

**State Trade Expansion Program (STEP) Annual Report to Congress
for FY 2014 (Year 3)**

This report responds to the legislative directive per SBA 22 (l) (7) (B) ANNUAL REPORTS:

“(i) IN GENERAL.—The Associate Administrator shall publish on the website of the Administration an annual report regarding the program, which shall include—

- (I) the number and amount of grants made under the program during the preceding year;
- (II) a list of the States receiving a grant under the program during the preceding year, including the activities being performed with each grant;
- (III) the effect of each grant on the eligible small business concerns in the State receiving the grant;
- (IV) the total return on investment for each State; and
- (V) a description of best practices by States that showed high returns on investment and significant progress in helping more eligible small business concerns.”

The return on investment in this Annual Report is calculated based on the total amount of export sales reported as of June 16, 2016.

I. The Number and Amount of Grants Made Under the Program During the Preceding Year

FY 2014 (Year 3) Awards

Number	Total Amount
24	\$8,000,000

II. States Receiving a Grant Under the Program During the Preceding Year, Including the Activities Being Performed With Each Grant

During FY2014, each STEP awardee reported on the progress on their approved milestone goals and supporting export activities in quarterly Performance Progress Reports (PPR). Based upon these PPRs, the activities completed by each awardee are summarized below:

Colorado - awarded \$122,512

State Organization: Colorado Office of Economic Development and International Trade

The State of Colorado invested STEP award funds to support eligible small business concerns (ESBC) with projects to exhibit their products in international trade shows and participating in key industry trade shows and missions. STEP supported their missions in mainly the Entertainment, Health Care, Agriculture, and Mining industries. Colorado ESBCs participated in the ISPO Outdoor Recreation trade

show in Germany, the Arab Health Bioscience trade show in Dubai, the Beverage Alcohol for Restaurants show in Chicago, the AIMEX trade show in Sydney and the Specialty and Fine Food Fair in London.

District of Columbia - awarded \$162,500

State Organization: Government of the District of Columbia

The District of Columbia invested STEP award funds to support ESBCs with organized missions and foreign market sales trips to Madrid, Romania, Poland, Ethiopia, South Africa, Australia, the Netherlands, Denmark, the United Kingdom, Austria and Colombia. During these trips, STEP facilitated Business to Government (B2G) and Business to Business (B2B) meetings and appointments with government officials for their ESBCs. In Washington, D.C. STEP also supported an 'Export 101 Workshop' and attendance at the annual SIDO conference.

Florida - awarded \$311,600

State Organization: Enterprise Florida, Inc.

The State of Florida invested STEP award funds to increase the number of ESBCs in the manufacturing sector that are exporting to China and Asia. STEP supported Gold Key financial assistance awards in cooperation with the US Commercial Service for the China/Asia region and established a Florida Pavilion at the China Airshow. Furthermore, Florida provided ten trade sector financial assistance awards to ESBC manufacturers to exhibit at trade shows in Asia. STEP also supported a Florida Pavilion at the Paris Air Show.

Idaho - awarded \$347,278

State Organization: Idaho Department of Commerce

The State of Idaho invested STEP award funds to support ESBCs with competitively awarded financial assistance awards, and funding participation in an Idaho Pavilion at three export trade shows. Idaho ESBCs attended the Outdoor Show in Friedrichshafen (Germany), the Taipei Aerospace & Defense Technology Exhibition (TADTE) Trade Show in Taiwan and the China Horse Fair in Beijing (China).

Iowa - awarded \$150,000

State Organization: Iowa Department of Economic Development

The State of Iowa invested STEP award funds to support ESBCs with key activities such as outreach, training, supporting access to foreign and domestic trade shows and international trade missions. Iowa ESBCs participated in trade shows in Kazakhstan, France, Belgium, the United Arab Emirates, Canada, Thailand, Germany, India, Colombia, Scotland, Russia, Japan and Turkey. STEP also supported three training workshops, and exhibited at nine domestic internationally oriented trade shows in the United States.

Kentucky - awarded \$300,000

State Organization: Commonwealth of Kentucky

The State of Kentucky invested STEP award funds to support the state's ESBCs export activities through matchmaking services (with buyers in Canada and the United Kingdom), education programs (on the Colombian market), counseling services and export certification, market research (on Colombia, Japan, the United Kingdom, Guatemala and Canada markets), translation services (to French, Italian and Spanish) and state-wide export readiness presentations. STEP also assisted ESBCs participating in a trade mission to Canada, industry-specific trade shows (in the United Kingdom, Hong Kong, Canada, China,

Singapore, the Netherlands, France and Germany) and foreign market sales trips (to Canada, Ecuador, Guatemala, Colombia, Mexico, Chile, Argentina, China, Canada and Nigeria).

Michigan - awarded \$500,000

State Organization: Michigan Strategic Fund

The State of Michigan invested STEP award funds to support ESBCs with customized export assistance or training, as well as assistance in attending international trade shows and domestic internationally oriented trade shows. Michigan ESBCs exhibited in – amongst others –France, China, Nigeria, Japan, the United Kingdom and Australia. At several domestic shows, ESBCs were able to establish links with Canada, Mexico, Australia, Canada, Germany, Dubai and the Netherlands.

Minnesota - awarded \$471,529

State Organization: the State of Minnesota Department of Employment & Economic Development

The State of Minnesota invested STEP award funds to support ESBCs with activities such as the ‘Export-in-a-Box’ seminars, foreign market sales trips (to Dubai, Saudi Arabia, China, Mexico, Germany, Kenya, Canada, Denmark, Sweden, Japan and South Korea) and a governor-led mission to Mexico. They awarded fifteen new-to-export (NTE) financial assistance awards and twenty-five market expansion (ME) financial assistance awards, to enable the ESBCs attending foreign market sales trips and seminars. STEP also supported a number of customized seminars for both NTE and ME ESBCs.

Mississippi - awarded \$461,251

State Organization: Mississippi Development Authority

The State of Mississippi invested STEP award funds to assist ESBCs increase their exportable goods and services through an exhibit at the International Building Show in Las Vegas, export training workshops, funding ESBC foreign market sales trips to multiple locations and a variety of foreign trade missions. With assistance from the Mississippi STEP, there have been missions and foreign market sales trips to Mexico, South Africa, the Dominican Republic, Trinidad & Tobago, Puerto Rico, South Korea, China, Taiwan, Peru, Colombia, Chile, Poland, Romania, Hungary, the Czech Republic, Thailand, Malaysia, Indonesia, Panama, Costa Rica, Belize, Nicaragua and Canada.

Montana - awarded \$344,603

State Organization: Montana Department of Commerce

The State of Montana invested STEP award funds to support ESBCs with activities such as export trade show exhibitions, subscriptions to U.S. Department of Commerce services (e.g. Gold Key, Market research, etc.), international marketing products or campaigns and translation services. Some of the domestic exhibits include the Gulf Traffic, Photonics West or the UASI Expo. STEP also supported individual foreign market sales trips to Brazil, China, Canada, Germany, the Netherlands and Switzerland.

Nebraska - awarded \$404,490

State Organization: Nebraska Department of Economic Development

The State of Nebraska invested STEP award funds to support ESBCs with activities such as export trade show exhibitions, subscriptions to U.S. Department of Commerce services, translation services, market research, advertisement, workshops, consultancy, third party testing for international standards and foreign market sales trips. Some of the focus countries this year were: China, Peru, Colombia, Canada, Australia, Western Europe, Russia and Northern/Sub-Saharan Africa.

New Hampshire - awarded \$159,725

State Organization: New Hampshire Department of Resources and Economic Development

The State of New Hampshire invested STEP award funds to support collaborative export activities, and fund subscriptions to US Department of Commerce services, like the Gold Key Service and Market analyses. With regards to international exhibitions, one of the main focuses was a New Hampshire pavilion at the Aerospace and Defense show in Dubai (United Arab Emirates), where STEP supported the participation of three New Hampshire ESBCs.

New Jersey - awarded \$275,042

State Organization: New Jersey Department of State

The State of New Jersey invested STEP award funds to support ESBCs with foreign trade missions (to France, the United Arab Emirates and South East Asia), international market sales trips, trade shows exhibitions and U.S. Department of Commerce services (USCS services in Canada, Germany, the United Kingdom and Mexico). Furthermore, twenty-five New Jersey NTE ESBCs received training on doing business in foreign markets, one ME ESBC received training on export compliance and logistics and two ME ESBCs received training on Discovering Global Markets. International exhibitions took place in China, Germany, Canada, France, the United Arab Emirates, Australia, Taiwan, Singapore, the United Kingdom and South Korea.

New Mexico - awarded \$197,500

State Organization: New Mexico Department of Economic Development

The State of New Mexico invested STEP award funds to assist ESBCs increase exports activities through a NWABO Women in Export Business Workshop and international missions and trade shows exhibitions. New Mexico ESBCs exhibited in Hong Kong, Germany, Japan, Australia, the United Kingdom, Austria, Singapore and Israel. STEP also supported three dedicated missions to Hong Kong, Brazil, Indonesia and Japan.

New York - awarded \$311,366

State Organization: New York Department of Economic Development

The State of New York invested STEP award funds to support ESBCs with training workshops, foreign trade missions and sales trips, translation services and export trade show exhibitions. STEP supported foreign trade missions to Mexico, Canada and China. Export readiness training workshops were convened throughout the year and ESBCs used U.S. Department of Commerce (Gold Key and Export Marketing Assistance Service (EMAS)) services. Individually, New York ESBCs individually visited Israel, China, the United Arab Emirates, Canada and France for sales trips or exhibitions with the help of STEP funds.

North Carolina - awarded \$500,000

State Organization: North Carolina Department of Commerce

The State of North Carolina invested STEP award funds to support ESBCs with access to the WiserTrade, PIERS, SIDO and State Export databases as well as offering Export Control Seminars. STEP also supported ESBCs in exhibiting at export trade show shows in France, India, the United Arab Emirates, Japan, Mexico, Germany, France, Mexico, Colombia, Singapore, Japan, China, Brazil, Egypt, the United Kingdom, Russia, Canada, Vietnam, China, Taiwan, South Korea, South Africa and Australia.

Ohio - awarded \$486,000

State Organization: Ohio Development Services Agency

The State of Ohio invested STEP award funds to support ESBCs with activities such as the Ohio International Market Access Award for Exporters (IMAGE) program. The IMAGE program is designed to increase exports and create jobs by offering financial assistance for ESBCs to promote their products and services in new international markets. The IMAGE program incentivizes ESBCs to invest in international marketing activities such as international trade show participation, trade missions, website and marketing material translation, and international advertising.

Oregon - awarded \$300,000

State Organization: Oregon Business Development Department

The State of Oregon invested STEP award funds to support ESBCs with financial assistance awards for attending export trade show exhibitions or going on a foreign market sales trip. A total of eighteen Oregon ESBCs used these financial assistance awards to visit various countries including Japan, Mexico and Germany.

Pennsylvania - awarded \$487,000

State Organization: Pennsylvania Department of Community and Economic Development

The State of Pennsylvania invested STEP award funds to support ESBCs with Global Access Program (GAP) financial assistance awards, financing the expenses of Pennsylvania exporters going on a foreign market sales trip. Eleven ESBC's participated in the GAP program, and a further eight ESBCs participated in a marketing campaign targeted at Central and Eastern Europe.

Rhode Island - awarded \$300,000

State Organization: Bryant University

The State of Rhode Island invested STEP award funds to support ESBCs with financial assistance awards for international trade missions and shows, U.S. Department of Commerce services and international marketing campaigns. STEP also provided training support in the basis of exporting and understanding compliance issues. A 'best of New England' pavilion was established at the METS (the Netherlands) and MEDICA (Germany) trade shows, and ESBCs individually exhibited at trade shows in Japan, the United Arab Emirates, Germany, the United States, Canada, Monaco and China. Rhode Island launched an international marketing campaign targeting the United Arab Emirates and Germany, organized a trade mission to South Korea and Taiwan (including translation services) and covered subscription costs for Gold Key Indonesia and Japan, and participation in an USA pavilion in Canada.

South Carolina - awarded \$250,000

State Organization: South Carolina Department of Commerce

The State of South Carolina invested STEP award funds to assist ESBCs with training workshops (in Export Compliance, Automated Export System (AES), Product Classification, Export University 101 and Export Financing training), market research, U.S. Department of Commerce subscription fees, translation services and financial assistance awards for attending international trade shows. South Carolina ESBCs exhibited at trade shows in Canada, Brazil, the United Arab Emirates, the United Kingdom, France,

Germany, Mexico, Italy, USA, Africa and Singapore. During these trips, the Gold Key matchmaking service was used in Africa, Brazil, Mexico, Germany and the United Kingdom.

Utah - awarded \$500,000

State Organization: State of Utah – Division of Finance

The State of Utah invested STEP award funds to support ESBCs through five training workshops, covering the subscription fees of the Gold Key service from the U.S. Department of Commerce, organizing a foreign trade mission to Hong Kong and offering financial assistance awards for exhibiting at an international trade show. Thirty individual ESBCs, mainly from the manufacturing industry, attended trade shows in the United Arab Emirates, Germany, France, Australia, Mexico and the United Kingdom.

Vermont - awarded \$163,404

State Organization: State of Vermont, Department of Economic Development

The State of Vermont invested STEP award funds to support ESBCs with training workshops (e.g., Discover Global Markets Greater China Forum), financial assistance awards to exhibit at international trade shows, subscriptions to U.S. Department of Commerce services like Gold Key, foreign market sales trips funding and translation services. In addition, STEP supported trade missions to AeroMart (Canada), MEDICA (Germany) and Arab Health (the United Arab Emirates), with further individual foreign market sales trips to various locations.

Washington - awarded \$494,200

State Organization: State of Washington, Department of Commerce

The State of Washington invested STEP award funds to support ESBCs with activities such as export vouchers (for Gold Key services, translations and intl. marketing), trade show support, rural outreach and training, and export finance training. STEP supported a governor-led foreign trade mission to Japan and South Korea, and Washington ESBCs participated in the U.S. Pavilion at the MEDIA (Germany), Hannover Messe (Germany), Paris Air Show (France), JEC Composites (France), Aeromart (France), Arab Health (the United Arab Emirates) and Mobile World Congress (Barcelona) trade shows. As mentioned, STEP also supported outreach and training with an 'Export 101' basic course and additional advanced trainings for entrepreneurs and community banks.

III and IV. Effect of Each Grant on STEP Eligible Small Business Concerns (ESBC) in Terms of Export Sales Made and Return on Investment (ROI) by State

Parts III and IV of this report are combined to reflect the effect on STEP ESBCs (also known as STEP Clients) in terms of export sales reported during the award performance period and ROIs by State. During FY2014, each STEP awardee reported on the progress of their approved milestone goals and supporting export activities in quarterly, cumulative Performance Progress Reports.

Notes:

1. Export sales involve an extended process; therefore, many sales made as a consequence of STEP activities are completed after the reporting period and are not included in these tables.
2. The STEP ROI is the total reported export sales divided by the award amount.

III and IV. (Continued)

FY2014 (Year 3) Reported Export Sales and ROI

Categorized by Amount Awarded (Smallest to Largest)				Categorized by Reported Export Sales (Smallest to Largest)				Categorized by ROI (Smallest to Largest)			
State	Amount Awarded	Reported Export Sales	ROI	State	Amount Awarded	Reported Export Sales	ROI	State	Amount Awarded	Reported Export Sales	ROI
1 CO	\$122,512	\$390,000	3.2	NH	\$159,725	\$0	0.0	NH	\$159,725	\$0	0.0
2 IA	\$150,000	\$416,800	2.8	MN	\$471,529	\$111,000	0.2	MN	\$471,529	\$111,000	0.2
3 NH	\$159,725	\$0	0.0	VT	\$163,404	\$365,500	2.2	VT	\$163,404	\$365,500	2.2
4 DC	\$162,500	\$663,000	4.1	CO	\$122,512	\$390,000	3.2	RI	\$300,000	\$811,000	2.7
5 VT	\$163,404	\$365,500	2.2	IA	\$150,000	\$416,800	2.8	IA	\$150,000	\$416,800	2.8
6 NM	\$197,500	\$994,500	5.0	DC	\$162,500	\$663,000	4.1	CO	\$122,512	\$390,000	3.2
7 SC	\$250,000	\$4,560,914	18.2	RI	\$300,000	\$811,000	2.7	DC	\$162,500	\$663,000	4.1
8 NJ	\$275,042	\$30,494,324	110.9	NM	\$197,500	\$994,500	5.0	NM	\$197,500	\$994,500	5.0
9 KY	\$300,000	\$7,668,745	25.6	MS	\$461,251	\$2,435,327	5.3	MS	\$461,251	\$2,435,327	5.3
10 OR	\$300,000	\$2,507,550	8.4	OR	\$300,000	\$2,507,550	8.4	OR	\$300,000	\$2,507,550	8.4
11 RI	\$300,000	\$811,000	2.7	SC	\$250,000	\$4,560,914	18.2	UT	\$500,000	\$5,723,500	11.4
12 NY	\$311,366	\$11,855,996	38.1	ID	\$347,278	\$5,412,915	15.6	PA	\$487,000	\$5,721,026	11.7
13 FL	\$311,600	\$9,801,000	31.5	PA	\$487,000	\$5,721,026	11.7	ID	\$347,278	\$5,412,915	15.6
14 MT	\$344,603	\$12,350,273	35.8	UT	\$500,000	\$5,723,500	11.4	SC	\$250,000	\$4,560,914	18.2
15 ID	\$347,278	\$5,412,915	15.6	KY	\$300,000	\$7,668,745	25.6	OH	\$486,000	\$9,016,360	18.6
16 NE	\$404,490	\$9,603,887	23.7	OH	\$486,000	\$9,016,360	18.6	NC	\$500,000	\$10,963,698	21.9
17 MS	\$461,251	\$2,435,327	5.3	NE	\$404,490	\$9,603,887	23.7	NE	\$404,490	\$9,603,887	23.7
18 MN	\$471,529	\$111,000	0.2	FL	\$311,600	\$9,801,000	31.5	KY	\$300,000	\$7,668,745	25.6
19 OH	\$486,000	\$9,016,360	18.6	NC	\$500,000	\$10,963,698	21.9	FL	\$311,600	\$9,801,000	31.5
20 PA	\$487,000	\$5,721,026	11.7	NY	\$311,366	\$11,855,996	38.1	MT	\$344,603	\$12,350,273	35.8
21 WA	\$494,200	\$94,589,899	191.4	MT	\$344,603	\$12,350,273	35.8	NY	\$311,366	\$11,855,996	38.1
22 MI	\$500,000	\$74,195,211	148.4	NJ	\$275,042	\$30,494,324	110.9	NJ	\$275,042	\$30,494,324	110.9
23 NC	\$500,000	\$10,963,698	21.9	MI	\$500,000	\$74,195,211	148.4	MI	\$500,000	\$74,195,211	148.4
24 UT	\$500,000	\$5,723,500	11.4	WA	\$494,200	\$94,589,899	191.4	WA	\$494,200	\$94,589,899	191.4
Total	\$8,000,000	\$300,652,425	37.6	Total	\$8,000,000	\$300,652,425	37.6	Total	\$8,000,000	\$300,652,425	37.6

V. Best Practices by States with High ROI

This section demonstrates the most effective (or best) practices by the States with a high ROI in terms of the export activity types conducted by these States that contributed to their high ROI. A high ROI is defined as an ROI that exceeds one standard deviation above the mean.

FY 2014 (Year 3) States with a High ROI

	State	FY 2014 (Year 3) Awards	Total Export Sales	ROI
1	WA	\$494,200	\$94,589,899	191.4
2	MI	\$500,000	\$74,195,211	148.4
3	NJ	\$275,042	\$30,494,324	110.9
4	NY	\$311,366	\$11,855,996	38.1
5	MT	\$344,603	\$12,350,273	35.8
6	FL	\$311,600	\$9,801,000	31.5
7	KY	\$300,000	\$7,668,745	25.6
8	NE	\$404,490	\$9,603,887	23.7
9	NC	\$500,000	\$10,963,698	21.9
10	OH	\$486,000	\$9,016,360	18.6
11	SC	\$250,000	\$4,560,914	18.2
12	ID	\$347,278	\$5,412,915	15.6
13	PA	\$487,000	\$5,721,026	11.7
14	UT	\$500,000	\$5,723,500	11.4
15	OR	\$300,000	\$2,507,550	8.4
16	MS	\$461,251	\$2,435,327	5.3
17	NM	\$197,500	\$994,500	5.0
18	DC	\$162,500	\$663,000	4.1
19	CO	\$122,512	\$390,000	3.2
20	IA	\$150,000	\$416,800	2.8
21	RI	\$300,000	\$811,000	2.7
22	VT	\$163,404	\$365,500	2.2
23	MN	\$471,529	\$111,000	0.2
24	NH	\$159,725	\$0	0.0
	Totals	\$8,000,000	\$300,652,425	37.6

Mean 30.7
 Standard Deviation 49.0
 1 Standard Deviation 79.7

V. (Continued)

Most Effective Practices by States That Contributed to Their High ROI		
State	Activity Type	Most Effective Practice
WA	Foreign Export Trade Show Exhibition	Recruit, prepare, and assist ESBCs to exhibit at foreign trade shows
WA	Foreign Market Sales Trip	Individual ESBC sales trips to leverage specific market opportunities
MI	Foreign Trade Mission	Support individual ESBC participation in international trade missions
MI	Foreign Export Trade Show Exhibition	Recruit, prepare, and assist ESBCs to exhibit at foreign trade shows
MI	Foreign Market Sales Trip	Individual ESBC sales trips to leverage specific market opportunities
NJ	Foreign Trade Mission	Support individual ESBC participation in international trade missions
NJ	Subscription to Services Provided by the Department of Commerce	Use of Department of Commerce services, such as customized market research, to facilitate various aspects of ESBC exporting
NJ	Foreign Export Trade Show Exhibition	Recruit, prepare, and assist ESBCs to exhibit at foreign trade shows

VI. Best Practices by States with Significant Progress in Helping More ESBCs

In this section, significant progress in helping more ESBCs was determined by comparing the data reported by the 24 FY2014 awardees in terms of the number of STEP activities in which ESBCs participated to the data these same awardees reported from their FY2012 awards. Significant progress in helping more ESBCs is defined as an increase in STEP activities in which ESBCs participated that exceeds one standard deviation above the mean for all States reporting a positive change. The most effective (best) practices include the export activity types conducted by these States that contributed to significant progress in helping more ESBCs.

States Reporting Positive Change in STEP Activity Participation

State	Amount Increase
KY	129
IA	109
NY	75
NE	59
MT	44
MN	41
ID	18
NC	5
NM	1

Mean 53.4
 Standard Deviation 44.6
 1 Standard Deviation 98.0

VI. (Continued)

Most Effective Practices by States That Contributed Significant Progress in Helping More ESBCs		
State	Activity Type	Most Effective Practice
KY	Foreign Export Trade Show Exhibition	Recruit, prepare, and assist ESBCs for participation in foreign trade shows
KY	Other Export Initiative	Customized matchmaking and market research services
KY	Participation in Training Workshops	Education and counseling services to help prepare ESBCs for participation in export activities
KY	Foreign Market Sales Trip	Support individual ESBCs in sales trips to meet with current or perspective customers
KY	Subscription to Services Provided by the Department of Commerce	Use of Department of Commerce services, such as customized market research, to facilitate various aspects of ESBC exporting
KY	Foreign Trade Mission	Support individual ESBC participation in international trade missions
IA	Participation in Training Workshops	Education and counseling services to help prepare ESBCs for participation in export activities
IA	Foreign Export Trade Show Exhibition	Recruit, prepare, and assist ESBCs for participation in foreign trade shows