guard and Reserve members returning from deployment. Though this effort the Agency anticipates reaching over three thousand reservists and national guardsmen.

***Create entrepreneurial empowerment in Native American communities***

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 business development and expansion tools available through the Agency's entrepreneurial development, lending and federal contracting programs. ONAA works in coordination with other offices within the Agency to assist in formulating policies specific to Native populations. The program engages in outreach, technical assistance and education, tribal consultation and education, formulates and administers training programs, and coordinates entrepreneurial development opportunities through collaboration and co-sponsorship agreements

with entities and other federal agencies. ONAA follows the guidelines, operational policy and statutory requirements established by the National Policy of Self-Determination for Indian Tribes (1970), Consultation and Coordination with Indian Tribal Governments (Executive Order 13175, 2000) and American Indian and Alaska Native Education (Executive Order 1336).

#### FY 2013 Accomplishments

In support of the Agency's national Emerging Leaders initiative for small business owners, ONAA provided funding to deliver executive-level training in ten Native American communities during FY 2013. More than 300 Native American-focused small business owners have graduated from this program since 2010.

As part of the Agency's continued efforts to foster inclusive entrepreneurial ecosystems, the SBA funded a project to conduct 23 reservation-based entrepreneurial training workshops and deliver technical assistance in American Indian, Alaska Native and Native Hawaiian communities. The two-day event included classroom activities designed to promote an interactive learning environment and used story-telling to convey information on topics related to growing a business in Indian Country. In FY 2013, more than 400 participants in 17 states received technical assistance and small business development training nationwide. To date (2012-2013 program), the workshop participants have estimated they will create 499 full-time jobs and 205 part-time jobs for a total of 704 jobs.

ONAA and the Department of Interior Office of Indian Energy and Economic Development joined with the Federal Reserve System to sponsor training workshops for tribal governments, business managers, and tribal attorneys on how adoption of the Model Tribal Secured Transactions Act can increase creditor and investor confidence in tribal economies and ensure the steady growth of business and consumer credit in Indian Country. These workshops resulted from the efforts of the Interagency Working Group on Federal Loan and Credit Programs which was formed to implement the President's Memorandum on Administrative Flexibility initiative for Indian Country. The interagency working group focused on improving the deployment of federal loan and credit programs in Indian Country. The need for the workshops emerged from a nationwide series of "Growing Economies in Indian Country" forums conducted by federal partners and the Federal Reserve Banks in 2011 to address barriers to economic development in Native American communities and the best strategies to overcome them. Over 60 tribes were represented at nine nationwide events conducted in FY 2012 and FY 2013.

While credit markets have improved, there remain gaps for underserved communities and for small loans. SBA loans are three to five times more likely to be made to minority and women-owned businesses than conventional small business loans made by banks. In FY 2013, the SBA supported nearly \$120 million in lending to Native American-owned small businesses.

The SBA works with other federal agencies to provide increased opportunities for Native American-owned small businesses to compete for and win federal prime contracts. In FY 2012 (most recent data available), Native American-owned small businesses won over \$10.7 billion in federal contracts.

The SBA realizes that selling to the government requires a very different approach than selling to the commercial sector. Over the last year, the SBA has created a series of online contracting courses called GC Classroom to help prospective and existing small businesses, including those in Native American communities, understand the basics about contracting with federal agencies. GC

Classroom is also aimed at helping contracting officers within the federal government learn ways to maximize small business participation in the federal supply chain. In particular, the SBA recently published courses specifically targeted to Alaska Native Corporations and tribal enterprises reviewing the eligibility requirements and benefits of the 8(a) Business Development program for those business types. The SBA will continue to provide Native American small businesses with additional contracting training tools at [www.sba.gov/gclassroom](http://www.sba.gov/gclassroom).

Collaborating with the U.S. Department of Veterans Affairs/Office of Tribal Government Relations, the SBA participated in veterans training summits in Indian Country that emphasized economic sustainability for Native American veterans. These events provided training and presentations from key federal, state and private partners focused on sharing resources and information about economic opportunities available to veterans based on their military service. Opportunities include vocational rehabilitation training, educational opportunities, home ownership as well as information about creating veteran-owned small businesses and how these entities support tribal economies.

#### FY 2014 and FY 2015 Planned Performance

In FY 2014 and FY 2015, the SBA will continue to provide the Agency's business tools and resources to Native American entrepreneurs and tribally-owned corporations. The SBA will also support efforts to provide training to Native Americans in the areas of financial literacy, government contracting, workforce development, and bank readiness.

In FY 2015 the Agency will focus on youth entrepreneurship, leadership development, and economic development. In addition, the SBA will focus on business development by educating tribally-owned small businesses about the 8(a) program and providing technical assistance to existing tribally-owned corporations, Alaska Native Corporations and Native Hawaiian Organizations. In FY 2014, for example, the SBA will target individual and tribally-owned businesses and provide education through 30 plus one-day 8(a) business development workshops, training webinars, online classes and live advanced entrepreneurial classes. In addition, the Agency will conduct 15 plus Native American business development empowerment workshops for new and established firms and trainers who are qualified to teach business development subjects. This training will provide operational and leadership strategies to build capacity, foster growth and expansion and ensure sustainability of Native American community-based businesses nationwide. The SBA also will continue its outreach efforts targeting Native American veteran-owned businesses.

## Strategic Objective 2.2: Collaboration

*Lead and collaborate with other agencies to strengthen and streamline the delivery of programs, resources and services for small businesses*

**Lead Office:** Office of the Administrator

**Programs/Activities:** Regional Innovation Clusters, Small Business Procurement Set-Aside, Boots to Business, BusinessUSA, American Supplier Initiative, Disaster Assistance, Field Office Coordination

**Strategies:**

1. Lead and collaborate as a partner on Administration-wide initiatives that support small business

### *Lead and collaborate as a partner on Administration-wide initiatives that support small business*

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 vast network of field offices and resource partners provides a nationwide presence which contributes to its leadership role in interagency initiatives. The FY 2015 Budget request ensures that the Agency's continued active participation in interagency initiatives will continue and that small businesses have "a seat at the table" in key policy discussions across the government. For example, the SBA signed a Memorandum of Understanding with the Department of Agriculture to cross-promote products and services in the field; and the Agency works with the Department of Health and Human Services on implementation of the Affordable Care Act. Key SBA interagency priorities in FY 2015 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; and,
- supporting the National Export Initiative.

#### FY 2013 Accomplishments

In the 2010 State of the Union address, President Obama announced the National Export Initiative as the central way to increase and promote American exports. Through collaboration with the Export Cabinet and the Trade Promotion Coordination Committee (TPCC), the SBA plays a key role in increasing the number and volume of small business exporters.

In addition, the SBA chairs the TPCC's Small Business Working Group (SBWG) which coordinates interagency cooperation on small business export matters. 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. To accomplish the Agency's export goals, the SBA coordinates activities with the 19 trade promoting agencies to market exporting opportunities and trade shows, expand access to trade financing, and train business counselors and banks on exporting services.

Along with SBA's Office of International Trade, SBDCs support the National Export Initiative as well as other Administration priorities, including the State Department's Small Business Network of the Americas.

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 2013, (data as of August, 26, 2013), the SBA trained 3,809 veterans at 101 bases.

Additionally, the SBA continued to promote the Women-Owned Small Business Federal Contract program through the **ChallengeHER** campaign, an initiative to engage more women-owned small businesses in the federal supply chain via a cosponsorship with American Express OPEN and Women Impacting Public Policy. ChallengeHER events have been hosted at various federal agencies and SBA district offices to inform women of contracting opportunities available with the federal government. Events were held at the Departments of Energy and Health and Human Services, as well as the Phoenix, Denver, Atlanta, and New Orleans SBA district offices.

**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. The SBA continued key initiatives that began in FY 2012. In FY 2013 another fund was licensed under the Impact Investment initiative which targets SBICs that invest in underserved communities or in high-priority sectors such as clean energy or education. The SBA continued to promote both this initiative and the Early Stage initiative which targets SBICs that invest in small businesses facing the "valley of death" – a challenging period in an innovative start-up's life, between when it has received seed financing and traditional financing.

#### FY 2014 and FY 2015 Planned Performance

In FY 2014 and FY 2015, the SBA will continue to contribute to the NEI metrics by providing data which measures performance outcomes. The SBA continues to collaborate with other federal agencies, state agencies, SBA resource partners and other export assistance resources to better serve small business exporters.

In FY 2014, the SBA plans to roll out **Boots to Business** to all branches of the military in locations across the country, exposing 250,000 service members annually to entrepreneurship and providing 15,500 with extended training and support. The SBA requested \$7 million in funding for this initiative for FY 2014 and \$7 million in FY 2015. (See Strategic Objective 1.3.)

The SBA will aggressively pursue partnerships with other federal agencies to advance the Startup America initiative in FY 2014 and FY 2015. 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. With the merger of Start-up America and UP global, the SBA will continue to support regional entrepreneurial ecosystems. To support this growth, the SBA will work to develop platforms and tools that can be used to further enhance and support these ecosystems, including providing tools and education in the pre-accelerator space.

SBA's **Center for Faith-Based and Neighborhood Partnerships** works to engage and build strong partnerships with community and nonprofit organizations, both secular and faith-based, to support entrepreneurship, economic growth and promote prosperity for all Americans. The center works in coordination with other offices in the Agency to assist in formulating policies and practices with the goal of extending the reach and impact of SBA programs into communities. The SBA recognizes the important role of community leaders and networks in economic development at the local and national level, and that partnerships provide effective and efficient leverage for SBA programs. Further, the center plays a key role in helping identify, engage and impact underserved communities.

The program engages in outreach, technical assistance, education, formulates and administers training programs, coordinates entrepreneurial and business development opportunities and access to SBA's 68 district offices and extensive network of resource grant partners. The center works with the White House Office of Faith-Based and Neighborhood Partnerships and the Faith-Based and Neighborhood Partnership Centers in 13 additional federal agencies, and participates in interagency working groups to ensure effective and efficient coordination of resources and initiatives.

The center was established by, and follows the guidelines, operational policy and statutory requirements of Executive Order 13279, Fundamental Principles and Policymaking Criteria for Partnerships with Faith-Based and Other Neighborhood Organizations.

#### FY 2013 Accomplishments

The Center for Faith-Based and Neighborhood Partnerships coordinated Agency efforts and enabled local nonprofits and faith-based groups around the country to be better equipped to move the nation's economic recovery forward. In FY 2013 the office conducted dozens of informational and training workshops across the country.

The center played a key role in supporting SBA's strategic goals, expanding access to capital in underserved communities. Despite improvements in the credit market and small business lending by conventional banks, there still remain gaps for underserved communities.

In FY 2013, the center made SBA's Microloan program a particular focus of its outreach efforts. Through the work of the center, nearly 30 faith and neighborhood organizations are now taking the necessary steps to apply to the Microloan program.

FY 2015 Planned Performance

In FY 2014 and FY 2015, the SBA will continue to advance its strategic goals and increase impact through engagement, outreach and partnership with community organizations. The SBA will support efforts to increase counseling, contracting, capital access and disaster recovery assistance through the Center for Faith-Based and Neighborhood Partnerships. The center will launch and conduct a series of national-level organizational workshops, online training webinars and district level trainings. These engagements will target underserved as well as new small business networks and communities not currently accessing SBA programs and resources.

## Strategic Objective 2.3: Outreach

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

**Performance Goal:** SBA.gov will average 2.3 million monthly site visits in FY 2015.

**Lead Offices:** Office of Communications and Public Liaison, Office of Field Operations

**Programs/Activities:** SBA.gov, BusinessUSA, Field Office Outreach, U.S. Export Assistance Centers

**Strategies:**

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

**SBA.gov - Performance Goal Indicator Table (2.3)**

| Performance Indicator                     | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| SBA.gov Site Visits (#) (Monthly Average) | Output          | N/A*           | N/A*           | N/A*           | N/A*           | 1,439,750      | 2,159,850      | 2,000,000      | 8%               | 2,400,000      | 2,300,000      |

N/A\* - Not Available

*Implement a consolidated platform for businesses to access services to help them grow*

**SBA.gov - Performance Indicator Table (2.3)**

| Performance Indicator                           | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Number of Unique Visitors to SBA.gov (#)        | Output          | N/A*           | N/A*           | N/A*           | N/A*           | 950,000        | 1,420,000      | 1,500,000      | -5%              | 1,500,000      | 1,500,000      |
| Number of SBA.gov Community Unique Visitors (#) | Output          | N/A*           | N/A*           | N/A*           | N/A*           | 117,574        | 380,174        | 150,000        | 153%             | 520,000        | 800,000        |

N/A\* - Not Available

**Variance Explanation**

**Number of SBA.gov Community Unique Visitors (153% over target)** - A revised strategy of including higher visibility front page links to new blogs successfully drove traffic to the Community section of the site, resulting in a greater than expected increase in Community Unique Visitors.

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 own 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 2013, SBA.gov averaged 2.2 million monthly site visits (a 50 percent increase over FY 2012) and 1.4 million unique visitors per month. By FY 2015, the SBA hopes to draw approximately 2.3 million monthly site visits and 1.5 million unique visitors per month. Additionally, the SBA expects to increase monthly unique visitors to the online community from 380,000 in FY 2013 to approximately 800,000 by the end of FY 2015.

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 24 federal agencies. BusinessUSA coordinates the programs, products and services from across the federal government by using technology (e.g., web platform, contact center, other customer service channels like chat and social media outlets) to make it easier for businesses and entrepreneurs to access the resources that they need to grow to make their enterprises successful. 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 2013 Accomplishments

Through ongoing content and navigation improvements, [SBA.gov](http://SBA.gov) customer satisfaction scores have increased above the standard for government websites. In addition, Forbes listed [SBA.gov](http://SBA.gov) among the top 100 websites for entrepreneurs.

Both [SBA.gov](http://SBA.gov) and [BusinessUSA.gov](http://BusinessUSA.gov) experienced growth as the result of new tools and site features. Since the launch of [BusinessUSA.gov](http://BusinessUSA.gov) on February 17, 2012, through September 30, 2013, the site has registered nearly 1.4 million visits with approximately 4 million pages viewed, exceeding 70,000 content subscribers, approaching 27,000 Twitter followers, and about 200 links from partner websites. BusinessUSA greatly expanded the number of business-facing resources (programs, services, tools and data) in one central location totaling over 4,000 federal, state and local entities. In addition, it has promoted more than 170 success stories and exceeded 25,000 local business-related events. Throughout FY 2013 [BusinessUSA.gov](http://BusinessUSA.gov) continued to evolve from static site to dynamic site. BusinessUSA maintained multiple customer services channels to ensure customers can reach the information requested.

**Transparency:** SBA's New Media team implemented content and design updates for popular areas of [SBA.gov](http://SBA.gov) included the SBIC program, Loans and Grants, Starting and Managing, Contracting, and the About SBA sections. District office web sites were revamped to better reflect the online needs of site visitors at the local and regional levels, and the [SBA.gov](http://SBA.gov) homepage was updated to reflect small business and official agency blogs. In addition, new tools were launched that helped small businesses and aspiring small businesses support their mission-critical needs for local training and learning requirements via the Learning Center, Events Calendar and Small Business Planner tools. A National Small Business Week nominations portal and event website went live and were instrumental in supporting the FY 2013 National Small Business Week communications and events management strategy.

The [SBA.gov](http://SBA.gov) and [BusinessUSA.gov](http://BusinessUSA.gov) teams continued toward integration, with dual branding of tools, APIs for [SBA.gov](http://SBA.gov) content and a new informational toolbar added to the primary areas of the site and includes access to tools for financing, contracting, exporting and more.

**Participation:** Total visits to [SBA.gov](http://SBA.gov) have grown steadily since FY 2012 with an average 2 million site visits per month in addition to steadily rising user satisfaction scores recorded through the Foresee Results online survey. As new tools are added, including [BusinessUSA.gov](http://BusinessUSA.gov) widgets, there is a shift away from SBA Direct being the primary tool on [SBA.gov](http://SBA.gov). During FY 2013, the [SBA.gov](http://SBA.gov) community averaged approximately 380,000 unique visitors and 5,000 registrations per month. The SBA also extended its reach via its social media channels and recorded increases in key metrics that indicate awareness and interest. In addition, [SBA.gov](http://SBA.gov) digital outreach campaigns increased online activity for the Agency's key programs and services through an integrated online effort.

**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.

#### FY 2014 and FY 2015 Planned Performance

Through continued integration of [SBA.gov](http://SBA.gov) and [BusinessUSA.gov](http://BusinessUSA.gov) small business content, in addition to site updates that will improve online usability, increases in key performance metrics is expected.

**Transparency:** The SBA will continue the integration of [SBA.gov](http://SBA.gov) and [BusinessUSA.gov](http://BusinessUSA.gov). In addition, the Agency 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. The SBA will continue the integration of [SBA.gov](http://SBA.gov) tools and small business related content to the [BusinessUSA.gov](http://BusinessUSA.gov) website via APIs 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.

**Participation:** Total visits to [SBA.gov](http://SBA.gov) have grown steadily and are projected to average 2.4 million site visits per month in FY 2014 and 2.5 million per month in FY 2015. As new tools are improved and integrated into the online experience, there will continue to be a shift away from traditional ways of delivering content. This was exemplified in the latest 2013 data as more users interact with online tools and widgets. The SBA hopes to increase monthly unique visitors to the [SBA.gov](http://SBA.gov)/[BusinessUSA.gov](http://BusinessUSA.gov) community to approximately 520,000 by the end of FY 2014 and 800,000 by the end of FY 2015. In addition, the ongoing development of new tools for [BusinessUSA.gov](http://BusinessUSA.gov) will be leveraged on [SBA.gov](http://SBA.gov) and further provide a "No Wrong Door" approach to the online user experience. An integrated [BusinessUSA.gov](http://BusinessUSA.gov) and [SBA.gov](http://SBA.gov) community will facilitate the integration of both brands and allow for additional segmentation and topics. When appropriate, new tools for [BusinessUSA.gov](http://BusinessUSA.gov) will continue to be leveraged on [SBA.gov](http://SBA.gov) to allow enhanced end-user experience. Additionally, SBA digital outreach campaigns focused on Agency programs and services will further drive awareness and online traffic, and social media will be a key component of this strategy.

**Collaboration:** [SBA.gov](http://SBA.gov) will continue to feature new data sets for the public and find new ways to streamline online information in a manner that will further enhance user experiences and support their small business needs.

For FY 2015 the SBA requests \$6 million to continue scaling BusinessUSA into a robust, customer friendly service that supports U.S. small businesses and exporters to access the broad range of federal, state and local business-facing resources. As the website continues to mature, [BusinessUSA.gov](http://BusinessUSA.gov) will further enhance the customer experience by incorporating a more personalized web design that will adapt the layout presented to users based on the viewing environment. BusinessUSA will upgrade to a moderate security level and will enrich the customer experience by combining both customer and partner/agency data to provide enhanced triage and referral services. [BusinessUSA.gov](http://BusinessUSA.gov) will also aim to create a leaner, more performance-focused website, enabling the SBA to more closely monitor small business trends and increase relevant content on the website. BusinessUSA will seek to achieve interoperability across all platforms, browsers, and operating systems. BusinessUSA plans to upgrade its Content Management System allowing better maintenance and management of the content presented to website users. Additionally, BusinessUSA will ensure that only the best and most relevant content is integrated into its knowledgebase and site by assigning subject matter experts from other agencies to manage key business areas such as taxes and healthcare. BusinessUSA also intends to explore more ways to solicit feedback from small business owners through social media.

### ***Strengthen SBA's stakeholder outreach and brand***

SBA's stakeholders comprise members of the small business and lending communities as well as the many organizations, associations, non-profits and private sector companies that support and provide services to them. Conducting outreach to these many stakeholders is critical to fulfilling SBA's mission, especially in economic times that require everyone to do more with less. By sharing existing networks and resources, the SBA has greater access to current and potential small business owners. Whether they be an Encore Entrepreneur building on their life's experiences or a young person just starting out, a transitioning veteran or a stay at home mom starting her home-based business, an economically or socially disadvantaged Emerging Leader or a domestic supply chain provider looking to take their business global, SBA's stakeholders help the Agency better connect with the audiences it serves.

#### FY 2013 Accomplishments

During FY 2013, the SBA reviewed historical models of conducting Agency outreach and, where possible, took steps to enhance efforts to reach small business owners and potential small business owners. The most illustrative example of this is the revamping of National Small Business Week. Traditionally, National Small Business Week has been a 3-4 day Washington, D.C.-based series of events recognizing successful small business owners who had received assistance from the SBA or one of its resource partners, a few educational forums, and the occasional business matchmaking event. Although open to the public, attendees were largely state small business award winners. For FY 2013, National Small Business Week was staged in five separate locations across the country and actively promoted as a series of educational opportunities for both current small business owners and those thinking of starting a business. For those unable to attend in person, most events were live streamed and each day ended with a Google+ hangout, where the public was invited to listen and interact with experts in various industries as they shared their insights on a variety of business-related topics.

- On Twitter, National Small Business Week, through hashtag #sbw2013, had a total viral reach of 391 million from June 16-23, setting an SBA record. Over 420 million people were potentially exposed to messages from late May through the end of NSBW.
- The SBA registered 4,169 small business owners and entrepreneurs for the five days of events, more than doubling the previous year's 2,000 person attendance. Approximately 10,000 people watched portions of 26 hours of programming and content throughout the week, a large jump from 2,000 people and eight hours of live streaming last year.
- The SBA secured a record 26 sponsors and has leads with several more companies that are interested in partnering on future initiatives. In all, the SBA engaged with 43 different companies either as a sponsor, speaker or amplifier.
- By the end of NSBW, the SBA had coordinated or engaged with 17 different federal agencies and partners and secured a video message and proclamation from President Obama.

The vast majority of the Agency's traditional outreach is conducted at the local and regional level by the Office of Field Operations through SBA's district offices. In FY 2013, SBA's field force conducted 20,994 outreach events with stakeholders and partners, including lender trainings, government contracting events, joint efforts with Agency resource partners, underserved market events and events targeted to high growth entrepreneurial markets such as exporting. Key initiatives included Boots to Business outreach to transitioning members of the military, the Emerging Leaders program for small businesses that are primed for growth, Encore Entrepreneur outreach events for the 50+ entrepreneurs and aspiring entrepreneur, Affordable Care Act training and assistance to

congressional offices. In addition to local and regional outreach events, the Agency also strategically exhibited at no fewer than eight national stakeholder conferences, including those of the National Restaurant Association, AARP, the National Urban League, the National Minority Supplier Development Council, the National Veterans Small Business Conference and the Women's Business Enterprise National Council.

Focused outreach efforts at securing additional stakeholder partnership opportunities in FY 2013 resulted in approximately 60 executed strategic alliance memoranda (SAMs) with such non-profit organizations as Women Impacting Public Policy, the Hispanic Chamber of Commerce Palm Beach County, the California chapter of the National Association of Women Business Owners, and the National Minority Supplier Development Council, Inc. The SBA also executed more than 120 cosponsored activities with private and public sector entities during FY 2013. Each activity involved at least one private or public sector cosponsor or partner, and often involved multiple cosponsors.

Additional outreach efforts specifically targeted current and future small business exporters. Through SBA's network of trade finance specialists located in 19 U.S. Export Assistance Centers (USEACs) throughout the country, the SBA Office of International Trade (OIT) provided training and counseling on trade financing and U.S. government export programs to both lenders and small businesses. During FY 2013, the USEACs provided training to 4,868 lenders and 8,244 small businesses as well as counseling to 3,755 lenders and 4,307 small businesses. Also in FY 2013, OIT also hosted the 6<sup>th</sup> Annual Lenders' Roundtable where 66 participants gathered to engage in active discussion and provide feedback on SBA's finance practices and products. OIT also continued to train and certify SBDC professionals in international trade, with more than 350 intermediate certified counselors and more than 300 advanced Certified Global Business Professionals. Working with OFO and the Department of Commerce, OIT supported the creation of 68 Export Outreach Teams.

SBA's social media and digital outreach efforts also expanded in FY 2013. For example, after extensive training in fall 2012 of the Agency's nationwide public information officer (PIO) workforce on the use of GovDelivery, the majority of PIOs now regularly publish their district office's electronic newsletter. Furthermore, distribution of SBA's electronic newsletter has nearly doubled from 578,000 to over one million during FY 2013. The Agency's Facebook and Twitter presence has also grown dramatically, with its Twitter following nearly tripling and its Facebook page nearly doubling in friends compared to FY 2012. Furthermore, over 20 digital events on topics such as the Affordable Care Act, Encore Entrepreneurship and Social Media were conducted during FY 2013.

#### FY 2014 and FY 2015 Planned Performance

In response to the ever-evolving world of digital communications and continually shrinking federal budgets, the Agency expects to continue to look for new and improved ways to celebrate National Small Business Week with more members of the extended small business community. Public and private partnerships through SAMs and cosponsored activities are critical to the Agency's ability to do more with less, and the SBA anticipates partnerships such as these at continued levels throughout FY 2014. The SBA also anticipates maintaining its current level of engagement for exhibiting at national conferences and identifying key speaking opportunities for SBA principals through FY 2014 and FY 2015. As the Agency continues its [SBA.gov](http://SBA.gov) and [BusinessUSA.gov](http://BusinessUSA.gov) integration efforts, it will seek to not only maintain current distribution levels of the newsletter but grow dissemination through new markets with the expanded reach of [BusinessUSA.gov](http://BusinessUSA.gov).

The SBA expects to further increase its outreach to lenders as well as current and future small business exporters. The Office of International Trade plans to train 4,000 lenders and 7,600 small businesses in FY 2014, with that number rising to 4,200 and 8,000 respectively in FY 2015. By partnering with other federal agencies, such as the Export-Import Bank and Department of Commerce, OIT will continue to provide counseling and training to small businesses at domestic and overseas trade shows. OIT also plans to facilitate open dialogue and feedback with lenders by continuing to host the Export Lenders' Roundtable held annually in Washington D.C. And working with OFO and OSBDC, OIT will continue to support Export Outreach Teams and provide international trade training and certification for SBDC professionals.

The Office of Field Operations anticipates a five percent increase in its outreach efforts for FY 2014 and FY 2015. With the continued strengthening of the small business economy and marketplace, OFO expects to reach an ever growing marketplace of small businesses and other key external stakeholders. OFO expects to continue its efforts with Boots to Business, Emerging Leaders, Encore Entrepreneurs, export training and the Affordable Care Act. OFO also plans continued significant outreach, assisting local congressional offices and through joint efforts with SBA resource partners and other local, state and national partners.

## Strategic Objective 2.4: Reduce Regulatory Burdens

*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*

**Performance Goal:** To identify and reduce regulatory burdens, the SBA will maintain Regional Regulatory Fairness Board membership at 85 percent or better, identify two or more rules/regulations annually that disproportionately affect small business, and work across government to secure lasting regulatory fixes.

**Lead Offices:** Office of the National Ombudsman, Office of Advocacy

**Programs/Activities:** Ombudsman, Advocacy

**Strategies:**

1. Maintain an ombudsman process to receive comments from small business and liaise with federal agencies
2. Identify and reduce regulatory burdens on entrepreneurs and small businesses
3. Advocate for improved data collection on small business activity

**Ombudsman - Performance Goal Indicators (2.4)**

| Performance Indicator                                       | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Regulatory Fairness Board Membership Rate (%)               | Outcome         | 88%            | 88%            | 88%            | 98%            | 96%            | 74%            | 78%            | -5%              | 85%            | 90%            |
| Rules/Regulations Identified that Burden Small Business (#) | Outcome         | N/A*             | 2              | 5              |

\*N/A - Not Available

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 regulatory processes. SBA's independent Office of Advocacy contributes significantly to Strategic Objective 2.4 as well. In FY 2014, Advocacy expects its prospective 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 process to receive comments from small business and liaise with federal agencies*

SBA's national ombudsman helps small businesses confronting unfair enforcement of federal regulations. The Office of the National Ombudsman works with all federal agencies that regulate small businesses to provide those businesses a means to comment on agency enforcement activity, including audits, on-site inspections, compliance assistance efforts, or other enforcement related communication or contact by Agency personnel. The ombudsman prepares an annual report for Congress regarding the responsiveness of federal regulators to regulatory enforcement and compliance concerns reported by small business.

**Ombudsman - Performance Indicator Table (2.4)**

| Performance Indicator                  | Type of Measure                | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual  | FY 2013 Target  | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|--|--------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|------------------|----------------|----------------|
| Outreach Events (#)                    | Output                         | 27             | 13             | 50             | 56             | 48             | 48              | 46              | 4%               | 52             | 55             |
| Budgetary Resources                    | Budgetary Obligations Incurred |                |                |                |                |                | Budget          |                 |                  |                |                |
|  | FY 2008 Actual                 | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2014 Enacted | FY 2015 Request |                  |                |                |
| Total Administrative Resources (\$000) |                                | \$ 1,518       | \$ 1,622       | \$ 1,426       | \$ 1,787       | \$ 1,770       | \$ 1,270        | \$ 1,478        | \$ 1,503         |                |                |

The following contextual indicators are presented to provide context to the ONO performance goals and indicators. Knowing the volume of comments and inquiries received gives insight into the day-to-day activities of the Ombudsman Office. The number of board members gives context to the goal of 85% membership rate. These contextual indicators also present historical data for each fiscal year, for comparative purposes.

**Ombudsman - Contextual Indicator Table (2.4)**

| Contextual Indicator       | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual |
|----------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Comments Received (#)      | Output          | 420            | 339            | 250            | 328            | 254            | 347            |
| Responses to Inquiries (#) | Output          | 780            | 520            | 1,040          | 2,800          | 2,520          | 2,800          |
| Board Members (#)          | Output          | 44             | 44             | 44             | 49             | 48             | 37             |

### FY 2013 Accomplishments

In FY 2013, the national ombudsman addressed 347 reports filed by small businesses and responded to approximately 2,800 inquiries to the office. To raise awareness of the resources offered for small business owners, the national ombudsman participated in nearly 50 meetings and speaking engagements with small businesses around the country. During FY 2013, the national ombudsman conducted meetings, roundtables, or hearings in all 10 SBA regions in the nation with the participation of at least one regional board member at each. The national ombudsman also prepared and submitted an annual report to Congress evaluating the responsiveness during FY 2012 of federal agencies to regulatory concerns of small business.

### FY 2014 and FY 2015 Planned Performance

The SBA plans to expand the outreach activities of the national ombudsman in FY 2014 and successfully address comments and complaints raised by small businesses regarding regulations. The national ombudsman will continue to serve as the voice of small business; hold public events such as hearings, roundtables, meetings, and presentations, and participate on panels to provide a means for small businesses to comment about federal regulatory issues. The national ombudsman will work with the Regional Regulatory Fairness Board members, SBA field staff and other SBA partners to promote awareness among small business owners of the resources available to them through the Office of the National Ombudsman (ONO). ONO will continue to work with federal agencies that have regulatory authority over small businesses and encourage them to address small business concerns promptly. The national ombudsman will conduct program briefings with federal agency liaisons to ensure that up-to-date information about the Small Business Regulatory Enforcement Fairness Act is readily available.

To be responsive and timely to small business commenters, ONO has established a goal to submit small business comments to federal agencies within four business days of receipt of a completed comment form and then forward the federal agencies' responses to the small business within four business days of receipt from the agencies. The national ombudsman will also produce, publish and disseminate the FY 2013 Annual Report to Congress which includes an evaluation of federal agencies' compliance assistance and enforcement activities that pertain to small businesses.

### ***Identify and reduce regulatory burdens on entrepreneurs and small businesses***

The Office of the National Ombudsman maintains a five-member Regulatory Fairness Board in each of SBA's ten regions. With the national ombudsman, these regional boards, comprised of active small business owners in the region, host and participate in public hearings and roundtables where small business owners and representatives of small businesses may voice concerns regarding current regulatory issues confronting them.

#### FY 2013 Accomplishments

As of September 1, 2013, the Office of the National Ombudsman conducted and/or participated in 17 roundtables and hearings; identified, recruited and processed the appointment of 13 new Regulatory Fairness Board members; and, board members organized and conducted outreach activities in their respective regions. The acting national ombudsman organized and conducted a combined annual meeting of all of the regional Regulatory Fairness Boards.

#### FY 2014 and FY 2015 Planned Performance

The national ombudsman will organize and conduct a combined annual meeting of all 10 regional Regulatory Fairness Boards. Additionally, the national ombudsman will continue to recruit and screen viable candidates for all Regional Regulatory Fairness Board vacancies to ensure membership remains at least 85 percent occupied. The SBA will work to foster greater collaboration between the regional boards and SBA resource partners to increase the level of outreach events for small businesses. Working across agencies and with its SBA partners, ONO will seek to identify and address specific areas of federal regulation or oversight that disproportionately burdens small business. ONO will provide an Annual Report to Congress on its evaluation of federal agencies' compliance assistance and enforcement activities, based on comments received from small business owners.

### ***Advocate for improved data collection on small business activity***

To effectively address the needs of small businesses, 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.

#### FY 2013 Accomplishments

SBA's Office of Government Contracting and Business Development has worked 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, SBA's Office of Advocacy, the 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 funds **SBDCNet**, a national information clearinghouse currently 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, American Samoa, the U.S. Virgin Islands, the District of Columbia 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.

In market research, [SBDC.net](http://sbdc.net) offers a broad array of services, from aquaculture to sports and leisure. The site serves as a major source for small business information on the Internet, boasting a Google page ranking of "6" – a strongly favorable position with well-respected and established business research websites like [hoovers.com](http://hoovers.com) and [entrepreneur.com](http://entrepreneur.com). At present, the clearinghouse website receives over 31,000 visits monthly.

The SBA funds the **National Women's Business Council** (NWBC), 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 innovative initiatives, policies and programs designed to support women's business enterprises at all stages of development in the public and private sector marketplaces.

The council completed work on three primary research projects and a five-part data-driven infographic series to round out its research portfolio which creates products and recommendations that help increase the economic impact for women entrepreneurs. The highlights of the research portfolio include the first initial analysis of the implementation of the Women-Owned Small Business Federal Contract program to assess its potential impact on women's participation in the federal marketplace; self-limiting perceptions of women entrepreneurs and how their intentions and expectations determine the success of their business; and an exploration of opportunities for young women entrepreneurs to start and grow businesses and how structural factors inherent in decision-making, e.g. access to capital, risk aversion and access to training may inform the trajectory of their business success.

The council has engaged women business leaders and over 50 women's business organizations in its Collective Voice series. This series allows the council to lead discussions that explore an aligned effort to identify common, reliable data from which to create a more accurate and comprehensive economic report of the impact of women's businesses in the U.S.

The SBA conducted an independent National Impact Study 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>. The study helps guide counseling activities by measuring both clients' value-added view of the services and the economic impact on the businesses served.

#### FY 2014 and FY 2015 Planned Performance

The grant to host the national clearinghouse, through a competitive process, was again awarded to the University of Texas at San Antonio for FY 2014. The SBA will provide \$300,000 in non-matching grant funds to run SBDCNet in FY 2014. However, the University of Texas at San Antonio will

voluntarily match the federal funds 1:1. 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. The clearinghouse researchers will establish a new, more extensive and Internet-based research network. Hundreds more online sources, databases and archived information will be identified to enable even more rapid and efficient searches by counselors and their clients.

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. The SBA expects to 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.

The NWBC 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 high-growth women-owned and led businesses, development of opportunities for young women entrepreneurs, and support for job creation and growth in women-owned businesses. The council will use its research findings to develop innovative, efficient recommendations that promote the growth of women-owned businesses and entrepreneurs.

The SBA will continue its assessment of counseling resources offered to America's small business community and examine methodologies to assess the impact of training on client business success.

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

### Strategic Objective 3.1: Program Operations

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

**Performance Goal:** The overall IT satisfaction rate will be 80 percent and SBA’s percentage of eligible contract dollars awarded to small business will be at least 67 percent in FY 2015.

**Lead Offices:** Office of the Chief Operating Officer, Office of the Chief Financial Officer

**Programs/Activities:** Program Management and Administration

**Strategies:**

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

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. 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. These ongoing efforts have contributed to improved delivery of services and more efficient processes. Cutting wasteful spending reduces program overhead and lets the SBA achieve its mission more efficiently and effectively.

#### Chief Information Officer - Performance Goal Indicator (3.1)

| Performance Indicator        | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Overall IT Satisfaction (%)* | Outcome         | N/A*           | N/A*           | N/A*           | N/A*           | 71%            | 70%            | 80%            | -13%             | 75%            | 80%            |

\*Overall ranking of IT from quarterly surveys.

\*N/A - Not Available

#### Variance Explanation

**Overall IT Satisfaction (-13% under target)** - While overall customer IT satisfaction consistently improved over the past year, 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.

#### Chief Financial Officer - Performance Goal Indicator (3.1)

| Performance Indicator                   | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| SBA Small Business Utilization Rate (%) | Outcome         | 70%            | 65%            | 67%            | 67%            | 71%            | 72%            | 67%            | 7%               | 67%            | 67%            |

This contextual indicator is presented to provide context to the Performance Goal indicator "SBA Small Business Utilization Rate (%)". Without knowing the volume of SBA contracts awarded to small business, the percentage achieved would have little meaning. These contextual indicators also presents the contracting volume in prior fiscal years to provide trend information.

#### Chief Financial Officer - SBA Contract Awarded to Small Business (3.1)

| Contextual Indicator                                       | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Total SBA Eligible Contracts (\$ in Millions)              | \$ 75          | \$ 108         | \$ 144         | \$ 132         | \$ 133         | \$ 86          |
| SBA Contracts Awarded to Small Businesses (\$ in Millions) | \$ 53          | \$ 70          | \$ 96          | \$ 88          | \$ 94          | \$ 60          |

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

FY 2013 Accomplishments

**Rationalizing Federal Real Estate:** In FY 2013 the SBA consolidated its Washington, D.C. District Office into its existing headquarters building without increasing the square footage in headquarters. This initiative eliminated 13,000 sq. ft. of leased office space and will save the Agency over \$600,000 in rent per year. In addition, the SBA eliminated 1,500 linear feet of records storage space by digitizing 8(a) program records from district offices, and 200 sq. ft. of records storage was converted to office space by digitizing records from the Office of Grants Management.

**Reducing Fleet Management Expenses:** The SBA eliminated 9.4 percent, or 16, underutilized vehicles from its fleet. The Office of Field Operations piloted the use of GSA's short-term rental program and a Zip Car program to determine whether these alternatives to long-term vehicle leases are cost effective.

**Strategic Sourcing and Reducing IT Duplication:** The SBA completed the procurement and installation of 43 new multifunctional copiers using GSA's Federal Strategic Sourcing Initiative Blanket Purchase Agreement. This procurement was the second phase of a two part procurement of multifunctional copiers performed by the SBA in FY 2012 and FY 2013 that will result in over \$500,000 in savings for the Agency over five years.

FY 2014 and FY 2015 Planned Performance

**Rationalizing Federal Real Estate:** As leases expire for various field offices, the SBA will pursue opportunities to consolidate properties by moving into federal buildings and reducing office sizes. In addition, the SBA is moving towards office space standardization and the use of open office floor plans to increase the efficiency of the Agency's space utilization. For example, in FY 2014 the SBA is consolidating existing space occupied by two co-located offices in Charlotte, North Carolina. The SBA developed a plan to utilize a section of existing space for both offices, and return unused space, reducing the Agency's footprint by 6,000 SF. In addition, in FY 2014 the SBA is undertaking a project to maximize the space utilization of the fifth floor of SBA headquarters. While the project did not result in a decrease to the overall footprint, the number of system workstations increased by 10 percent and the number of private offices were reduced. Please refer to SBA's Freeze the Footprint submission for additional information.

The SBA will also tackle real estate reduction in an innovative manner, targeting the space currently occupied by thousands of paper-based records. For example, in FY 2014, the SBA will eliminate a warehouse used to store paper records and excess property. This will reduce 12,000 sq. ft. of leased space and save over \$250,000 in annual rent costs. Also in FY 2014, the SBA will evaluate the success of its Washington D.C. District Office records digitization project, and in FY 2015, the Agency will review its existing records storage space for potential expansion of records digitization to additional programs.

**Reducing Travel:** The SBA will continue to closely monitor travel and conference spending in FY 2014. This includes senior level authorization for conference events that have a total of \$25,000 in estimated expenses and regular monitoring of program office travel.

**Reducing Fleet Management Expenses:** The SBA plans to examine its current vehicle fleet to seek ways to further reduce its size, and to reduce the Agency’s greenhouse gas emissions through increased acquisitions of alternate fuel vehicles. The Office of Field Operations plans to eliminate an additional group of vehicles in FY 2014.

**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.

**Strategic Sourcing and 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 maximizing real estate utility and reducing real estate currently devoted to storing paper records.

The SBA 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.

### *Ensure efficient and effective management of Agency financial and acquisition resources*

#### FY 2013 Accomplishments

For the seventh year in a row, the SBA received the Association of Government Accountants’ “Certificate of Excellence in Accountability Reporting” for its Performance and Accountability report. The award reflects the Agency’s continuing dedication to the goal of financial and performance budget integration. The SBA updated its performance reporting process to track progress against Agency goals and priority initiatives and used internal resources to further automate the Executive Performance Dashboard.

The SBA continued to maintain excellence in financial management during FY 2013, including an unqualified opinion with no material weaknesses in its financial statement audit. Also during FY 2013, the Agency initiated several priority projects including a budgetary funds control system and a new budget formulation and execution system.

The SBA conducted acquisition training for the Agency’s contracting officer representatives. The Agency also published a new acquisition SOP to incorporate federal best practices and added a performance element to increase accountability for contracting officers that specifically addresses the quality of contracting data. Since implementation of the QuickPay initiative the SBA achieved a 97 percent decline in interest payments from the prior fiscal year and now receives discounts for prompt payment.

#### FY 2014 and FY 2015 Planned Performance

SBA financial management processes will be conducted according to strictly observed time schedules in compliance with federal guidelines for budget, acquisition, fiscal, accounting and reporting activities. Action on audit findings will address each item to complete work as soon as possible.

Incremental improvement to loan accounting systems begun in FY 2011 will continue as the SBA updates its financial system.

While building on improvements in financial management, performance reporting, data quality, and meeting all financial, performance and budget deadlines, the SBA will pursue several priorities regarding performance in FY 2014 and 2015. The Agency will utilize performance results at both the program and agency-wide level throughout the year to identify issues, improve programs and policies, and drive management decisions. The SBA will also work with OMB on the introduction of Strategic Objective reviews in FY 2014.

***Implement and maintain modern, secure and reliable information technology systems and services***

The SBA continuously seeks ways to harness 21<sup>st</sup> 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.

**Chief Information Officer - Performance Indicator Table (3.1)**

| Performance Indicator   | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Network Availability (%)  | Output          | N/A*           | N/A*           | N/A*           | N/A*           | 99.8%          | 99.5%          | 99.9%          | 0%               | 99.9%          | 99.9%          |
| Network Response Time (Milliseconds)                                      | Output          | N/A*           | N/A*           | N/A*           | N/A*           | 6.2            | 7.8            | 8.0            | -3%              | 8.0            | 8.0            |
| Incoming Calls to IT Service Desk Resolved on First Call (%)              | Output          | N/A*           | N/A*           | N/A*           | N/A*           | 99%            | 98%            | 80%            | 23%              | 80%            | 80%            |
| IT Security Incidents Reported to US CERT Within Specified Timeframes (%) | Output          | N/A*           | N/A*           | N/A*           | N/A*           | 100%           | 100%           | 100%           | 0%               | 100%           | 100%           |

\*N/A - Not Available

**Variance Explanation**

**Incoming Calls to IT Service Desk Resolved on First Call (23% over target)** - SBA's first call resolution rate improved significantly in FY 2013 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.

**Definitions**

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

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

Incoming Calls to IT Service Desk Resolved on First Call - % 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

**FY 2013 Accomplishments**

The SBA, through the Office of the Chief Information Officer (OCIO), entered into an agreement with the Department of Homeland Security (DHS) to perform continuous external vulnerability scanning of the SBA network and to complete the annual penetration testing, and signed a Memorandum of Agreement for continuous monitoring. The SBA established agency-wide IT security specialized training through the use of the Federal Virtual Training Environment (FedVTE). The FedVTE provides valuable security-related training to SBA's most technical personnel. The SBA completed several high visibility risk reduction activities that directly impacted the security posture of the SBA infrastructure. Some of the activities included closing unnecessary ports, completing server inventories, securing workstation traffic destined for the Internet, and moving unsecured connections to secure tunnels. The SBA worked with the National Security Agency to complete the SBA communications security audit. The Agency continued to provide ongoing real time monitoring of the SBA network through the SBA Security Operations Center (SOC), which successfully detected and remediated numerous threats to the network ahead of US CERT detection and notification. The

SBA Implemented VoIP in several district offices. In addition, the Agency completed detailed IT Quality Assurance (QA) Assessment for DCMS including preparation, evaluation, reporting and corrective actions. It also conducted QA reviews on LMAS investments and projects; developed and delivered Change Management, Quality Assurance and Independent Verification and Validation training modules to ensure consistent understanding and knowledge base of the IT QA program; completed, updated, and submitted an SBA Enterprise Modernization Roadmap, and; developed documentation templates for Infrastructure Reference Model and Application Reference Model.

The SBA also completed the following efforts for the Agency's Enterprise Information Management:

- Finalized analysis and planning to establish a structure for further execution in FY 2014 of an agency-wide Data Strategy and activities for the SBA to achieve a DAMA (Data Management International) compliant data strategy.
- Created a data framework and began stakeholder communication and artifacts to illustrate the elements for the enterprise-wide data dictionary as well as the roadmap and framework for evolving Agency data capabilities.
- Prepared a high-level three-year plan for the execution and maturity growth of the Data Strategy.
- Established an agency-wide CRM Dynamics 2011 training curriculum which allows SBA staff to learn CRM forms development tools, thereby enabling them to create their own workflow solutions.

#### FY 2014 and FY 2015 Planned Performance

In FY 2014, the SBA will issue key commodity IT polices that will produce savings and efficiencies. It will revisit mobile acquisition strategy to identify any additional savings and or possible improvements to procurement activities. The SBA will establish meaningful targets to improve optimizing the use of data centers through the reduction of non-core data centers.

Additionally, the SBA will issue polices that require usage of cloud computing evaluation as part of the Agency IT investment approval process and prioritize the implementation of PIV card logical access to improve overall cyber security posture. The alignment of organizational business and management processes, data flows and technology resources will be improved to achieve optimum performance and results in meeting mission and business needs. All existing mobile applications will be registered on [apps.usa.gov](http://apps.usa.gov). Initial stages of VoIP (assuming funding is approved) will be implemented to begin replacement of an aging telephony infrastructure based upon obsolete technology platforms. This project will provide resiliency and modern functionality to Agency communication infrastructure as well as out-year efficiencies.

In FY 2015, the SBA will transition Agency commodity infrastructure to a federal cloud-based managed services solution for email, calendar and contacts; meet IT security requirements specified under FISMA, OMB policy guidelines and mandates; enhance the information assurance training program to provide SBA employees and contractors an opportunity to improve their information security and privacy skills and practices; fully implement and measure continuous monitoring across the Agency; continue to transition the Agency telephony infrastructure to VoIP, and; continue with data center consolidation.

The SBA will also maintain all Segment Architecture Artifacts such as the Target State documentation, and the EA Program Management Plan; sunset the existing customized General Login System and migrate to standard COTS solutions and HSPD-12/PIV compliance for identity management, access controls, as well as Single-Sign-On capabilities; fully migrate from legacy SharePoint 2007 to SharePoint 2010, allowing better performance while requiring less customization.

## Strategic Objective 3.2: Employees

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

**Performance Goal:** SBA's goal for time-to-hire will be 100 days in FY 2015.  
**Lead Offices:** Office of Human Resources Solutions, Office of Diversity, Inclusion, and Civil Rights  
**Programs/Activities:** Program Management and Administration  
**Strategies:**

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

### Human Resources Solutions - Performance Goal Indicator (3.2)

| Performance Indicator   | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Average Number of Days for SBA "Time-to-Hire" (Days) <sup>(1)</sup> | Efficiency      | 75             | 76             | 97             | 112            | 154            | 154            | 80             | -93%             | 100            | 100            |

(1) This number should be compared to OPM's standard of 80 days.

#### Variance Explanation

**Average Number of Days for SBA "Time-to-Hire" (-93% under target)** - In FY 2013 the "Time-to-Hire" goal was adversely impacted by sequestration and FTE constraints requiring the agency to "manage" the onboarding of new hires to support adjustments in the FTE ceilings for budget requirements related to the CR constraints. Additionally, the FY 2014 goals for "Time-to-Hire" were increased "80 days" to "100 days" as a result of the adjustment in the hiring cycle to account for the change in ending the cycle at the point Managers "make an offer to the selected candidate" rather than ending the cycle at the point the new hire is actually "on-boarded." The reason for this change is the fact that the clearance process time is beyond the control of the hiring manager or the hiring staff.

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 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 a basic benchmark to measure employee satisfaction. The SBA is targeting a satisfaction level of 71 percent in FY 2014. The Agency's Strategic Human Capital Plan takes into consideration these expectations and provides a framework for effectively addressing its human capital management challenges.

### ***Recruit and maintain a diverse, high-performing, outcome-driven workforce***

The SBA had devoted extensive time and resources to improve the Agency's recruitment strategy and efforts to recruit a diverse, high-performing, outcome driven workforce. The SBA has implemented a collaborative effort between OHRS and the Office of Diversity, Inclusion and Civil Rights Compliance (OD&I) engaging several stakeholders to develop and deploy a sophisticated strategy to recruit a highly talented, motivated, and diverse workforce.

**Human Resources Solutions - Performance Indicator Table (3.2)**

| Performance Indicator                                     | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Annual Employee Survey of Overall Satisfaction Rating (%) | Outcome         | 66.9%          | 72.2%          | 66.7%          | 67.0%          | 66.0%          | 66.0%          | 71.0%          | -7%              | 71.0%          | 71.0%          |
| Retention Rate for New Hires (%)                          | Outcome         | N/A*           | N/A*           | N/A*           | 79%            | 80%            | 95%            | 85%            | 11%              | 88%            | 88%            |

\*N/A - Not Available

**Variance Explanation**

**Retention Rate for New Hires (11% over target)** - At the end of FY 2012, HR Staff implemented a new Hiring Managers' Toolkit that included new aides to assist hiring managers with developing effective assessment tools used to screen candidates. Additionally, greater efforts were made to partner with hiring managers on the "front-end" of the hiring process resulting in improved job analysis as well as assessment tools. These efforts along with improved interview processes substantially increased the quality of hires, thus, improving the retention rate of new hires over FY 2012 retention rates.

FY 2013 Accomplishments

The SBA was a pilot member of OPM's HRStat 2.0, where the SBA developed quality hiring metrics to link reducing the time-to-hire to manager satisfaction with the quality of new hires. By monitoring/measuring manager satisfaction in concert with improving manager engagement on the front-end of the hiring cycle and improved job analysis and assessment tools, the Agency is reducing the time-to-hire while improving the quality of hires. As a result of internal accountability audits, additional training has been provided to staff to more effectively administer Schedule A appointments, superior qualifications, and veterans' preference.

FY 2014 and FY 2015 Planned Performance

The SBA will continue to refine HR Stat 2.0 metrics to achieve efficiencies in time to hire, and to ensure high-quality, diverse applicant pools. The SBA will hire a Special Emphasis Hiring (SEH) program manager and stand up a SEH program and train all hiring managers on SEH authorities. The SBA will train front line managers and supervisors in a number of issues, and tools have been created to expand this information exchange, e.g. HR5 and HR4U. OHRS will increase focus on providing outstanding customer service to the workforce by providing accurate, timely, answers to questions and concerns. OHRS will provide training to the senior leadership on performance management and demonstrate the alignment between Agency goals and individual performance plans. Leadership development opportunities will be offered for staff, and interagency workgroups will be established to increase diversity of thought on high-profile issues.

***Offer high-value learning and leadership opportunities***

One of SBA's core elements in its strategic plan is to invest in employees. SBA leadership believes strongly in having a workforce that is prepared to deal with the challenges facing small businesses, today and in the future. In order to address these needs, the SBA must prepare its future leaders. One-quarter of all current SBA employees are retirement eligible; approximately half will be retirement eligible by 2016. Knowledge transfer and succession planning is critical to maintaining services for America's small businesses.

FY 2013 Accomplishments

The SBA improved its bench strength through a Leadership Development program and the federal government's Pathways program, and Excellence in Government fellows. The Leadership Development program sent almost 400 people to training on decision making (data analytics), project management, and leadership development. The Agency hired eight Presidential Management Fellows and a number of recent graduates, made available internships through college partnerships and sponsored five participants in the 2013 Excellence in Government class.

#### FY 2014 and FY 2015 Planned Performance

The SBA will build on the success of the Leadership Development program by creating opportunities for 2012 and 2013 participants to practice the skills acquired through special work projects and details. This opportunity should reinforce the learning. Additional in-house training will also be provided. The SBA will deploy a Learning Management System (LMS) which will make available on-line training vehicles. Each employee will have an individualized curriculum based on the competencies needed to be successful in their occupational series. The LMS will have specific features to address leadership competencies. Job specific certifications for business opportunity specialists and PCRs will begin in, and the initial phase completed by, FY 2015. Current Senior Executives will benefit from the launch of BASIC, a comprehensive program linking SES to the five Executive Core Competencies. The launch of BASIC will begin with a pilot group undertaking a 360° assessment, followed individualized executive coaching sessions. All SES employees will have group coaching made available. Additionally, the SBA will ensure learning sessions will be available on common interest topics, such as conducting difficult conversations. These learning sessions will also be customized for different audiences, including interested front line staff.

#### ***Foster an inclusive organizational culture that inspires employee engagement, cooperation and fairness, empowering employees to realize their full potential***

The SBA strives to create an inclusive environment where employees are fully engaged and diversity is respected. These tenets are included in SBA's Strategic Plan, Strategic Human Capital Plan and in every human resources policy. The Administrator and Deputy Administrator live these values and lead by example. The SBA also has one of the highest participation rates in telework and flexible work schedules to allow for greater work life balance.

#### FY 2013 Accomplishments

The SBA once again had one of the highest response rates to the Federal Employee Viewpoint Survey (EVS), 71 percent, an increase of 6 percent from the prior year. These outcomes are taken very seriously and as a result the SBA Way initiative was launched in FY 2013. SBA Way is an employee driven engagement program designed to improve the culture, empower employees and to move the SBA to a high performing organization. During FY 2013, SBA Way established an Executive Steering Committee of eight executives to mentor 130 employees. These employees are the Action Planning Committee and advisors, who review employee suggestions and create grass roots efforts to address employee concerns. One of the first SBA Way kick off events was the IKE Awards to recognize outstanding employee accomplishments. Additionally, the SBA and its union partners have developed a Partnership Council, including joint training sessions with the Federal Mediation and Conciliation Service. The SBA also had a government-wide best practice of ensuring an inclusion statement in all newly issued and revised human resources policies.

#### FY 2014 and FY 2015 Planned Performance

The SBA will continue to encourage participation in the Employee Viewpoint Survey (EVS) and continue to strengthen the SBA Way initiatives. SBA Way will continue to implement employee suggestions, recognize the good works of employees at all levels, evaluate training opportunities, maintain open communication, and work to improve SBA's performance culture. New policies will be issued on telework and work schedules. New learning initiatives will be made available to all employees, particularly on topics of interest as identified by the EVS. The SBA will be a pilot agency for the inclusion index, a measure of inclusion based on select EVS questions. In addition, SBA's SES

employees will have an element included in their performance plans to sponsor and support SBA Way or other agency-wide initiatives.

***Modernize and integrate human resource systems***

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

FY 2013 Accomplishments

The SBA successfully deployed the performance management module of Talent Management Center (TMC) in FY 2013. This was accomplished by leveraging the resources of a HRLoB Shared Service Center. Additionally, the SBA secured a workforce analytics tool to support workforce and succession planning.

FY 2014 and FY 2015 Planned Performance

The SBA will continue implementing the TMC by rolling out the Learning Management System which will expose employees to thousands of on-line training courses, including the highly respected Leadership Advantage program. Courses will be identified by core competencies and can be linked to an individual's position. With the retirement of the National Finance Center's STARWeb Time and Attendance (T&A) system in FY 2014, the SBA will implement a new T&A system (WebTA). The SBA envisions completing the transition for its manual T&A system to a fully automated e-tool by the end of FY 2014. To leverage the benefits of the various independent systems within the HRIS fully-integrated enterprise system, the SBA will present a business case to the Agency to fund and procure Treasury's platform, HR Connect. This critical piece of software will integrate several of SBA systems, providing real-time HR data and significantly reducing errors and labor.

## Strategic Objective 3.3: Risk Mitigation

*Mitigate risk to taxpayers and improve oversight across SBA programs*

**Performance Goals:**

The SBA will perform 300 select risk-based credit reviews in FY 2015.

The SBA will achieve 100 percent of its target for 8(a) and HUBZone reviews in FY 2015.

The SBA will conduct 75 reviews of OED resource partners in FY 2015.

**Lead Offices:** Office of Credit Risk Management, Office of Government Contracting and Business Development, Office of Field Operations, Office of Entrepreneurial Development, Office of the Chief Financial Officer, Office of Investments and Innovation, Office of Disaster Assistance, Office of International Trade

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

**Strategies:**

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

**Risk Management - Performance Goal Indicator (3.3)**

| Performance Indicator                                 | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Number of Select Risk Based Reviews of Lenders (#)    | Output          | N/A*           | N/A*           | N/A*           | N/A*           | N/A*           | 110            | 110            | 0%               | 150            | 300            |
| HUBZone Site Visits (%)                               | Output          | N/A*           | 100%           | 141.9%         | 99%            | 119%           | 102%           | 100%           | 2%               | 100%           | 100%           |
| Completed Annual 8(a) Reviews (%)                     | Output          | 100%           | 100%           | 99.4%          | 99%            | 101%           | 98%            | 100%           | -2%              | 100%           | 100%           |
| Entrepreneurial Development Resource Partners (#) (1) | Output          | N/A*           | N/A*           | N/A*           | 45             | 49             | 76             | 75             | 1%               | 75             | 75             |

N/A\* - Not Available

| Contextual Indicator              | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual |
|-----------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Completed Annual 8(a) Reviews (#) | Output          | 5,999          | 7,250          | 7,720          | 7,302          | 6,860          | 5,247          |

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 Agency mitigates risk and improves oversight through robust certification processes to reduce fraud in contracting programs, targeted on-site and off-site reviews of financial and counseling partners,

innovative technological solutions, and a staff dedicated to sound financial management within the Agency.

***Use technology and targeted reviews to conduct effective risk management***

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.

**Risk Management - Performance Indicator Table (3.3)**

| Performance Indicator                                | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| Number of Targeted Risk Based Reviews of Lenders (#) | Output          | N/A*           | N/A*           | N/A*           | N/A*           | N/A*           | 41             | 40             | 3%               | 20             | 15             |
| Number of Supervision and Enforcement Actions (#)    | Output          | N/A*           | N/A*           | N/A*           | N/A*           | 3              | 24             | 5              | 380%             | 5              | 5              |
| Number of Full Risk Based Reviews of Lenders (#)     | Output          | N/A*           | N/A*           | N/A*           | N/A*           | N/A*           | 33             | 30             | 10%              | 25             | 20             |

N/A\* - Not Available

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

**Variance Explanation**

**Number of Supervision and Enforcement Actions (380% over target)** - In FY2013, SBA’s Office of Credit Risk Management created an Enforcement and Quality Assurance group to manage supervision and enforcement actions.

FY 2013 Accomplishments

**Financial Partners:** The Office of Credit Risk Management (OCRM) maintained a reasonable level of credit risk in FY 2013. It conducted 33 Full Risk Based Reviews, 41 Targeted Risk Based Reviews, and 110 Select Risk Based Reviews. These reviews were conducted on large and mid-sized 7(a) lenders and 504 CDCs to ensure that their portfolios were being managed in a prudent manner. The office also monitored all SBA lenders (large and small) through programmatic reviews using the Loan and Lender Monitoring System (L/LMS) that tracks the monthly performance of all 7(a) and 504 loans, and the quarterly credit scores for these loans, and quarterly Lender Risk Ratings for all active lenders. OCRM conducted 24 Supervision and Enforcement Actions.

**Counseling Partners:** The SBA proactively mitigated risk in the counseling programs by providing centers with training, classroom instruction and education materials such as FAQs. In FY 2013, SBA’s Financial Examination Unit completed reviews and issued reports on 6 Level 1 exams, 4 Level 2 exams, and 9 Level 3 exams. In addition, 40 WBCs received a financial examination. This was the second complete financial exam for 38 of them. The enhanced oversight has continued to strengthen the WBCs network, ensuring that federal funds are properly being used to deliver services.

FY 2014 and FY 2015 Planned Performance

**Financial Partners:** In FY 2014 and FY 2015, the SBA will monitor all Agency lenders through programmatic reviews by conducting portfolio diagnostics of all lenders to track 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 FY 2014 the SBA expects to conduct 25 Full Risk Based Reviews, 20 Targeted Risk Based Reviews, and 150 Select Risk Based Reviews of large and midsized 7(a) lenders and CDCs. The Microloan program intends to use its upgraded reporting system to eventually install a certification process for its partners. In FY 2015, the SBA will conduct 20 Full Risk Based Reviews, 15 Targeted Risk Based Reviews, and 300 Select Risk Based Reviews to ensure that large and midsized 7(a) lenders and CDCs are managing their portfolios in a prudent manner. The

SBIC program will continue to implement additional analytical tools from its new system and refine its risk rating metrics.

**Counseling Partners:** In FY 2014, the SBA will target 31 tier-based risk reviews (the level of each review is determined after the risk assessment is completed) of SBDCs, 14 SBDC desk reviews, 10 compulsory on-site SBDC reviews, and 38 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. In FY 2015, the SBA will conduct compulsory onsite financial reviews at 5 SBDCs and 22 SBDC desk reviews, with additional on-site or desk reviews to be determined by the risk assessment conducted in the fall of 2014. The team will also conduct financial reviews of 35 WBCs.

***Ensure integrity of contracting programs and combat fraud, waste and abuse***

The SBA has a three-pronged strategy for combating fraud, waste and abuse in small business contracting 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.

**Risk Management - Performance Indicator Table (3.3)**

| Performance Indicator   | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|-------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| HUBZone Site Visits (#) | Output          | 680            | 911            | 1,070          | 988            | 788            | 511            | 500            | 2%               | 500            | 500            |

FY 2013 Accomplishments

**Certify:** Both the HUBZone and 8(a) Business Development program offices conducted trainings for SBA and SBA resource partner staff to improve the understanding of client-facing staff around program requirements, benefits and process. Over 500 SBA and resource partner staff participated in these trainings. Through these trainings, partner staff will be better able to prepare firms to obtain and maintain certification, thus decreasing the number of withdrawals, declines, and de-certifications due to unintentional non-compliance issues.

SBA’s 68 district offices conducted outreach including web-conferencing, training seminars and business fairs. District offices conduct these activities to publicize the availability of contracting programs as well as to 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:** The SBA uses the HUBZone Certification and Tracking System and the Business Development Management Information System to monitor applicants and certified firms in the

HUBZone and the 8(a) Business Development program. In FY 2013, the SBA conducted over 500 site visits to HUBZone firms to validate the geographic requirement for principal offices.

In FY 2013, SBA district field offices performed annual program eligibility and compliance reviews on 100 percent of the 8(a) business development firms in SBA's portfolio. In FY 2013 SBA district field offices completed a 10 percent sample compliance review of HUBZone certified firms. The sample was derived from three categories of firms; HUBZone firms with the highest HUBZone set-aside contract award amounts in FY 2011 (above \$50,000) that were not visited by an SBA field liaison in FY 2012; HUBZone firms that were awarded HUBZone set-aside contracts in FY 2011 (above \$1.5 million) and visited by an SBA field liaison in FY 2012; and a sample of HUBZone firms that are newly certified by the HUBZone program in FY 2012 that have yet to be awarded a HUBZone set-aside contract.

**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. The SBA suspended, proposed for debarment, or debarred over 20 firms and individuals involved in procurement misconduct.

#### FY 2014 and FY 2015 Planned Performance

**Certify:** SBA's district offices will continue their outreach efforts to small businesses across the country using methods such as podcasts and web-conferencing, among others. This outreach will better prepare firms to obtain and maintain certification, thereby 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 will also conduct HUBZone site visits to 10 percent of its portfolio in FY 2014 and FY 2015. SBA district field offices will complete annual reviews of 100 percent of the firms in the portfolio.

**Enforce:** The Office of the General Council's Suspension and Debarment Task Force will work closely with the Agency's inspector general to identify bad actors, vigorously pursue them and expel them from further government business.

In FY 2015, the SBA expects to deliver OneTrack Version 2.0 which will integrate additional business processes for the 8(a) Business Development program and integrate the HUBZone program business processes. Through the integration of both the 8(a) Business Development program and the HUBZone program application processes, small businesses eligible for both programs will be able to apply more efficiently for program admission. Additionally, the system will provide enhanced reporting capability which will facilitate better monitoring and enforcement of program compliance.

#### ***Maintain strong internal controls and decrease improper payments***

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. The OCFO conducts internal control assessments in compliance with OMB Circular A-123, Appendix A, Internal Controls Over Financial Reporting, and provides guidance and evaluation tools to assist managers in their annual assertion on the adequacy of internal controls in compliance with the Federal Managers Financial Integrity Act of 1982 (FMFIA). In addition, the OCFO evaluates contract

payments for improper payments and coordinates reporting of 7(a) and CDC 504 loan guaranty and Disaster direct loan improper payments to OMB.

#### FY 2013 Accomplishments

The OCFO evaluated 11 business processes impacting financial operations to comply with OMB Circular A-123, Appendix A, Internal Controls Over Financial Reporting. In addition, the OCFO tested contract payments for improper payments and coordinated reporting of 7(a) and CDC 504 loan guarantee and Disaster direct loan improper payments to OMB in compliance with OMB Circular A-123, Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments. The OCFO also provided training to management on the assessment of internal controls to support the assurance statements on the adequacy of internal controls.

The FAR program was strengthened in FY 2013 as an internal control mechanism to fulfill oversight requirements and to replace the Quality Service Review (QSR) program which was created in 1997. OFO expanded its FAR process to include onboarding new district directors, increased oversight of mentor-protégé/joint-venture programs, and streamlined action plans to overcome identified risks in district and program office policy and procedure. OFO conducted eleven Field Accountability Reviews and coordinated with the Office of Government Contracting and Business Development to consider alternate approaches in servicing and monitoring 8(a) business development firms with mentor protégé and joint venture agreements. District directors were provided the opportunity to shadow experienced leaders and subject matter experts in reviewing other district offices regarding their leadership (10 sections), administration (11 sections), and socio-economic (9 sections) programs.

#### FY 2014 and FY 2015 Planned Performance

The SBA will continue to perform on-site internal control assessments of various field and headquarters offices and provide internal controls training to improve procedures and reduce costs. Emphasis will be placed on the identifying and testing internal controls that prevent improper payments to reduce the improper payment rates to an acceptable level by FY 2015. Through the strength of its internal control practices the SBA will strive to maintain an unqualified audit opinion with no material weaknesses on its annual financial statements in FY 2014 and FY 2015.

The Office of Field Operations will continue to revise its Field Accountability Review process to identify and resolve fraud, waste and abuse in SBA's small business programs. Between FY 2010 and FY 2013, 43 district offices were reviewed, resulting in over 250 recommendations with 96 percent (action plan) implementation. In FY 2015, OFO will continue to increase and improve compliance reviews on all 68 district offices to ensure office efficiency and effectiveness. OFO will examine key operational, programmatic functions assigned to district offices; ensure that compliance review requirements are met, and; identify interaction with community, business, economic and congressional staffs to improve small business participation. OFO will use innovation to track, measure and mitigate risk to taxpayers and improve oversight across SBA programs.

## Appendices

## Appendix 1 – Appropriations Language

### SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the Small Business Administration, including hire of passenger motor vehicles as authorized by sections 1343 and 1344 of title 31, United States Code, and not to exceed \$3,500 for official reception and representation expenses, ~~【\$250,000,000, of which not less than \$12,000,000 shall be available for examinations, reviews, and other lender oversight activities】~~~~\$256,882,000~~: *Provided*, That the Administrator is authorized to charge fees to cover the cost of publications developed by the Small Business Administration, and certain loan program activities, including fees authorized by section 5(b) of the Small Business Act: *Provided further*, That, notwithstanding 31 U.S.C. 3302, revenues received from all such activities shall be credited to this account, to remain available until expended, for carrying out these purposes without further appropriations: *Provided further*, That the Small Business Administration may accept gifts in an amount not to exceed \$4,000,000 and may co-sponsor activities, each in accordance with section 132(a) of division K of Public Law 108–447, during fiscal year ~~【2014】~~2015: *Provided further*, That \$6,100,000 shall be available for the Loan Modernization and Accounting System, to be available until September 30, ~~【2015: Provided further, That \$2,000,000 shall be for the Federal and State Technology Partnership Program under section 34 of the Small Business Act (15 U.S.C. 657d)】~~2016. (*Financial Services and General Government Appropriations Act, 2014.*)

### OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, ~~【\$19,000,000】~~~~\$19,400,000~~. (*Financial Services and General Government Appropriations Act, 2014.*)

### OFFICE OF ADVOCACY

For necessary expenses of the Office of Advocacy in carrying out the provisions of title II of Public Law 94–305 (15 U.S.C. 634a et seq.) and the Regulatory Flexibility Act of 1980 (5 U.S.C. 601 et seq.), ~~【\$8,750,000】~~~~\$8,455,000~~, to remain available until expended. (*Financial Services and General Government Appropriations Act, 2014.*)

### ENTREPRENEURIAL DEVELOPMENT PROGRAMS

For necessary expenses of programs supporting entrepreneurial and small business development as authorized by Public Law 108–447, ~~【\$196,165,000】~~~~\$197,825,000~~: *Provided*, That \$113,625,000 shall be available to fund grants for performance in fiscal year ~~【2014】~~2015 or fiscal year ~~【2015】~~2016 as authorized by section 21 of the Small Business Act, to remain available until September 30, ~~【2015】~~2016: *Provided further*, That \$20,000,000 shall remain available until September 30, ~~【2015】~~2016 for marketing, management, and technical assistance under section 7(m) of the Small Business Act (15 U.S.C. 636(m)(4)) by intermediaries that make microloans under the microloan program~~【: Provided further, That \$8,000,000 shall be available for grants to States for fiscal year 2014 to carry out export programs that assist small business concerns authorized under section 1207 of Public Law 111–240】~~. (*Financial Services and General Government Appropriations Act, 2014.*)

### DISASTER LOANS PROGRAM ACCOUNT (INCLUDING TRANSFERS OF FUNDS)

For administrative expenses to carry out the direct loan program authorized by section 7(b) of the Small Business Act, ~~【\$191,900,000】~~~~\$186,858,000~~, to be available until expended, of which \$1,000,000 is for the Office of Inspector General of the Small Business Administration for audits and reviews of

disaster loans and the disaster loan programs and shall be ~~transferred to and merged with~~ paid to the appropriations for the Office of Inspector General; of which ~~181,900,000~~ 176,858,000 is for direct administrative expenses of loan making and servicing to carry out the direct loan program, which ~~may be transferred to and merged with~~ shall be paid to the appropriations for Salaries and Expenses; and of which \$9,000,000 is for indirect administrative expenses for the direct loan program, which ~~may be transferred to and merged with~~ shall be paid to the appropriations for Salaries and Expenses: *Provided, That, of the funds provided herein, \$154,636,000 shall be for major disasters declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(2)); \$147,187,970 is for direct administrative expenses of loan making and servicing to carry out the direct loan program; and \$7,448,030 is for indirect administrative expenses for the direct loan program: Provided further, That the amount for major disasters under this heading is designated by Congress as being for disaster relief pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), as amended. (Financial Services and General Government Appropriations Act, 2014.)*

#### BUSINESS LOANS PROGRAM ACCOUNT (INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, ~~4,600,000~~ 2,500,000, to remain available until expended, and for the cost of guaranteed loans as authorized by section 503 of the Small Business Investment Act of 1958 (Public Law 85-699), ~~107,000,000~~ 45,000,000, to remain available until expended: *Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That subject to section 502 of the Congressional Budget Act of 1974, during fiscal year 2014 2015 commitments to guarantee loans under section 503 of the Small Business Investment Act of 1958 shall not exceed \$7,500,000,000: Provided further, That during fiscal year 2014 2015 commitments for general business loans authorized under section 7(a) of the Small Business Act shall not exceed \$17,500,000,000 for a combination of amortizing term loans and the aggregated maximum line of credit provided by revolving loans: Provided further, That during fiscal year 2015 commitments for loans authorized under subparagraph (C) of section 502(7) of the Small Business Investment Act of 1958 (15 U.S.C. 696(7)) shall not exceed \$7,500,000,000: Provided further, That during fiscal year 2014 2015 commitments to guarantee loans for debentures under section 303(b) of the Small Business Investment Act of 1958 shall not exceed \$4,000,000,000: Provided further, That during fiscal year 2014 2015, guarantees of trust certificates authorized by section 5(g) of the Small Business Act shall not exceed a principal amount of \$12,000,000,000. In addition, for administrative expenses to carry out the direct and guaranteed loan programs, ~~151,560,000~~ 147,726,000, which may be transferred to and merged with the appropriations for Salaries and Expenses. (Financial Services and General Government Appropriations Act, 2014.)*

#### ADMINISTRATIVE PROVISION—SMALL BUSINESS ADMINISTRATION (INCLUDING TRANSFER OF FUNDS)

SEC. 530. Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Small Business Administration in this Act may be transferred between such appropriations, but no such appropriation shall be increased by more than 10 percent by any such transfers: *Provided, That any transfer pursuant to this paragraph shall be treated as a reprogramming of funds under section 608 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section. SEC. 531. (a) Section 1122(b) of the Small Business Jobs Act of 2010 (15 U.S.C. 696 note) is repealed. (b) Subparagraph (C) of section 502(7) of the Small Business Investment Act of 1958 (15 U.S.C. 696(7)), as in effect on September 25, 2012, shall be in effect during fiscal year 2015. (Financial Services and General Government.*

## Appendix 2 – Data Validation and Certification

Managing for results and integrating performance with budget information require valid, reliable and high-quality performance measures and data. The SBA faces many challenges in acquiring high quality data on both outputs and outcomes. In addition to using output data internally from its own systems, the SBA relies on data from resource partners and other federal agencies and local governments to assess its accomplishments and effectiveness. Limitations such as the lack of relevant data for measures, the accuracy and timeliness of data, and the reporting capacity of quality data remain major issues for the Agency. Improving data quality continues to be a high priority for the SBA, as demonstrated by the creation of the Office of Performance Management within the Office of the Chief Financial Officer. The SBA vigorously pursues the following strategies to address the shortcomings of its data quality:

- *Ensuring the validity of performance measures and data.* The SBA does this through assessing the relevancy of performance measures and data on an annual basis.
- *Fostering organizational commitment and capacity for data quality.* Achieving data quality through (1) training its managers to make sure they understand the need for quality data, how to develop valid performance measures and how to ensure data quality; and (2) managers attesting to the quality of the data under their management.
- *Assessing the quality of existing data.* Audits and reviews ensure the quality of its financial data systems. However, the SBA must assess the quality of loan and program data provided by its resource partners and will include data verification in its lender and resource partner oversight.
- *Responding to data limitations.* It is not enough to identify data quality problems. Where there are data limitations, the SBA is working hard to improve quality. In the meantime, the SBA will recognize where there are data limitations and specify the steps being taken to improve the data.
- *Reconciling Finances and Performance Costs.* The SBA will continue to ensure the accuracy of this cost-related performance data by reconciling that information with its financial statements. Achieving this important reconciliation means that the Agency has strengthened the integration of its financial and performance information.
- *Rating every indicator as to the quality of the data.* Every indicator has been subject to critical review and has been rated at least “acceptable.” Any indicator that does not meet the standards of acceptability is rejected as an indicator for this report.

The SBA prepares data validation and certification forms for all performance indicators

These forms are published on [www.sba.gov/performance](http://www.sba.gov/performance).

# Appendix 3 – New and Discontinued Indicators

## FY 2015 CBJ - New Indicators

| SG* | Program            | Performance Indicator                                       | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance | FY 2014 Target | FY 2015 Target |
|-----|--------------------|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|
| 1.1 | 7(a)               | New Lenders   | Outcome         | N/A*           | N/A*           | N/A*           | N/A*           | 312            | 306            | Baseline       | N/A*             | 325            | 325            |
| 1.1 | 7(a), 504          | Lending Supported   | Outcome         | 24,573,164     | 17,818,196     | 22,381,940     | 30,539,407     | 30,254,226     | 29,629,668     | 23,792,500     | 25%              | 24,268,350     | 24,753,825     |
| 1.3 | SBDC, WBC, & SCORE | Counseling Clients (#)                                      | Output          | 401,874        | 436,425        | 404,739        | 364,344        | 399,620        | 348,519        | N/T*           | N/A              | 373,000        | 379,000        |
| 1.3 | SBDC               | Counseling Clients (#)                                      | Output          | 194,716        | 208,374        | 209,558        | 205,408        | 211,091        | 201,596        | N/T*           | N/A              | 220,000        | 220,000        |
| 1.3 | WBC                | Counseling Clients (#)                                      | Output          | 26,400         | 24,315         | 24,794         | 23,118         | 22,020         | 19,455         | N/T*           | N/A              | 20,000         | 22,000         |
| 1.3 | SCORE              | Counseling Clients (#)                                      | Output          | 180,758        | 203,736        | 170,387        | 135,818        | 166,509        | 127,468        | N/T*           | N/A              | 133,000        | 137,000        |
| 1.3 | SBDC, WBC, & SCORE | Training Clients (#)  | Output          | 677,051        | 683,355        | 752,588        | 689,114        | 739,616        | 663,525        | 695,000        | -5%              | 695,000        | 695,000        |
| 1.4 | Int'l Trade        | Number of Lenders (#)                                       | Output          | N/A*           | N/A*           | N/A*           | 430            | 497            | 483            | 492            | -2%              | 523            | 555            |
| 1.4 | Int'l Trade        | SMEs Receiving Export Training (#)                          | Output          | 6,353          | 5,830          | 9,151          | 8,717          | 10,598         | 8,244          | 8,000          | 3%               | 7,600          | 8,000          |
| 1.4 | Int'l Trade        | SMEs Receiving Export Counseling (#)                        | Output          | 4,536          | 5,102          | 5,954          | 5,377          | 4,595          | 4,307          | 4,200          | 3%               | 4,000          | 4,200          |
| 1.4 | Int'l Trade        | Lenders Receiving Export Training (#)                       | Output          | N/A*           | N/A*           | N/A*           | 3,518          | 4,119          | 4,868          | 4,400          | 11%              | 4,000          | 4,200          |
| 1.6 | ODA                | Return rate for disaster survivor applications              | Output          | N/A*           | N/A*           | N/A*           | N/A*           | N/A*           | 24%            | N/T*           | N/A*             | 29%            | 34%            |
| 2.1 | Veterans           | Boots to Business Training participants (#)                 | Output          | N/A*           | N/A*           | N/A*           | N/A*           | N/A*           | Baseline       | N/T*           | N/A*             | 15,000         | 25,000         |
| 2.1 | USM                | USM - Financing programs - SB Assisted                      | Output          | 52,095         | 30,866         | 34,115         | 37,267         | 33,449         | 33,458         | 31,000         | 8%               | 31,550         | 32,250         |
| 2.1 | USM                | USM - Contracting programs - SB Assisted                    | Output          | 12,340         | 9,555          | 14,847         | 13,615         | 15,260         | 13,158         | 14,775         | -11%             | 14,475         | 14,475         |
| 2.4 | ONO                | Regulatory Fairness Board Membership Rate (%)               | Outcome         | 88%            | 88%            | 88%            | 98%            | 96%            | 74%            | 78%            | -5%              | 85%            | 90%            |
| 2.4 | ONO                | Rules/Regulations Identified that Burden Small Business (#) | Outcome         | N/A*             | 2              | 5              |
| 2.4 | ONO                | Outreach Events (#)   | Output          | 27             | 13             | 50             | 56             | 48             | 48             | 46             | 4%               | 52             | 55             |
| 3.1 | CFO                | SBA Small Business Utilization Rate (%)                     | Outcome         | 70%            | 65%            | 67%            | 67%            | 71%            | 72%            | 67%            | 7%               | 67%            | 67%            |

\* Strategic Goal and Objective

N/A\* - Not Available

N/T\* - Not Targeted

## FY 2015 CBJ - Discontinued Indicators

| SG* | Program   | Performance Indicator  | Type of Measure | FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Actual | FY 2013 Actual | FY 2013 Target | FY 2013 Variance |
|-----|-----------|--|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| 1.3 | OED       | Jobs Supported (Jobs Bill) (#)   | Outcome         | N/A*             |
| 1.3 | OED       | Cost per Job Supported (Jobs Bill) (\$)                                | Efficiency      | N/A*             |
| 1.3 | OED       | SBDC - Long-term Counseling Clients (#)                                | Output          | 53,557         | 58,468         | 59,247         | 62,117         | 67,052         | 64,213         | 52,000         | 23%              |
| 1.3 | OED       | SBDC, WBC, SCORE, Online - Training Clients (#)                        | Output          | 1,220,051      | 1,295,355      | 1,232,588      | 923,114        | 960,212        | 813,880        | 1,195,000      | -32%             |
| 1.4 | OIT       | Value of Exports Supported by Financing (\$ in Billions)               | Outcome         | N/A*           | N/A*           | N/A*           | N/A*           | N/A*           | \$2.9          | Baseline       | N/A*             |
| 1.4 | OIT       | Value of Exports Supported by Counseling (\$)                          | Outcome         | N/A*           | N/A*           | N/A*           | N/A*           | N/A*           | Baseline       | Baseline       | Baseline         |
| 1.4 | OIT       | New Markets Entered by U.S. Companies (#)                              | Output          | N/A*           | N/A*           | N/A*           | N/A*           | N/A*           | Baseline       | Baseline       | Baseline         |
| 1.4 | OIT       | Participants Receiving Export Training (#)                             | Output          | N/A*           | N/A*           | N/A*           | N/A*           | N/A*           | Baseline       | Baseline       | Baseline         |
| 1.4 | OIT       | Business Counselors Trained on Exporting (#)                           | Output          | N/A*           | N/A*           | N/A*           | N/A*           | N/A*           | Baseline       | Baseline       | Baseline         |
| 2.1 | HUBZone   | Annual Value of Federal Contracts (\$ Billion)                         | Output          | \$ 10.3        | \$ 12.4        | \$ 12.0        | \$ 9.9         | \$ 8.2         | N/A*           | N/A*           | N/A*             |
| 2.1 | HUBZone   | Cost per Federal Contracts (\$)  | Efficiency      | \$ 0.0008      | \$ 0.0010      | \$ 0.0014      | \$ 0.0016      | \$ 0.0011      | N/A*           | N/A*           | N/A*             |
| 2.1 | SBIC      | USM - SB Assisted (#)  | Output          | 632            | 441            | 392            | 430            | 290            | 260            | 400            | -35%             |
| 2.1 | Microloan | USM - SB Assisted (#)  | Output          | 2,783          | 2,814          | 4,052          | 3,999          | 3,990          | 3,600          | 3,400          | 6%               |
| 2.4 | ONO       | Days in Processing to Send Comments to Agencies (Days)                 | Output          | N/A*           | N/A*           | N/A*           | 2              | 4              | 4              | 4              | 0%               |
| 2.4 | ONO       | Days in Processing to Send Agency Responses to Commenter (Days)        | Output          | N/A*           | N/A*           | N/A*           | 2              | 4              | 4              | 4              | 0%               |
|     | G CBD     | Completed Annual 8(a) Reviews (#)                                      | Output          | 5,999          | 7,250          | 7,720          | 7,302          | 6,860          | 5,247          | 7,610          | -31%             |
| 3.3 | ODA       | Number of Quality Assurance Reviews of Disaster Assistance Program (#) | Output          | N/A*           | N/A*           | N/A*           | 2              | 3              | 4              | 4              | 0%               |

N/A\* - Not Available

### Variance Explanation

**OED-SBDC - Long-term Counseling Clients (23% over target)** - The variance is attributable to 55 out of 63 SBDCs taking no cost extensions on Small Business Jobs Act activities that were originally scheduled to end in 2012, which resulted in an unanticipated uptick in the creation of small businesses in FY13.

**OED-SBDC, WBC, SCORE, Online (-32% under target)** - SBA conducted a data review in FY13 to validate registration information and to remove registration duplications, which significantly improved the quality of the performance data. This correction data resulted in a lower baseline of actual registrations than originally projected. In FY13, SBA reasserted the importance of online service as a mode of entrepreneurial training with the establishment of an agency-wide Online Learning Center strategy and the hiring of a full-time instructional systems designer to lead the program.

**SBIC-USM - SB Assisted (-35% under target)** - The missed target was the result of having less qualified impact and Early Stage Funds applying for the program and thus

**G CBD - Completed Annual 8(a) Reviews (-31% under target)** - This has been changed to a contextual indicator this year because it is not targetable.

## Appendix 4 – SBA Programs and Offices

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

Faith-based and community organizations can play an important role in helping the SBA reach, train and finance businesses that bring jobs and hope to communities all across the nation. The Center for Faith-based and Neighborhood Partnerships promotes SBA partnerships with faith-based and community organizations to help build awareness of SBA's programs that can transform neighborhoods and change lives. Additionally, the office informs faith-based and neighborhood organizations of SBA's loan programs that require non-profit intermediary participation and actively encourages qualified organizations to apply for certification as microloan intermediaries.

### **Office of Advocacy**

The Office of Advocacy is an independent voice for small business within the federal government. It represents the interests of small businesses, small organizations, and small governmental jurisdictions. Appointed by the President and confirmed by the U.S. Senate, the Chief Counsel for Advocacy directs the office. The chief counsel advances the views, concerns, and interests of small business before Congress, the White House, federal agencies, and state policymakers. Economic research, policy analyses, and small business outreach help identify issues of concern. Regional advocates and an office in Washington, D.C. support the chief counsel's efforts. The Office of Advocacy's economic research and regulatory interventions reduce regulatory barriers that impede small business growth and development.

### **Office of Capital Access**

The Office of Capital Access assists small businesses in obtaining the loans necessary for growth by being a gap lender, providing assistance to small businesses that otherwise would not qualify for unguaranteed financing, obtaining equity or taking advantage of contracting opportunities.

The 7(a) loan program requires SBA lending partners to certify that the applicant was unable to qualify for loans elsewhere on reasonable terms. The 504 program, which has a statutorily mandated job creation component, fills another lending gap by providing long-term, fixed rate financing for major assets such as real estate and heavy equipment. Surety Bond Guarantee is a program that serves as a gap surety bond credit provider, expanding the bond credit and capacity of small contractors that would not otherwise be able to compete for public and private work. The Office of Credit Risk Management provides risk management based on: (1) monitoring, reviewing, and oversight of 7(a) and 504 lenders and microloan intermediaries; and (2) monitoring and analysis of the 7(a), 504, microloan and disaster portfolios.

### **Office of the Chief Operating Officer**

The Office of the Chief Operating Officer (OCOO) is charged with leading SBA's operations to achieve the mission of the Agency. The goal of the office is to ensure OCOO infrastructure offices are able to meet their goals and are supported through transparent coordination of OCOO's staffing, budget, technology, resources requests and management, and analytical support.

### **Office of Administrative Services**

The Office of Administrative Services consists of three divisions that play a critical role in focusing the Agency and work across government on safety and preparedness. It provides important operational and safety functions. The Facilities, Safety and Security Division is responsible for all of the Agency's physical space, leases, safety, security, and emergency preparedness. The Support Services Division provides a full range of support services, including transportation, parking, fleet, mail services, Agency printing, copiers,

asset/property management and HQ meeting support. The Records Management Division is responsible for the management and oversight of SBA's records management, retention, archival and digitization functions.

#### **Office of the Chief Information Officer**

The Office of the Chief Information Officer provides information technology leadership, products, services and operational support for the SBA. The chief information officer is the principal advisor to the Administrator on information technology matters and has overall responsibility for developing, managing and monitoring SBA-wide IT systems, projects, personnel and expenditures. The office provides information technology governance support to the Agency, ensuring that the SBA manages its current and prospective IT investment portfolio in accordance with the laws, regulations and policies applicable across government.

The OCIO manages SBA's functional IT units encompassing systems development, operations, voice and data communications and user support. Directly or through contractors, the OCIO has responsibility for over 80 current, mission oriented IT systems that support SBA program delivery and enable the Agency to equip and outfit its employees with current hardware, software and computing tools such as email, wireless capabilities, and remote access for telecommuters. This office manages and maintains SBA's web presence on [www.sba.gov](http://www.sba.gov). It is also the Agency's lead office for information security, data privacy, electronic identity protection and incident reporting, including information technology aspects of COOP (continuity of operations planning).

#### **Office of Disaster Planning and Risk Management (ODP)**

The Office of Disaster Planning and Risk Management is responsible for the Continuity of Operations functions as well as disaster planning for the Agency. The office provides Agency coordination in utilizing SBA resources to assist citizens, communities and businesses in responding to disaster occurrences and long-term recovery needs. ODP represents SBA at interagency meetings and leverages relationships to implement best practices. The office is also responsible for identifying, tracking and evaluating Agency-wide risk by working with internal stakeholders to identify and assess the risks in programs as well as operations.

#### **Office of Diversity, Inclusion and Civil Rights**

To advance Agency-wide diversity at all levels and equal access to programs and activities receiving SBA financial assistance, the Office of Diversity, Inclusion and Civil Rights works to prohibit discrimination against SBA employees and applicants based on race, color, sex, age, religion, disability, national origin, and retaliation for opposition to discriminatory practices or participation in the EEO process. The office also works to achieve equal employment opportunity for all qualified employees consistent with the nation's workforce diversity. It works to ensure that no person in the is denied the benefits of, excluded from participation in, or subjected to discrimination under any program or activity receiving SBA financial assistance based on race, color, sex, age, disability, national origin, and marital status (extension of credit). In addition, the office ensures that individuals with disabilities have equal access to SBA-conducted or co-sponsored programs and activities.

#### **Office of the Executive Secretariat**

The Office of the Executive Secretariat (Exec Sec) serves as the primary center supporting the Office of the Administrator through document management of correspondence. The office coordinates Agency-level clearances, policy initiatives, regulations, memoranda, reports, and written material signed by the Administrator. Exec Sec also manages SBA's Answer Desk, which is the public face of the Small Business Administration. The Answer Desk handles inquiries from current and potential small business owners concerning SBA programs as well as outside programs available for small businesses.

### **Office of Grants Management**

The Office of Grants Management (OGM) awards and administers all grants under SBA's authorization and appropriations, with the exception of the small business development center and women's business center grants which are awarded and administered by the respective program offices. In the case of congressional earmark grants, the OGM serves as the technical representatives for the grants as well. The director of OGM serves as SBA's senior grant officer and represents the Agency on all interagency grant-related policy making groups.

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

The Office of Human Resources Solutions (OHRS) develops and provides innovative human capital strategies. The office advises SBA management with respect to selecting, developing and managing a high quality, productive workforce. It sets SBA's workforce development strategy; assesses current workforce characteristics and future needs based on SBA's Strategic Plan; aligns human resources policies with organization mission, strategic goals, and performance outcomes; develops and advocates a culture of continuous learning to attract and retain employees with superior abilities; identifies best practices and benchmarks studies; and creates systems for measuring intellectual capital and identifying links of that capital to organizational performance and growth. OHRS also implements laws, rules and regulations governing the civil service.

### **Office of Communication and Public Liaison**

The Office of Communications and Public Liaison (OCPL) has the principal responsibility for developing and implementing effective communications strategies to ensure that SBA's mission, programs, services and initiatives are articulated clearly and consistently to the American public in general and the small business community in specific. It supports field and program offices with planning and implementation of effective communications strategies. OCPL plays the chief role in articulating, explaining and promoting Agency policy and goals to the national news media.

Through Community Relations and the Office of Strategic Alliances within OCPL, the SBA forms alliances with for-profit corporations, small businesses, non-profit organizations, trade and professional associations, academic institutions, and public-sector agencies. The alliances offer opportunities to network on areas of common interest.

This office manages the web content on [www.Sba.gov](http://www.Sba.gov) and is the federal managing partner for [www.BusinessUSA.gov](http://www.BusinessUSA.gov), an easy-to-use, consolidated website that coordinates the programs, products and services from across the federal government to make it easier for businesses and entrepreneurs to access the resources they need to grow to make their enterprises successful.

### **Office of Congressional and Legislative Affairs**

The Office of Congressional and Legislative Affairs (CLA) assists in the development of SBA legislative programs and serves as the communications focal point on legislation and congressional activity. CLA monitors legislation and policies introduced by Congress and government agencies to determine their effects on the SBA and small business. It furthers the goals of the SBA and enables Members of Congress to best serve their small business constituencies by promptly providing accurate, current, and continuous information to Congress, congressional committees, and others interested in SBA programs. It also devises and implements legislative strategy and has primary responsibility for all matters relating to the congressional and legislative functions of the SBA. CLA provides liaison with legislative personnel at the White House, the Office of Management and Budget, and various federal departments and agencies. It coordinates with SBA program

and field offices to ensure continuity and consistency in SBA's communications with Congress; and, it coordinates all Government Accounting Office activities with the SBA.

### **Office of Disaster Assistance**

The Office of Disaster Assistance (ODA) plays a vital role in the aftermath of disasters. Through ODA, the SBA is responsible for providing affordable, timely, and accessible financial assistance to homeowners, renters, and businesses of all sizes affected by disaster. Financial assistance is available in the form of low-interest, long-term loans. SBA disaster loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses. For this reason, the disaster loan program is the only form of SBA assistance not limited to small businesses. ODA makes physical disaster loans and economic injury disaster loans. Physical disaster loans are for permanent rebuilding and replacement of uninsured or underinsured disaster-damaged privately-owned real and/or personal property. They are available to homeowners, renters, businesses of all sizes and nonprofit organizations. Economic injury disaster loans provide necessary working capital until normal operations resume after a disaster. They are restricted to small businesses and non-profit organizations.

### **Office of Entrepreneurial Development**

The Office of Entrepreneurial Development (OED) is the front door to America's small businesses. Through online training, strategic partnerships, and a vast resource partner network, OED supports over a million clients annually as they start, sustain and grow their small businesses. From underserved urban and rural communities to mainstream and high growth small businesses in all regions and industries, OED provides the path to growth. OED's network of business counselors, mentors and trainers reaches into communities across America through small business development centers, women's business centers and SCORE chapters. This network of resource partner business experts provides face-to-face and online counseling, training and mentoring to help small businesses develop strategic plans, conduct market studies, implement new technologies, access needed capital, and much more.

### **Office of Field Operations**

The Office of Field Operations (OFO) represents SBA field offices at headquarters. OFO is responsible for the direct execution of SBA products and services. The office establishes and monitors performance goals for 10 regional and 68 district offices. It provides policy guidance and oversight to regional administrators and district directors in implementing Agency goals and objectives and in solving problems in specific operational areas. It establishes and monitors performance goals for district offices; provides associate administrators, program heads, and the general counsel with a vehicle for overseeing field office program and policy implementation; provides feedback to headquarters management regarding the performance of their programs; ensures that field offices have adequate input to all policy formation and participate in policy deliberations at headquarters; organizes reviews of field offices; informs the SBA Administrator of field activity; and, when necessary, the Office of field Operations provides coordination with the Office of Disaster Assistance.

### **Office of General Counsel**

The Office of General Counsel (OGC) provides legal advice in support of all SBA programs and initiatives. It helps minimize the Agency's legal risks and costs, reduce litigation exposure, and monitors compliance with applicable statutes, regulations, Executive Orders and other legal requirements. OGC provides the legal support necessary to defend SBA's interest in judicial and administrative actions and proactively represents the Agency in all legal matters that arise in the context of its financial assistance, procurement and contracting programs, as well as labor and employment disputes.

### **Office of Government Contracting and Business Development**

The Office of Government Contracting and Business Development promotes increased small business participation in the federal contracting market for goods and services. It fulfills SBA's statutory mission to ensure that a fair share of federal contracting goes to small businesses.

Working with federal agencies, the SBA negotiates procurement goals, monitors performance, encourages the use of small business sources, provides procurement training and technical assistance to small firms, and provides policy direction and guidance to federal agencies. Several of the government-wide goals are statutory, including small businesses, small disadvantaged businesses, women-owned small businesses, HUBZone small businesses, and service-disabled veteran-owned small businesses.

### **Office of Hearings and Appeals**

The Office of Hearings and Appeals (OHA) was established in 1983 to provide an independent, quasi-judicial appeal of certain SBA program decisions. OHA formally adjudicates disputes rising in numerous jurisdictional areas. These include appeals regarding SBA formal size determinations; appeals from contracting officer designations of the North American Industry Classification System codes for procurements government-wide; appeals regarding certain SBA determinations relating to development companies; and appeals from Agency and private certifier small disadvantaged business determinations, all of which, by regulation, may be decided either by an administrative judge or an administrative law judge. OHA's jurisdiction also includes 8(a) Business Development program eligibility, suspension, and termination appeals, and salary offset appeals, all of which, by statute, must be decided by an administrative law judge.

### **Office of the Inspector General**

The Office of Inspector General (OIG) is an independent office created by law within the SBA to conduct and supervise audits, investigations, and other reviews relating to SBA programs and supporting operations; detect and prevent waste, fraud, and abuse; and promote economy, efficiency, and effectiveness in the administration and management of SBA programs. The inspector general keeps the SBA Administrator and the Congress fully informed of any problems, recommends corrective actions, and monitors progress in the implementation of such actions. The two operating components of the OIG are the Auditing Division and the Investigations Division. The auditing and investigations divisions each administer their respective activities through staff located in various locations around the country. The Management and Policy and Counsel Divisions support both the inspector general and the operating divisions by providing policy, planning, administrative, and legal services, respectively.

### **Office of International Trade**

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

### **Office of Investments and Innovation**

The Office of Investments and Innovation assists small businesses through the administration of the Small Business Investment Company (SBIC) and the Small Business Innovation Research (SBIR) programs. SBICs are privately owned and managed investment funds that are licensed and regulated by the SBA. They use their own private capital plus funds borrowed with an SBA guaranty to make investments in qualifying small businesses, especially those with potential for substantial job growth and economic impact. The SBIR program helps small businesses develop innovations to meet the research and development needs of the federal government and then commercialize those innovations in the marketplace. In addition to helping meet federal

research and development needs, the SBIR can advance American innovation and competitiveness in the broader economy.

#### **Office of National Ombudsman and Regulatory Enforcement Fairness**

The Office of the National Ombudsman fosters a more small business-friendly federal regulatory enforcement environment by assisting small businesses when they experience excessive federal regulatory enforcement actions such as repetitive audits or investigations, excessive fines, penalties, threats, retaliation, or other unfair enforcement action by a federal agency. It does this by evaluating how federal agencies treat small businesses during enforcement or compliance actions.

#### **Office of Native American Affairs**

The Office of Native American Affairs coordinates initiatives and develops policies and procedures to ensure that SBA assistance is made available to American Indians, Alaska Natives and Native Hawaiians. The initiative consists of three major components — marketing, outreach, and training — to enhance business opportunities.

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

The Office the Chief Financial Officer conducts and promotes effective financial management activities for the SBA including budget, credit subsidy, financial operations, financial systems, internal controls, and acquisitions. It develops and maintains integrated accounting and financial management systems; directs, manages, and provides policy guidance and oversight of all Agency financial management personnel, activities, and operations; approves and manages financial management systems design and enhancement projects; establishes and implements Agency-wide policies for management integrity and audit follow-up, including internal controls; develops budgets for financial management operations and improvements; implements Agency asset management systems; monitors the financial execution of the Agency budget in relation to actual expenditures; and develops policies and procedures for the acquisition of supplies, equipment, and non-personnel services.

The Office of Performance Management provides tools and guidance to assist the Agency in driving performance improvement efforts across the organization. It also helps the Agency develop better performance measures in order to facilitate SBA's continued movement from measuring activity outputs to measuring programmatic and Agency outcomes. It builds Agency capacity for results-based management through data-driven reviews and analysis, training and outreach to program offices. The office supports the Agency's strategic planning and prepares annual accountability and/or performance reports.

#### **Office of Veterans Business Development**

The Office of Veterans Business Development conducts comprehensive outreach on behalf of the Agency and is responsible for the formulation, execution, and promotion of policies and programs of the Administration which advance and support veteran entrepreneurship. To accomplish this OVBD operates a national outreach initiative and provides direct service delivery through funding agreements with resource partners, coordination of outreach and service delivery with other federal agency partners, and development of Agency program initiatives.

## Appendix 5 – Glossary

**504** – 504 Certified Development Loan program, provides small businesses with long-term, fixed-rate financing for the purchase of land, buildings and long-life capital equipment.

**7(a)** – 7(a) Loan Guaranty program, SBA’s primary loan program. It provides general loan financing for a wide variety of purposes.

**8(a)** – 8(a) Business Development program, assists firms owned and controlled by socially and economically disadvantaged individuals to enter and succeed in the economic mainstream.

**AARP** – Association for the Advancement of Retired Persons

**BDMIS** – The Business Development Management Information System automates the certification and annual review process for the 8(a) program.

**BusinessUSA** – provides an easy-to-use, consolidated website and 800 telephone number for small business resources in 10 federal agencies.

**CA** – Refers to Community Advantage pilot loan program

**CAP** – Cross-Agency Priority Goals, a requirement of the GPRA Modernization Act

**CAPLine** – an SBA program to help small businesses meet their short-term and cyclical working capital needs.

**CBJ** – Congressional Budget Justification, a federal agency’s annual budget request to Congress.

**CDC** – Certified Development Company, refers to the Section 504 Certified Development Company debenture program.

**CEAR** – Certificate of Excellence in Accountability Reporting, an award given by the Associate of Government Accountants.

**COOP** – Continuity of Operations Plan, a predetermined set of instructions or procedures that describes how an organization’s essential functions will be sustained for up to 30 days following a disaster and then return to normal operations.

**FAQ** – Frequently Asked Question

**FAR** – Federal Acquisition Regulation

**FEMA** – Federal Emergency Management Agency, the federal government agency that is tasked with responding to, planning for, recovering from and mitigating against disasters.

**FTE** – Full Time Equivalent, indicates the workload of an employed person; an FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 signals that the worker is only half-time.

**FY** – Fiscal Year. The federal government fiscal year begins October 1 and ends the following September 30.

**GPRA-Mod** – GPRA (Government Performance and Results Act) Modernization Act of 2010.

**GSA** – General Services Administration

**High-growth Small Business** – rapidly expanding small business that drives net new job growth. The SBA supports high-growth small businesses through its SBIR, SBIC and export programs, among others.

**HUBZone** — Historically Underutilized Business Zone, program that encourages economic development by the establishment of federal contract award preferences for small businesses located in historically underutilized business zones.

**Indian Country** — Refers to any of the many self-governing Native American communities throughout the United States.

**IT** — Information Technology, refers to matters concerned with the design, development, installation and implementation of information systems and applications.

**Jobs Act** — Small Business Jobs Act of 2010, most often referred to as the Jobs Act in SBA documents, may also be referred to as SBJA.

**LMAS** — Loan Management and Accounting System, financial management system that supports loan accounting.

**L/LMS** — The Loan and Lender Monitoring System, tracks performance and credit scores of 7(a) and 504 loans, and Lender Risk Ratings for active lenders. .

**NEI** — National Export Initiative

**OCFO** — Office of the Chief Financial Officer

**OCIO** — Office of the Chief Information Officer

**OCRM** — Office of Credit Risk Management

**ODA** — Office of Disaster Assistance. SBA office that promotes economic recovery in disaster ravaged areas. SBA disaster loans are the primary form of federal assistance for non-farm, private sector disaster losses for individuals and businesses.

**OEO** — Office of Economic Opportunity, SBA office formed in 2013

**OIG** — Office of Inspector General, conducts and supervises audits, inspections and investigations relating to SBA programs and operations.

**OMB** — U.S. Office of Management and Budget, White House office that oversees preparation of the federal budget and supervises its administration in Executive Branch agencies.

**ONAA** — The Office of Native American Affairs is the SBA office that coordinates Native American initiatives and develops policies and procedures to ensure that SBA assistance is made available to American Indians, Native Alaskans, and Native Hawaiians.

**ONO** — Office of the National Ombudsman

**OPM** — U.S. Office of Personnel Management, the federal government's human resources agency.

**OSDBU** — Office of Small and Disadvantaged Business Utilization

**PII** — Personally Identifiable Information is any information that can identify an individual.

**PEC** — President's Export Cabinet

**PCR** — Procurement center representative

**QSR** — Quality Service Review

**RASCO** — Recruitment, Assessment, Selection, Credentialing and Onboarding

**RBR** — Risk-based Review

**R&D** — Research and Development

**Recovery Act** — American Recovery and Reinvestment Act of 2009, most often referred to as the Recovery Act in SBA documents, may also be referred to as ARRA.

**SBA** — U.S. Small Business Administration, a federal agency of the Executive Branch whose mission is to aid, counsel and protect the interests of small businesses and help families and businesses recover from disasters.

**SBA Express** — Provides selected lenders with a 50 percent guaranty on their loans in exchange for the ability to primarily use their own application and documentation forms, making it easier and faster for lenders to provide small business loans of \$250,000 or less.

**SBDC** — Small Business Development Center program, delivers management and technical assistance, economic development and management training to existing and prospective small businesses through cooperative agreements with universities and colleges and government organizations.

**SBDCNet** — National information clearinghouse that provides small business research services to small business development center counselors in all fifty states, Guam and Puerto Rico.

**SBIC** — Small Business Investment Company, provides long-term loans, debt-equity investments and management assistance to small businesses, particularly during their growth stages.

**SBIR** — Small Business Innovation Research, SBA office that supports scientific excellence and technological innovation through the investment of federal research funds.

**SBWG** — Small Business Working Group

**SCORE** — A volunteer organization sponsored by the SBA that offers counseling and training for small business owners who are starting, building or growing their businesses.

**SLA** — Small Loan Advantage, an initiative prior to January 1, 2014, that was aimed at expanding access to SBA's 7(a) product for loans under \$350,000.

**SOP** — Standard Operating Procedure. SOPs are the primary source of the Agency's internal control.

**STEP** — References State Trade and Export Promotion program or grant.

**USDA** — United States Department of Agriculture

**USGBS** — U.S. Global Business Solutions, a multi-agency initiative to collaborate and combine trade finance programs and export marketing services into a one-stop platform

**VERA/VSIP** — Voluntary Early Retirement Authority/Voluntary Separation Incentive Payment

**WBC** — Women's Business Center. WBCs provide long-term training and counseling to women owning or managing a business, including financial, management, marketing and technical assistance, and procurement.

## Appendix 6 – Management Challenges

### Summary of SBA’s Most Serious Management and Performance Challenges

The OIG submitted to the SBA its Report No. 14-01 entitled: “Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration in Fiscal Year 2014” dated October 31, 2013. The report is based on specific OIG, GAO, and other official reports, as well as the OIG’s general knowledge of SBA programs and operations. This report represents the OIG’s current assessment of Agency programs or activities that pose significant risks, including those that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. A summary of the contents of the report follows:

- Challenge 1. Procurement flaws allow large firms to obtain small business awards and agencies to count contracts performed by large firms towards their small business goals
- Challenge 2. Weaknesses in information systems security controls pose significant risks to the Agency
- Challenge 3. Effective human capital strategies are needed to enable the SBA to carry out its mission successfully and become a high-performing organization
- Challenge 4. The SBA needs to implement a quality control program in its loan centers
- Challenge 5. The SBA needs to further strengthen its oversight of lending participants
- Challenge 6. The Section 8(a) Business Development program needs to be modified so more firms receive business development assistance, standards for determining economic disadvantage are justifiable, and the SBA ensures that firms follow 8(a) regulations when completing contracts
- Challenge 7. Effective tracking and enforcement would reduce financial losses from loan agent fraud
- Challenge 8. The SBA needs to modernize its Loan Accounting System and migrate it off the mainframe
- Challenge 9. The SBA needs to accurately report, significantly reduce, and strengthen efforts to recover, improper payments in the 7(a) loan program
- Challenge 10. The SBA needs to significantly reduce improper payments in the Disaster Loan program
- Challenge 11. The SBA needs to effectively manage the Acquisition Program

To read the full report, go to: <http://www.sba.gov/office-of-inspector-general/875/756322>