

U.S. Small Business Administration

**FY 2020 Congressional Justification
FY 2018 Annual Performance Report**



PERFORMANCE PLAN, BUDGET, AND REPORT

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FY 2018 – FY 2022 Strategic Plan Goals and Objectives

Strategic Goal One – Support Small Business Revenue and Job Growth

Strategic Goal One has three Strategic Objectives

- 1.1 – Expand Access to Capital
- 1.2 – Help Small Business Exporters Succeed in Global Markets
- 1.3 – Ensure Federal Contract and Innovation Set-Aside Goals are Met and/or Exceeded

Strategic Goal Two – Build Healthy Entrepreneurial Ecosystems and Create Business Friendly Environments

Strategic Goal Two has three Strategic Objectives

- 2.1 – Develop Small Businesses through Technical Assistance
- 2.2 – Build Healthy Entrepreneurial Ecosystems
- 2.3 – Create a Small Business Friendly Environment

Strategic Goal Three – Restore Small Businesses and Communities after Disasters

Strategic Goal Three has one Strategic Objective

- 3.1 – Deploy Disaster Assistance Effectively and Efficiently

Strategic Goal Four – Strengthen SBA's Ability to Serve Small Businesses

Strategic Goal Four has three Strategic Objectives

- 4.1 – Ensure Effective and Efficient Management of Agency Resources
- 4.2 – Build a High-Performing Workforce
- 4.3 – Implement Enterprise-Wide Information System Modernization and Cost-Effective Technology

Overview of FY 2020 Budget Request and Performance Plan

The President has underscored job creation and economic growth as pillars of his Administration. The U.S. Small Business Administration (SBA) is uniquely positioned to support his priorities through programs that champion small business creation and growth. Respecting the President's promise to be a responsible steward of taxpayer dollars, the SBA is committed to exercising its role as efficiently and effectively as possible. The SBA, through its FY 2020 budget request, has made a concerted effort to identify cost savings to support the President's request. With this budget, the SBA will provide tools and resources critical to the success of America's nearly 30 million small businesses, which support more than 56 million jobs. The SBA will continue to advocate for small businesses and serve as the catalyst to empower small business owners to start, grow, expand, and recover.

The *FY 2020 Annual Performance Plan and Budget* builds on the successes in FY 2018 and the foundations outlined by the President in his Reform Plan and Reorganization Recommendations. The Administrator will continue to serve as a champion for America's small businesses and work with key stakeholders to ensure that the President's plans become a reality. As an example, the SBA will work with the U.S. Department of Veterans Affairs to assess the efficiency of and identify next steps for transitioning veteran-owned small business program certifications into the Agency's small business certification portfolio. The SBA will establish an electronically processed women-owned small business certification in alignment with its 8(a) Business Development and HUBZone programs as well. The SBA will examine how to take on small business loan programs, where appropriate, in partnership with other federal agencies to ensure that entrepreneurs and small business owners have an efficient point of reference to access capital. In doing all this, and more, the SBA will continue to support the President's goals of promoting workforce development and ensuring rural areas have access to the resources and technology necessary to support small business growth.

In support of the President's Management Agenda, the SBA will focus on several key priorities to modernize the Federal Government. Central to the SBA's commitment to management best practices in Information Technology is its focus on several priority initiatives: the enhancement of cybersecurity, migrating more data systems to cloud storage, and using the new authority provided to establish and operate an IT working capital fund. These efforts will provide greater efficiencies and continue to enhance operations to deliver services faster for America's small businesses. As an example of progress, the SBA implemented the Disaster Credit Management System (DCMS) 2.0; the SBA can now respond more quickly to disasters and process a greater number of loan applications.

Through improved lending tools such as Lender Match and a new certification portal, www.Certify.SBA.gov, the SBA is able to expedite service delivery and reduce costs for small businesses. These efforts will improve the customer experience with Federal Government services. In addition, through its "SBA Reimagined" campaign, the SBA will continue to focus on ways to best meet the needs of today's entrepreneurs. These messages have culminated in a new SBA brand that has been delivered to lending and resource partners throughout the United States. Through the Ignite Tour, Administrator McMahon has reinvigorated America's entrepreneurial spirit by visiting SBA's district offices and hosting listening sessions with small business owners.

The SBA is using technology to serve more entrepreneurs. A new digital learning and collaboration platform will focus on women entrepreneurs seeking to scale their business. Through online courses, peer-to-peer collaboration, and mentoring, this digital platform will provide entrepreneurs, especially

those in rural markets, with a digital education resource.

The SBA will continue to serve as a co-lead for the Presidential Cross-Agency Priority Goal for leveraging data as a strategic asset. The Federal Government needs a robust, integrated approach to using data to deliver on its mission, serve customers, and steward resources while respecting privacy and confidentiality. At the SBA, program managers collect and analyze data to help build evidence for program improvements, policy, budget, and operational decision-making. With new program evaluations and other partnerships, data will be leveraged to answer key questions and make the SBA a more effective and efficient place for America’s small business programs.

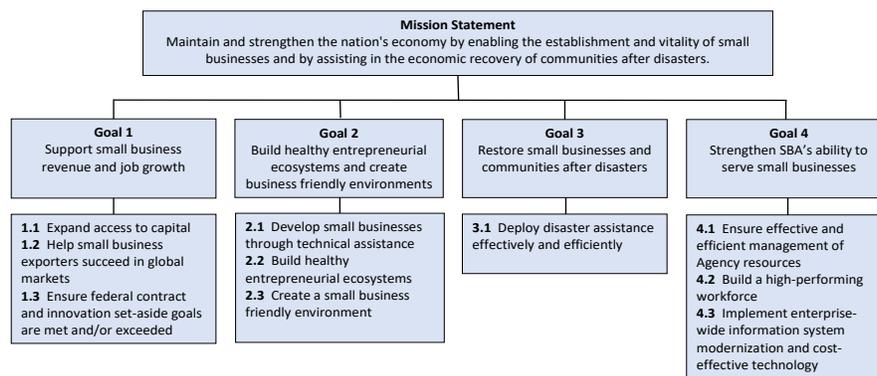
By shifting from low-value to high-value work, the SBA will help emerging markets grow and succeed. By streamlining standard operating procedures for international trade finance programs and SBIC operations, the SBA will help its employees maximize support to customers. Nearly 96 percent of all consumers are outside the United States, and the growth in the middle class depends on increasing purchasing power for America’s small businesses. With streamlined procedures, SBA field staff will have greater ability to conduct outreach and provide assistance.

America’s entrepreneurs are innovators who take risks on ideas, invest in their communities, and create jobs. Their skills and creativity not only support their own families, but they also make our neighborhoods vibrant places to live and work, fueling the nation’s economic strength. Through SBA’s FY 2020 budget request, the Agency reaffirms its commitment to supporting job growth and ensuring America remains competitive in an interdependent and highly competitive global economy.

To support this mission, SBA’s total budget request for FY 2020 is \$820 million in new budget authority. Of this amount, \$272 million is for salaries and expenses and \$181 million is for entrepreneurial development programs. The SBA will implement counter-cyclical policies in the SBA’s business guarantee loan programs and update fee structures to offset \$155 million in business loan administration. The SBA will continue to provide fee relief on SBA Express loans to veteran lenders. The SBA requests \$177 million for administering loans to survivors of disasters of which \$151 million is dedicated to those defined by the Stafford Disaster Relief and Emergency Assistance Act.

The *FY 2020 Annual Performance Plan and Budget* was crafted around the four strategic goals and ten strategic objectives in the Agency’s *FY 2018–2022 Strategic Plan* (see chart below). These goals and objectives focus the SBA Administrator’s priorities to ensure an effective, efficient, and accountable SBA.

FY 2018-2022 Strategic Plan Goals and Objectives Chart



Understanding the Budget Tables

This budget request is submitted in accordance with the FY 2020 budget guidance memoranda from the Office of Management and Budget (OMB).

Table 1 – Summary of New Budget Authority

This Table shows the gross amount of new funding that Congress appropriated for FY 2018, an FY 2019 annualized continuing resolution, and the requested funding for FY 2020. 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 that Congress appropriated.
- *Salaries and Expenses, Entrepreneurial Development programs, Business Loan Program, Disaster Loan Program, Inspector General, Office of Advocacy, and Surety Bond Guarantee* are the seven SBA appropriation accounts. The SBA will exercise its new authority to establish and operate an IT Working Capital Fund.

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

Table 2 – 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 as shown in Tables 3, 4, 5, and 9.

Table 3 – Office Operating Budgets

Table 3 shows the funds that program and administrative offices directly manage for daily operations, e.g., travel, supplies, and contracted services.

Table 4 – Agency-Wide Costs

Table 4 shows costs managed centrally by the Agency such as rent and telecommunications.

Table 5 – Summary of Changes - Agency Operating Budget

Table 5 reconciles the amounts needed for the Salaries and Expenses operating budget shown in Table 2. The Summary of Changes section shows the major reasons for a requested increase or decrease in funding.

Table 6 – Entrepreneurial Development Programs

Table 6 identifies the line items included in the Entrepreneurial Development programs account.

Table 7 – Sources of Funds: Appropriation Detail

Table 7 shows the detail for all of the appropriation accounts. The Disaster Assistance and Business Loan Program account includes 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 account to cover the administrative cost of operating those programs.

Table 8 – Summary of Credit Programs and Revolving Fund

Table 8 summarizes all credit programs (plus the Surety Bond Guarantee Program, a revolving fund). The total program level, subsidy amount, and subsidy rate for each fiscal year display credit program activity.

Table 9 – Full Time Equivalent (FTE) Employees

Table 9 shows the number of Full Time Equivalent (FTE) 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. The FTEs that support Disaster, the Inspector General, the Office of Advocacy, and Line Item Initiatives also appear in this table. The SBA centrally manages all Compensation and Benefits. Reimbursable Expenses are programs for which the SBA receives reimbursable budget authority from other Federal Government agencies.

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 guarantee.

Budget Tables

Table 1
FY 2020 Congressional Budget Justification
 Summary of New Budget Authority
 (Dollars in Thousands)

| | FY 2018 Enacted | FY 2019 Enacted | FY 2020 Request | FY 2020 Incr/Decr |
|---------------------------------------------------------------------------|--------------------|--------------------|--------------------|----------------------|
| Gross New Budget Authority | | | | |
| Salaries and Expenses | \$ 268,500 | \$ 267,500 | \$ 272,157 | \$ 4,657 |
| Entrepreneurial Development Programs | \$ 247,100 | \$ 247,700 | \$ 180,650 | \$ (67,050) |
| Business Loan Program | | | | |
| Administration | \$ 152,782 | \$ 155,150 | \$ 155,150 | \$ - |
| Loan Subsidy | \$ 3,438 | \$ 4,000 | \$ 4,000 | \$ - |
| Business Loan Program - Total | \$ 156,220 | \$ 159,150 | \$ 159,150 | \$ - |
| Disaster Loan Program ¹ | | | | |
| Administration - Stafford Act Disaster | \$ - | \$ - | \$ 150,888 | \$ 150,888 |
| Administration - Non-Stafford Act Disaster | \$ - | \$ 10,000 | \$ 26,249 | \$ 16,249 |
| Administration - Total | \$ - | \$ 10,000 | \$ 177,136 | \$ 167,136 |
| Inspector General | \$ 19,900 | \$ 21,900 | \$ 21,900 | \$ - |
| Office of Advocacy | \$ 9,120 | \$ 9,120 | \$ 9,120 | \$ - |
| Surety Bond Guarantee | \$ - | \$ - | \$ - | \$ - |
| Total, Gross New Budget Authority, Excl. Stafford Act Disaster Funding | \$ 700,840 | \$ 715,370 | \$ 669,226 | \$ (46,144) |
| Total, Gross New Budget Authority, Incl. Stafford Act Disaster Funding | \$ 700,840 | \$ 715,370 | \$ 820,113 | \$ 104,743 |
| Rescission of Prior Year Unobligated Subsidy Balances | \$ (2,600) | \$ (50,000) | \$ - | \$ 50,000 |
| Negative Subsidy Receipts | \$ - | \$ - | \$ (155,150) | \$ (155,150) |
| Total, Net Budget Authority | \$ 698,240 | \$ 665,370 | \$ 664,963 | \$ (407) |

¹ The request for Stafford Act 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. While the appropriation bill does not show the split between Stafford and Non-Stafford, SBA displayed the breakdown for comparative purposes.

Table 2
FY 2020 Congressional Budget Justification
Salaries and Expenses Budget
Sources and Expenditures
(Dollars in Thousands)

| | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request | FY 2020 Incr/Decr |
|--------------------------------------------|-------------------|--------------------|--------------------|----------------------|
| SOURCES: Salaries & Expenses Budget | | | | |
| Salaries and Expenses Appropriation | \$ 268,500 | \$ 267,500 | \$ 272,157 | \$ 4,657 |
| Business Loan Administration Appropriation | \$ 152,782 | \$ 155,150 | \$ 155,150 | \$ - |
| Subtotal, Appropriated Funds | \$ 421,282 | \$ 422,650 | \$ 427,307 | \$ 4,657 |
| Transfer from Disaster Loans | \$ - | \$ 9,000 | \$ 8,400 | \$ (600) |
| Carryover | \$ 7,169 | \$ - | \$ - | \$ - |
| Reimbursable Funding | \$ 168 | \$ 700 | \$ 700 | \$ - |
| Fee Collections | \$ 19,079 | \$ 19,100 | \$ 19,100 | \$ - |
| Recoveries and Lapsed Balances | \$ (524) | \$ - | \$ - | \$ - |
| Business Transfer | \$ - | \$ 280 | \$ 280 | \$ - |
| Total Sources of Funds | \$ 447,173 | \$ 451,730 | \$ 455,787 | \$ 4,057 |
| EXPENDITURES: Salaries & Expenses Budget | | | | |
| Office Operating Budgets | \$ 123,498 | \$ 93,584 | \$ 95,448 | \$ 1,864 |
| Agency-Wide Costs | \$ 57,032 | \$ 65,544 | \$ 67,737 | \$ 2,193 |
| Compensation and Benefits | \$ 266,644 | \$ 291,902 | \$ 291,902 | \$ - |
| Subtotal, Agency Operating Budget | \$ 447,173 | \$ 451,030 | \$ 455,087 | \$ 4,057 |
| Additional Operating Expenses | | | | |
| Reimbursable Expenses | \$ - | \$ 700 | \$ 700 | \$ - |
| Total Expenditures of Funds | \$ 447,173 | \$ 451,730 | \$ 455,787 | \$ 4,057 |

Table 3
FY 2020 Congressional Budget Justification
Office Operating Budgets
(Dollars in Thousands)

| | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request | FY 2020 Incr/Decr |
|-----------------------------------------------|-------------------|--------------------|--------------------|----------------------|
| Executive Direction ¹ | \$ 17,038 | \$ 16,466 | \$ 16,466 | \$ - |
| Capital Access | \$ 9,512 | \$ 7,849 | \$ 7,849 | \$ - |
| Credit Risk Management | \$ 19,198 | \$ 20,992 | \$ 20,992 | \$ - |
| Investments & Innovation ² | \$ 12,067 | \$ 5,449 | \$ 4,949 | \$ (500) |
| Government Contracting & Business Development | \$ 6,735 | \$ 3,170 | \$ 5,670 | \$ 2,500 |
| Entrepreneurial Development | \$ 961 | \$ 1,201 | \$ 1,201 | \$ - |
| Chief Operating Officer ³ | \$ 11,771 | \$ 7,877 | \$ 7,877 | \$ - |
| Chief Information Officer | \$ 40,830 | \$ 24,975 | \$ 24,839 | \$ (136) |
| International Trade | \$ 376 | \$ 600 | \$ 600 | \$ - |
| Office of Field Operations | \$ 4,684 | \$ 4,683 | \$ 4,683 | \$ - |
| Office of Veterans Business Development | \$ 326 | \$ 322 | \$ 322 | \$ - |
| Total | \$ 123,498 | \$ 93,584 | \$ 95,448 | \$ 1,865 |

¹ Executive Direction includes the Office of the Administrator, Office of General Counsel, Office of Government Relations, Office of Hearings and Appeals, Office of Marketing and Communications, Office of Performance Management and Chief Financial Officer, and Office of the Ombudsman.

² The SBA is not requesting funding for the FAST Program in FY 2020.

³ Chief Operating Officer includes the Office of Human Resources Solution, Office of Diversity, Inclusion and Civil Rights, Office of Continuous Operations and Risk Management, and Office of Executive Management, Installation and Support Services.

Table 4
FY 2020 Congressional Budget Justification
 Agency-wide Costs
 (Dollars in Thousands)

| | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request | FY 2020 Incr/Decr |
|---------------------------------|-------------------|--------------------|--------------------|----------------------|
| Arbitration/Conflict Resolution | \$ 94 | \$ 150 | \$ 115 | \$ (35) |
| Express Mail | \$ 140 | \$ 466 | \$ 300 | \$ (166) |
| Evidence/Evaluation | \$ 768 | \$ 1,725 | \$ 1,000 | \$ (725) |
| Centralized Training | \$ 1,511 | \$ 2,862 | \$ 1,600 | \$ (1,262) |
| Judgment Fund | \$ 217 | \$ 794 | \$ 250 | \$ (544) |
| Office Security | \$ 3,990 | \$ 4,730 | \$ 5,832 | \$ 1,102 |
| Performance Awards | \$ 3,206 | \$ 2,362 | \$ 3,500 | \$ 1,138 |
| Postage | \$ 324 | \$ 407 | \$ 220 | \$ (187) |
| Reasonable Accommodations | \$ 44 | \$ 156 | \$ 55 | \$ (101) |
| Relocation | \$ - | \$ - | \$ 250 | \$ 250 |
| Rent | \$ 35,961 | \$ 41,000 | \$ 37,651 | \$ (3,349) |
| Headquarters Move | \$ - | \$ - | \$ 6,000 | \$ 6,000 |
| Telecommunications | \$ 6,350 | \$ 5,813 | \$ 6,804 | \$ 991 |
| Transit Subsidy | \$ 1,636 | \$ 2,924 | \$ 1,760 | \$ (1,164) |
| Unemployment Compensation | \$ 956 | \$ 247 | \$ 650 | \$ 403 |
| Workers Compensation | \$ 1,835 | \$ 1,908 | \$ 1,750 | \$ (158) |
| Total | <u>\$ 57,032</u> | <u>\$ 65,544</u> | <u>\$ 67,737</u> | <u>\$ 2,193</u> |

Table 5
FY 2020 Congressional Budget Justification
 Summary of Changes - Agency Operating Budget
(Dollars in Thousands)

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Agency Operating Budget | |
| FY 2019 Enacted | 451,030 |
| FY 2020 Request | 455,087 |
| | <hr/> |
| Change - Increase/(Decrease) | 4,057 |
| | <hr/> <hr/> |
| Summary of Changes: | |
| Net Increase in Office Operating Budgets | 1,864 |
| Increases for a Women-Owned Small Business Certification Program and improvements in the Small Business Investment Company evaluation/risk management processes with offsetting efficiencies achieved in Information Technology and the elimination of the FAST Program. | |
| Net Increase in Agency Wide Costs | 2,193 |
| Headquarters Move increase with offsetting decreases in rent and training. | |
| Total Change - Increase/(Decrease) | 4,057 |
| | <hr/> <hr/> |

Table 6
FY 2020 Congressional Budget Justification
Entrepreneurial Development Programs
(Dollars in Thousands)

| | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request | FY 2020 Incr/Decr |
|----------------------------------------------------|-------------------|--------------------|--------------------|----------------------|
| 7(j) Technical Assistance Program | \$ 3,085 | \$ 2,800 | \$ 500 | \$ (2,300) |
| Entrepreneurship Education | \$ 9,293 | \$ 3,500 | \$ 2,500 | \$ (1,000) |
| Growth Accelerators | \$ 1,000 | \$ 2,000 | \$ - | \$ (2,000) |
| HUBZone Program | \$ 2,563 | \$ 3,000 | \$ 2,500 | \$ (500) |
| Microloan Technical Assistance | \$ 31,567 | \$ 31,000 | \$ 25,000 | \$ (6,000) |
| National Women's Business Council | \$ 485 | \$ 1,500 | \$ 1,500 | \$ - |
| Native American Outreach | \$ 695 | \$ 2,000 | \$ 1,500 | \$ (500) |
| PRIME Technical Assistance | \$ 5,296 | \$ 5,000 | \$ - | \$ (5,000) |
| Regional Innovation Clusters | \$ 2,976 | \$ 5,000 | \$ - | \$ (5,000) |
| SCORE | \$ 11,500 | \$ 11,700 | \$ 9,500 | \$ (2,200) |
| Small Business Development Centers (SBDC) | \$ 131,394 | \$ 131,000 | \$ 101,000 | \$ (30,000) |
| State Trade Expansion Program (STEP) | \$ 18,000 | \$ 18,000 | \$ 8,000 | \$ (10,000) |
| Veterans Outreach ¹ | \$ 12,558 | \$ 12,700 | \$ 11,250 | \$ (1,450) |
| Women's Business Centers (WBC) | \$ 17,302 | \$ 18,500 | \$ 17,400 | \$ (1,100) |
| Total, Entrepreneurial Development Programs | \$ 247,714 | \$ 247,700 | \$ 180,650 | \$ (67,050) |

¹ Includes Funding for Veterans Business Outreach Centers (VBOC), Boots to Business, Service-Disabled Veteran Entrepreneurship Training Program (SDVETP), Entrepreneurship Bootcamp for Veterans with Disabilities (EBV), Veteran Federal Procurement Entrepreneurship Training Program (VFPETP), and Women Veteran Entrepreneurship Training Program (WVETP).

Table 7
FY 2020 Congressional Budget Justification
Sources of Funds: Appropriation Detail
(Dollars in Millions)

| | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request | FY 2020 Incr/Decr |
|-----------------------------------------------------------------|-------------------|--------------------|--------------------|----------------------|
| Salaries and Expenses Appropriation | | | | |
| Net New Budget Authority | \$ 268,500 | \$ 267,500 | \$ 272,157 | \$ 4,657 |
| Carryover from prior year | \$ 60,043 | \$ 52,874 | \$ 52,874 | \$ - |
| Carryover into next fiscal year | \$ (52,874) | \$ (52,874) | \$ (52,874) | \$ - |
| Transfer from Business Loans Administrative Expenses | \$ 152,782 | \$ 155,150 | \$ 155,150 | \$ - |
| Transfer from Business Microloans | \$ - | \$ 280 | \$ 280 | \$ - |
| Transfer from Disaster Loans Administrative Expenses | \$ - | \$ 9,000 | \$ 8,400 | \$ (600) |
| Reimbursable Authority | \$ 168 | \$ 700 | \$ 700 | \$ - |
| Estimated Fee Income | \$ 19,079 | \$ 19,100 | \$ 19,100 | \$ - |
| <i>Office of Credit Risk Management (OCRM)</i> | \$ 16,446 | \$ 15,600 | \$ 15,600 | \$ - |
| <i>Other Lending Fees</i> | \$ 940 | \$ 1,500 | \$ 1,500 | \$ - |
| <i>Office of Investment and Innovation (OII) - License Fees</i> | \$ 629 | \$ 500 | \$ 500 | \$ - |
| <i>Office of Investment and Innovation (OII) - Exam Fees</i> | \$ 1,063 | \$ 1,500 | \$ 1,500 | \$ - |
| Recoveries | \$ 1,009 | \$ - | \$ - | \$ - |
| Expired Balances | \$ (1,532) | \$ - | \$ - | \$ - |
| Total Obligations | \$ 447,173 | \$ 451,730 | \$ 455,787 | \$ 4,057 |
| Entrepreneurial Development Program Appropriation | | | | |
| New Budget Authority | \$ 247,100 | \$ 247,700 | \$ 180,650 | \$ (67,050) |
| Carryover from prior year | \$ 29,482 | \$ 31,022 | \$ 31,022 | \$ - |
| Carryover into next fiscal year | \$ (31,022) | \$ (31,022) | \$ (31,022) | \$ - |
| Recoveries and/or Expired balances | \$ 2,154 | \$ - | \$ - | \$ - |
| Total Obligations | \$ 247,714 | \$ 247,700 | \$ 180,650 | \$ (67,050) |
| Business Loans Appropriation | | | | |
| <i>Administrative Expenses - 1154</i> | | | | |
| New Budget Authority - 8 1154 | \$ 152,782 | \$ 155,150 | \$ 155,150 | \$ - |
| Transfer to Salaries & Expenses | \$ (152,782) | \$ (155,150) | \$ (155,150) | \$ - |
| Total Obligations | \$ - | \$ - | \$ - | \$ - |
| <i>Loan Subsidy - X1154</i> | | | | |
| New Budget Authority | \$ 3,438 | \$ 4,000 | \$ 4,000 | \$ - |
| Carryover from prior fiscal year | \$ 67,209 | \$ 78,070 | \$ 28,070 | \$ (50,000) |
| Carryover into next fiscal year | \$ (78,070) | \$ (28,070) | \$ (28,070) | \$ - |
| Rescission of Unobligated Balances | \$ - | \$ (50,000) | \$ - | \$ 50,000 |
| Transfer to Salaries & Expenses | \$ - | \$ (280) | \$ (280) | \$ - |
| Recoveries | \$ 10,621 | \$ - | \$ - | \$ - |
| Total Obligations | \$ 3,197 | \$ 3,720 | \$ 3,720 | \$ - |

Table 7 (continued)
FY 2020 Congressional Budget Justification
Sources of Funds: Appropriation Detail
(Dollars in Millions)

| | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request | FY 2020 Incr/Decr |
|--------------------------------------------------------------------|-------------------|--------------------|--------------------|----------------------|
| Disaster Assistance Appropriation | | | | |
| <i>Administrative Expenses - X0100</i> | | | | |
| New Budget Authority-Stafford Act | \$ - | \$ - | \$ 150,888 | \$ 150,888 |
| New Budget Authority-Non Stafford Act | \$ - | \$ 10,000 | \$ 26,248 | \$ 16,248 |
| New Budget Authority, Total | \$ - | \$ 10,000 | \$ 177,136 | \$ 167,136 |
| Carryover from prior fiscal year | \$ 328,642 | \$ 404,690 | \$ 115,066 | \$ (289,624) |
| Carryover into next fiscal year | \$ (404,690) | \$ (115,066) | \$ (73,201) | \$ 41,865 |
| Transfer from Disaster Loan Subsidy - Harvey/Irma/Maria Recoveries | \$ 618,000 | \$ - | \$ - | \$ - |
| Transfer to Inspector General | \$ 9,408 | \$ - | \$ - | \$ - |
| Transfer to Salaries & Expenses for Indirect Funding | \$ - | \$ (1,000) | \$ (1,600) | \$ (600) |
| Total Obligations | \$ - | \$ (9,000) | \$ (8,400) | \$ 600 |
| | \$ 551,361 | \$ 289,624 | \$ 209,001 | \$ (80,623) |
| | | | | |
| <i>Loan Subsidy - X 1152</i> | | | | |
| New Supplemental Budget Authority - Harvey/Irma/Maria - X 1152 | \$ 1,652,000 | \$ - | \$ - | \$ - |
| Carryover from prior fiscal year | \$ 687,507 | \$ 1,225,599 | \$ 884,599 | \$ (341,000) |
| Rescission: Immediate/Expedited Disaster Assist. Prog. - X 1152 | \$ (2,600) | \$ - | \$ - | \$ - |
| Carryover into next fiscal year | \$ (1,225,599) | \$ (884,599) | \$ (774,599) | \$ 110,000 |
| Transfer to Disaster Assistance Administrative Expenses Recoveries | \$ (618,000) | \$ - | \$ - | \$ - |
| Total Obligations | \$ 54,880 | \$ 40,000 | \$ 40,000 | \$ - |
| | \$ 548,188 | \$ 381,000 | \$ 150,000 | \$ (231,000) |
| | | | | |
| Inspector General Appropriation - 0200 | | | | |
| New Supplemental Budget Authority - Harvey/Irma - X 0200 | \$ 7,000 | \$ - | \$ - | \$ - |
| New Budget Authority - 8 0200 | \$ 19,900 | \$ 21,900 | \$ 21,900 | \$ - |
| Carryover from prior fiscal year - X 0200 | \$ 4,118 | \$ 9,053 | \$ 6,039 | \$ (3,014) |
| Carryover into next fiscal year - X 0200 | \$ (9,053) | \$ (6,039) | \$ (4,029) | \$ 2,010 |
| Recoveries - X 0200 | \$ 45 | \$ - | \$ - | \$ - |
| Expired balances - 8 0200 | \$ (309) | \$ - | \$ - | \$ - |
| Transfer from Disaster | \$ - | \$ 1,000 | \$ 1,600 | \$ 600 |
| Total Obligations | \$ 21,700 | \$ 25,914 | \$ 25,510 | \$ (404) |
| | | | | |
| Office of Advocacy Appropriation - 0300 | | | | |
| New Budget Authority | \$ 9,120 | \$ 9,120 | \$ 9,120 | \$ - |
| Carryover from prior fiscal year | \$ 1,972 | \$ 1,894 | \$ 1,894 | \$ - |
| Carryover into next fiscal year | \$ (1,894) | \$ (1,894) | \$ (1,894) | \$ - |
| Recoveries | \$ 146 | \$ - | \$ - | \$ - |
| Total Obligations | \$ 9,344 | \$ 9,120 | \$ 9,120 | \$ - |
| | \$ 1,828,677 | \$ 1,408,809 | \$ 1,033,788 | \$ (375,020) |

Total Financing Available

Table 8
FY 2020 Congressional Budget Justification
SUMMARY OF CREDIT PROGRAMS & REVOLVING FUND
(Dollars in Millions)

| | Program Level | | | Subsidy Amount | | | Subsidy Rate | | |
|-------------------------------|-------------------|--------------------|--------------------|-------------------|--------------------|---------------------------------|-------------------|--------------------|--------------------|
| | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request ¹ | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
| Section 7(a) Guaranty | \$ 23,866 | \$ 30,000 | \$ 30,000 | \$ - | \$ - | \$ (93.0) | 0.00% | 0.00% | -0.31% |
| Section 504 CDC Guaranty | \$ 4,593 | \$ 7,500 | \$ 7,500 | \$ - | \$ - | \$ (32.3) | 0.00% | 0.00% | -0.43% |
| Section 504 Loan Refinancing | \$ 150 | \$ 7,500 | \$ 1,000 | \$ - | \$ - | \$ (4.3) | 0.00% | 0.00% | -0.43% |
| SBIC - Debentures | \$ 2,522 | \$ 4,000 | \$ 4,000 | \$ - | \$ - | \$ (20.8) | 0.00% | 0.00% | -0.52% |
| Total | \$ 31,131 | \$ 49,000 | \$ 42,500 | \$ - | \$ - | \$ (150.4) | | | |
| Microloan Direct Program | \$ 36 | \$ 42 | \$ 40 | \$ 3.4 | \$ 4.0 | \$ 4.0 | 8.91% | 8.77% | 9.29% |
| Total Business Loans | \$ 31,167 | \$ 49,042 | \$ 42,540 | \$ 3.4 | \$ 4.0 | \$ (146.4) | | | |
| Secondary Market Guaranties | \$ 7,999 | \$ 12,000 | \$ 12,000 | \$ - | \$ - | \$ (4.8) | 0.00% | 0.00% | -0.04% |
| Disaster Assistance | \$ 4,373 | \$ 3,100 | \$ 1,100 | \$ 548 | \$ - | \$ - | 12.54% | 12.29% | 13.62% |
| Surety Bond Guarantee Program | \$ 1,811 | \$ 6,000 | \$ 6,000 | \$ - | \$ - | \$ - | N/A | N/A | N/A |

¹The SBA will request counter-cyclical policies in SBA's business guarantee loan programs and update fee structures to offset \$155 million in business loan administration. In FY 2020 the SBA will implement a fee structure based on current law until an appropriation is enacted.

Table 9
FY 2020 Congressional Budget Justification
 Full Time Equivalent (FTE) Employees

| | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request | FY 2020 Incr/Decr |
|-----------------------------------------|-------------------|--------------------|--------------------|----------------------|
| Regular Funds ¹ | 1,862 | 2,100 | 2,110 | 10 |
| Lender Oversight (Fee Funded) | - | 9 | 9 | - |
| Entrepreneurial Development Programs | 19 | 25 | 25 | - |
| Sub-Total, Regular S&E | 1,881 | 2,134 | 2,144 | 10 |
| Disaster Loan Making | 3,467 | 800 | 800 | - |
| Disaster Loan Servicing | 141 | 160 | 160 | - |
| Sub-Total, Disaster | 3,608 | 960 | 960 | 10 |
| Office of Advocacy | 47 | 52 | 52 | - |
| Inspector General | 107 | 114 | 118 | 4 |
| Total | 5,643 | 3,260 | 3,274 | 14 |

¹The SBA requests an increase of 10 Full-Time Equivalent (FTE) employees to its ceiling to accommodate additional requirements from the Lender Oversight Reform Act of 2018 and to build additional risk management capacity for the SBIC Program.

Table 10
FY 2020 Congressional Budget Justification
Total Cost by Program and Activity
(Dollars in Thousands)

| | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request | FY 2020 Incr/Decr |
|-----------------------------------------|-------------------|--------------------|--------------------|----------------------|
| <u>Capital Programs</u> | | | | |
| 7(a) Loans | | | | |
| Loan Making | \$ 57,725 | \$ 60,388 | \$ 60,664 | \$ 275 |
| Loan Servicing | \$ 4,890 | \$ 5,103 | \$ 5,125 | \$ 21 |
| Loan Liquidation | \$ 27,170 | \$ 28,352 | \$ 28,483 | \$ 131 |
| Subtotal | \$ 89,785 | \$ 93,844 | \$ 94,271 | \$ 427 |
| 504 Loans | | | | |
| Loan Making | \$ 26,977 | \$ 28,204 | \$ 28,329 | \$ 125 |
| Loan Servicing | \$ 4,393 | \$ 4,204 | \$ 4,225 | \$ 21 |
| Loan Liquidation | \$ 7,423 | \$ 7,744 | \$ 7,784 | \$ 40 |
| Subtotal | \$ 38,792 | \$ 40,152 | \$ 40,338 | \$ 186 |
| Microloans | | | | |
| Loan Making | \$ 5,404 | \$ 5,661 | \$ 5,684 | \$ 23 |
| Loan Servicing | \$ 614 | \$ 641 | \$ 644 | \$ 3 |
| Loan Liquidation | \$ 60 | \$ 63 | \$ 63 | \$ (0) |
| Microloan Technical Assistance | \$ 33,460 | \$ 32,698 | \$ 26,707 | \$ (5,991) |
| Subtotal | \$ 39,539 | \$ 39,064 | \$ 33,098 | \$ (5,966) |
| Prime Technical Assistance | \$ 5,653 | \$ 5,364 | \$ 366 | \$ (4,998) |
| Surety Bond Program | \$ 7,007 | \$ 7,161 | \$ 7,206 | \$ 46 |
| Intermediary Lending Pilot Program | \$ - | \$ - | \$ - | \$ - |
| Lender Oversight | \$ 28,896 | \$ 31,001 | \$ 31,062 | \$ 61 |
| <u>Contracting Programs</u> | | | | |
| 7(j) Program | \$ 4,098 | \$ 3,805 | \$ 1,540 | \$ (2,265) |
| 8(a) Program | \$ 71,456 | \$ 71,482 | \$ 73,397 | \$ 1,915 |
| HUBZone Program | \$ 9,772 | \$ 10,165 | \$ 9,952 | \$ (213) |
| Prime Contracting Assistance | \$ 17,304 | \$ 17,130 | \$ 17,711 | \$ 582 |
| Small Mentor Protégé | \$ 2,178 | \$ 2,150 | \$ 2,231 | \$ 81 |
| Women's Business Program | \$ 2,395 | \$ 2,376 | \$ 2,459 | \$ 82 |
| Subcontracting Program | \$ 4,792 | \$ 4,753 | \$ 4,918 | \$ 165 |
| Subtotal | \$ 111,995 | \$ 111,861 | \$ 112,207 | \$ 347 |
| <u>Entrepreneurship Programs</u> | | | | |
| SCORE | \$ 16,650 | \$ 17,050 | \$ 14,882 | \$ (2,168) |
| Small Business Development Centers | \$ 141,725 | \$ 141,719 | \$ 111,778 | \$ (29,941) |
| Native American Outreach | \$ 1,139 | \$ 2,454 | \$ 1,956 | \$ (498) |
| Women's Business Ownership | \$ 24,847 | \$ 26,334 | \$ 25,278 | \$ (1,056) |
| Entrepreneurial Development Clusters | \$ 3,275 | \$ 5,313 | \$ 314 | \$ (4,998) |
| Entrepreneurship Education | \$ 15,332 | \$ 9,768 | \$ 8,804 | \$ (964) |
| Subtotal | \$ 202,967 | \$ 202,637 | \$ 163,013 | \$ (39,624) |

Table 10 (continued)
FY 2020 Congressional Budget Justification
 Total Cost by Program and Activity
 (Dollars in Thousands)

| | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request | FY 2020 Incr/Decr |
|-----------------------------------------------------|---------------------|---------------------|--------------------|----------------------|
| <u>Export Programs</u> | | | | |
| International Trade Promotion | \$ 13,396 | \$ 13,979 | \$ 14,055 | \$ 76 |
| STEP Program | \$ 19,708 | \$ 19,805 | \$ 9,819 | \$ (9,987) |
| Subtotal | \$ 33,104 | \$ 33,784 | \$ 23,874 | \$ (9,910) |
| <u>Investment Programs</u> | | | | |
| SBIC Loans | | | | |
| Loan Making | \$ 9,504 | \$ 8,044 | \$ 9,139 | \$ 1,094 |
| Loan Servicing | \$ 12,302 | \$ 8,498 | \$ 9,591 | \$ 1,093 |
| Loan Liquidation | \$ 5,532 | \$ 4,688 | \$ 5,322 | \$ 633 |
| Subtotal | \$ 27,337 | \$ 21,231 | \$ 24,051 | \$ 2,820 |
| SBIR/STTR Programs | \$ 5,920 | \$ 5,991 | \$ 3,004 | \$ (2,986) |
| Growth Accelerators | \$ 1,072 | \$ 2,072 | \$ 72 | \$ (2,000) |
| <u>Disaster Assistance Program</u> | | | | |
| Loan Making - Disaster | \$ 529,653 | \$ 281,175 | \$ 204,698 | \$ (76,477) |
| Loan Servicing - Disaster | \$ 26,518 | \$ 14,078 | \$ 10,249 | \$ (3,829) |
| Loan Liquidation - Disaster | \$ 6,350 | \$ 3,371 | \$ 2,454 | \$ (1,523) |
| Subtotal | \$ 562,521 | \$ 298,624 | \$ 217,401 | \$ (80,306) |
| <u>Veterans Programs</u> | | | | |
| Veterans Business Development | \$ 22,680 | \$ 23,141 | \$ 21,755 | \$ (1,386) |
| <u>Executive Direction</u> | | | | |
| National Women's Business Council | \$ 693 | \$ 1,725 | \$ 1,728 | \$ 3 |
| Ombudsman | \$ 1,313 | \$ 1,431 | \$ 1,438 | \$ 7 |
| Faith Based Initiatives | \$ 466 | \$ 540 | \$ 543 | \$ 3 |
| Subtotal | \$ 2,473 | \$ 3,696 | \$ 3,709 | \$ 14 |
| <u>Regional and District Office Programs</u> | | | | |
| Field Offices - Counseling | \$ 18,664 | \$ 19,251 | \$ 19,366 | \$ 116 |
| Field Offices - Training | \$ 31,742 | \$ 32,744 | \$ 32,941 | \$ 197 |
| Subtotal | \$ 50,406 | \$ 51,995 | \$ 52,307 | \$ 313 |
| <u>Other</u> | | | | |
| Inspector General | \$ 32,919 | \$ 38,066 | \$ 37,845 | \$ (221) |
| Advocacy | \$ 14,226 | \$ 14,408 | \$ 14,488 | \$ 80 |
| Subtotal | \$ 47,146 | \$ 52,474 | \$ 52,333 | \$ (140) |
| Total Obligations | \$ 1,277,292 | \$ 1,024,088 | \$ 880,068 | \$ (143,104) |

FY 2020 Performance Plan and FY 2018 Performance Report

Overview

The SBA continues to help small business owners and entrepreneurs pursue the American dream. As the Nation's only go-to resource and voice dedicated to small businesses, the SBA provides counseling, capital, contracting expertise, and disaster assistance so businesses can confidently start, grow, expand, and recover. The Agency has organized its annual performance plan and report around its *FY 2018-2022 Strategic Plan*. To ensure accountability and track progress, the SBA has developed Agency Priority and Performance Goals to support its strategic goals and strategic objectives. The **strategies, initiatives, programs, and activities** that further them are bolded within each objective.

The SBA manages its performance through the development and analysis of executive dashboards that contain key metrics, rigorous data-driven quarterly performance reviews to discuss progress toward these goals, and frequent reviews of strategies and initiatives by senior leadership. Evidence from program evaluations is also included. With an annual budget request of \$820 million, including Stafford Act disaster funding in FY 2020, the SBA will support up to \$42.5 billion in small business loans; help facilitate 23 percent of all federal contracting dollars to small businesses; counsel and train nearly a million small business owners and entrepreneurs, and support more than \$1 billion in loans to disaster survivors.

FY 2018 Progress Update

The Government Performance and Results (GPRA) Modernization Act of 2010 requires an annual review of strategic objectives. The SBA conducts its review using performance data and other evidence to assess the progress of each strategic objective, and to improve program outcomes and ensure efficient operations. In FY 2018, SBA senior leadership assessed a broad range of evidence, identified key successes, challenges, risks, and opportunities, and developed a Summary of Findings to guide future actions. The results of the review helped identify the following objectives as making noteworthy progress or needing improvement.

The SBA identified Strategic Objective 3.1 (Disaster Assistance) as making noteworthy progress because of its successful response to Hurricane's Harvey, Irma, and Maria. The SBA delivered nearly \$7 billion in loans to disaster survivors and provided unprecedented outreach to the private sector and other government agencies. The SBA modernized its disaster information program, the Disaster Credit Management System, to better assist disaster survivors and to support a higher volume of loan processing, which is one of the FY 2018-2019 Agency Priority Goals. Additionally, the SBA's disaster assistance program has one of the highest customer satisfaction scores in the Federal Government, with a 2018 rate of 78 percent.

The SBA identified Strategic Objective 4.3 (Information Technology) as an area for improvement. While the Agency has made progress in modernizing its systems to better support customers (e.g., SBA One and www.Certify.gov) and was the first agency to pilot an initiative that provided continuous diagnostic and mitigation in cloud storage, many SBA program offices have outdated information systems, or lack an information system to capture adequate customer data. The Agency is developing an approach to ensure that all parts of the SBA can complete work using information technology and maintain an ability to collect and retrieve in accurate, quality data in a timely way.

The SBA consulted with the Office of Management and Budget (OMB) in the summer of 2018 on its strategic objective review to ensure that assessments and improvement actions align with Administration policy and the President's budget. A progress update for each strategic objective is incorporated into the FY 2020 Annual Performance Plan.

Lower Priority Programs

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: www.whitehouse.gov/omb/budget.

Evidence and Evaluation

The SBA recognizes the importance of evidence and evaluation in understanding and improving the efficiency and effectiveness of SBA programs and operations. Rigorous evidence allows leadership to make sound decisions about program strategy, policy, and resources. Evidence comes from a variety of sources, including program evaluation, performance data, audits, and traditional research. Furthermore, evidence and evaluations were used to develop the *FY 2020 Annual Performance Plan* and *FY 2018 Annual Performance Report* with citations in each of the strategic goal and objective sections. Where evidence is weak or non-existent, the SBA will support additional data gathering.

To continue building and using evidence, the SBA houses a centralized program evaluation team in its Office of Performance Management and has developed the Agency's *FY 2019 Enterprise Learning Agenda* (ELA) to guide priorities and foster an environment of continuous learning. The SBA completed program evaluations for the Community Advantage Pilot, HUBZone, and Boots to Business (B2B) programs. Program managers are using the results of these evaluations to inform management decisions and to identify areas where further evidence is needed to improve outcomes for small businesses. In addition, the SBA will continue to work with partners to identify new areas of research and best practices.

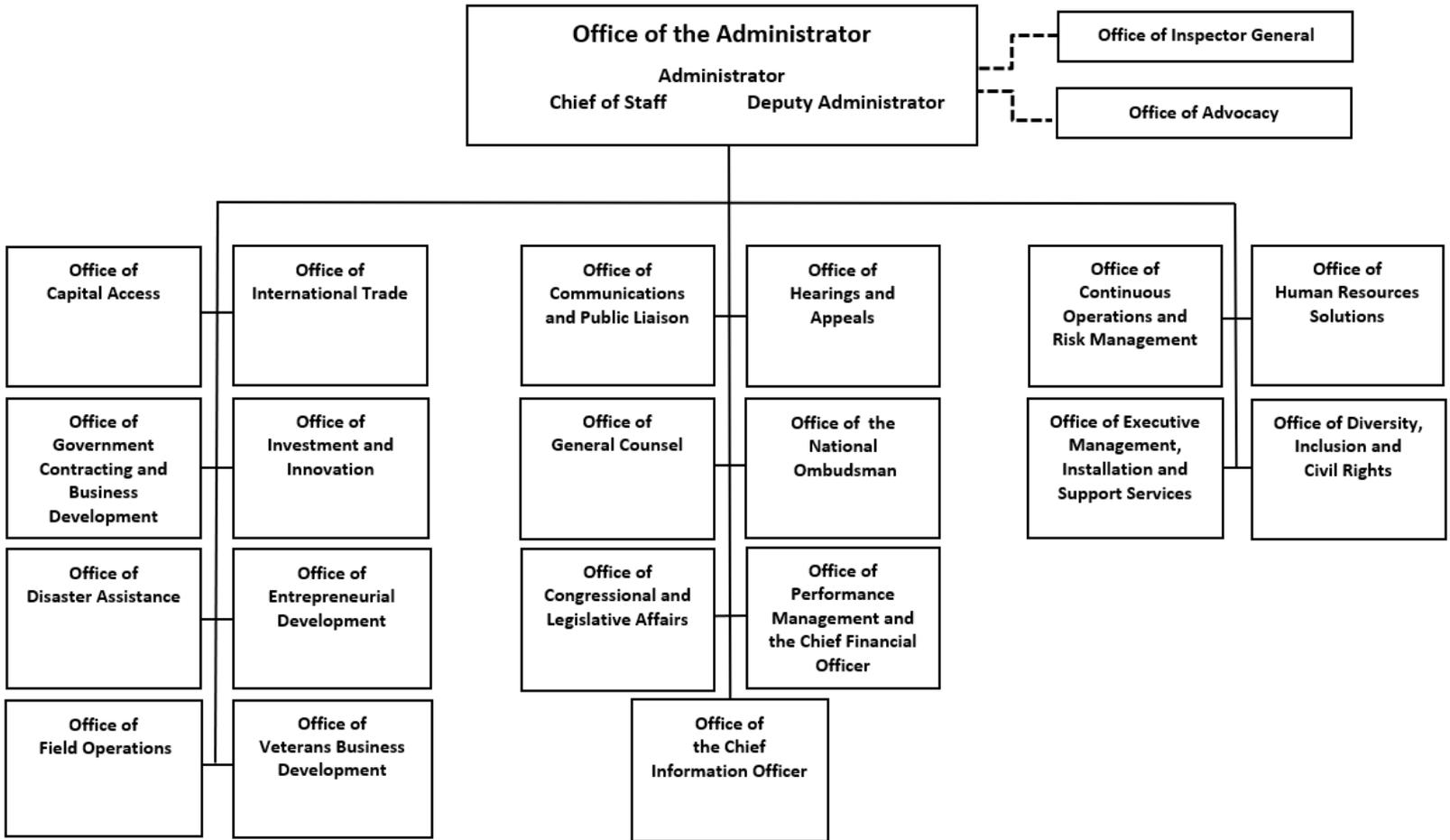
Through FY 2019 and FY 2020, the SBA will continue to develop and refine its program evaluation and evidence framework, and initiate and coordinate more evaluations and build evaluation capacity through its Evidence and Evaluation Community of Practice to share best practices and methods across program offices and other federal agencies. In addition, the SBA will expand upon its previous HUBZone evaluation and complete new evaluations for the following programs: Surety Bond Guarantee, Federal and State Technology (FAST) Partnership grants, 7(j) Management and Technology Assistance online training, and SBIC examinations. The SBA will enter into an agreement with the U.S. Bureau of the Census to share datasets on SBA's 7(a) Loan, 504 Loan, and Disaster Assistance Loan programs. The Agency will continue to explore ways to capitalize on data sharing to build evidence around SBA loan programs and will hold discussions with program managers to identify new questions. In addition, the SBA will also conduct its Agency-wide call for proposals to solicit ideas for FY 2020 evaluations. More information on the SBA's program evaluation function is available at www.sba.gov/evaluation.

Cross-Agency Priority Goals

In accordance with the requirements of the GPRA Modernization Act to address Cross-Agency Priority (CAP) Goals in the Agency Strategic Plan, the Annual Performance Plan, and the Annual Performance Report, please refer, where applicable, to www.Performance.gov for more on the Agency's contributions to CAP goals and progress. The SBA serves as the Federal co-lead for the CAP Goal to "Leverage Data as a Strategic Asset" and contributes to the following CAP Goals that have been linked to SBA strategic objectives in Table 1.

Table 1: Cross-Agency Priority Goal Linkage to SBA Strategic Goals and Objectives

| Cross-Agency Priority Goal | SBA Strategic Goal and Objective | | | | | | | | | |
|--------------------------------------------------------------------------------------------------------|----------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | 1.1 | 1.2 | 1.3 | 2.1 | 2.2 | 2.3 | 3.1 | 4.1 | 4.2 | 4.3 |
| Modernize IT to Increase Productivity and Security | X | | X | X | X | | X | X | | X |
| Leveraging Data as a Strategic Asset | | | | | | | | X | | X |
| Developing a Workforce of the 21 st Century | | | | | | | | | X | X |
| Improving Customer Experience with Federal Services | X | | | | | X | X | | | |
| Sharing Quality Services | X | | X | | | | X | | | |
| Shifting from Low-Value to High-Value Work | X | X | X | | | | X | X | | |
| Category Management – Leveraging Common Contracts and Best Practices to Drive Savings and Efficiencies | | | | | | | | X | | |
| Results-Oriented Accountability for Grants | | | | | X | | | X | | |
| Getting Payments Right | X | X | | | X | | X | X | | |
| Federal IT Spending Transparency | | | | | | | | | | X |
| Improve Management of Major Acquisitions | | | | | | | | X | | |
| Security Clearance, Suitability, and Credentialing | | | | | | | | X | | |
| Improve Transfer of Federally-Funded Technologies from Lab-to-Market | | | X | | | | | | | |



SBA Organizational Structure

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Performance Goal: Increase the number of jobs supported through SBA capital assistance programs to 817,500 in FY 2020

FY 2018–2019 Agency Priority Goal: By September 30, 2019, increase the number of loans by 5 percent from the FY 2017 baseline to small businesses in socially and economically disadvantaged urban communities and rural areas (FY 2017 baseline of 25,475 for 7(a) loans, 504 loans, and microloans)

Strategies:

1. Increase capital provided to small businesses and emerging markets when conventional credit is not available
2. Supplement investment capital to small businesses that have inadequate supply
3. Strengthen and expand the network of lenders offering SBA products
4. Expand knowledge of SBA loans through its network of resource partners and field offices
5. Enhance oversight and risk management of lenders and SBICs and improve recovery of taxpayer assets

Strategic Objective 1.2: Help Small Business Exporters Succeed in Global Markets..... 48

Performance Goal: Increase the value of small business export sales to \$3.1 billion in FY 2020

Strategies:

1. Strengthen partnerships with state and territorial governments
2. Provide tailored training and counseling to small businesses and lenders
3. Support trade promotion policy through federal partnerships
4. Represent small business interests in bilateral and multilateral trade negotiations

Strategic Objective 1.3: Ensure Federal Contract and Innovation Set-aside Goals are Met and/or Exceeded..... 57

Performance Goal: Increase the number of jobs supported through federal contracts set-aside for small business to 585,000 in FY 2020

FY 2018–2019 Agency Priority Goal: By September 30, 2019, maximize the percent of federal contracts by awarding at least 23 percent to small businesses

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. Educate the federal contracting workforce on ways to increase awards
4. Increase surety agents issuing guarantee bond products
5. Coordinate with agencies to ensure they meet research set-asides for innovative entrepreneurship

Strategic Goal Two – Build Healthy Entrepreneurial Ecosystems and Create Business Friendly Environments

Strategic Objective 2.1: Develop Small Businesses through Technical Assistance.....72

Performance Goal: Increase the number of small businesses assisted through business development programs to 26,000 in FY 2020

FY 2018–2019 Agency Priority Goal: By September 30, 2019, increase by 10 percent from the FY 2017 baseline the number of 8(a)-certified firms awarded federal contracts (FY 2017 baseline of 3,421 small businesses)

Strategies:

1. Strengthen business development opportunities in emerging market communities
2. Provide individual, specialized support to small businesses to increase growth and build infrastructure
3. Expand Mentor-Protégé program support to connect businesses

Strategic Objective 2.2: Build Healthy Entrepreneurial Ecosystems..... 82

Performance Goal: Increase the number of clients served in partnerships, virtual resources, and targeted outreach to 820,100 in FY 2020

Strategies:

1. Deliver entrepreneurial services in collaboration with resource partners
2. Provide entrepreneurs with in-person and virtual resources
3. Empower veterans and military families who want to start or grow their business
4. Support Native American entrepreneurs through outreach

Strategic Objective 2.3: Create a Small Business Friendly Environment..... 103

Performance Goal: Increase the number of outreach events to 100 through partnerships with federal agencies, trade associations, and resource partners to reduce regulatory burdens on small businesses in FY 2020

Strategies:

1. Maintain a confidential, user-friendly ombudsman process to receive complaints from small businesses and advocate on behalf of small businesses to federal agencies to create a level playing field
2. Recommend policy and advocate for small businesses through research and engagement

Strategic Goal Three – Restore Small Businesses and Communities after Disasters

Strategic Objective 3.1: Deploy Disaster Assistance Effectively and Efficiently 109

Performance Goal: Increase the customer satisfaction rate for disaster loan approvals to 77 percent in FY 2020

FY 2018–2019 Agency Priority Goal: By September 30, 2019, increase the average number of disaster loan applications processed from three to six applications per loan specialist per day

Strategies:

1. Promote disaster preparedness through pre-disaster outreach by region and type of disaster
2. Strengthen disaster operations to enhance effectiveness and efficiency
3. Capitalize on SBA’s nationwide infrastructure for short- and long-term recovery

Strategic Goal Four – Strengthen SBA’s Ability to Serve Small Businesses

Strategic Objective 4.1: Ensure Effective and Efficient Management of Agency Resources 120

Performance Goal: Increase the customer satisfaction rate of financial management services for SBA employees to 4.0 in FY 2020

Strategies:

1. Provide stewardship over financial resources and promote a robust performance management culture
2. Implement process and operational improvements to simplify and enhance service delivery

Strategic Objective 4.2: Build a High-performing Workforce 128

Performance Goal: Increase SBA employee satisfaction scores through the Federal Employee Viewpoint Survey to 68 percent by FY 2020

Strategies:

1. Recruit and retain an inclusive workforce
2. Deliver a comprehensive, mission-focused, talent development strategy to foster professional development and continuous learning
3. Build a high-performing culture that maximizes workforce performance and drives accountability

Strategic Objective 4.3: Implement Enterprise-wide Information System Modernization and Cost-effective Technology 137

Performance Goal: Increase IT cost savings/avoidance through the streamlining of contracting, category management, and Cloud computing to \$11.5 million in FY 2020

Strategies:

1. Provide the balance between stable, secure, well-run operations and innovative new strategic contributions
2. Drive value and focus on the consistent use of information and technology as strategic business assets
3. Mature SBA’s approach to information technology governance to ensure the best possible technology decisions to effectively drive results
4. Improve information technology organizational and workforce functions through workforce planning and competency development

Strategic Goal One – Support Small Business Revenue and Job Growth

Strategic Objective 1.1: Expand Access to Capital

Performance Goal: Increase the number of jobs supported through SBA capital assistance programs to 817,500 in FY 2020

FY 2018–2019 Agency Priority Goal: By September 30, 2019, increase the number of loans by 5 percent from the FY 2017 baseline to small businesses in socially and economically disadvantaged urban communities and rural areas (FY 2017 baseline of 25,475 for 7(a) loans, 504 loans, and microloans)

Objective Leads: Associate Administrator for Capital Access and Associate Administrator for Investment and Innovation

Objective Support: Office of Field Operations, Office of International Trade, Office of Entrepreneurial Development, and Office of Veterans Business Development

Programs/Activities: 7(a) Loans, 504 Certified Development Company Loans, International Trade Loans, Microloans, Small Business Investment Companies, Secondary Market Guarantee, Credit Risk Management

Most Serious Management and Performance Challenge 4: SBA Needs to Improve its Risk Management and Oversight Practices to Ensure its Loan Programs Operate Effectively and Continue to Benefit Small Businesses

Most Serious Management and Performance Challenge 6: SBA Can Improve its Loan Programs by Ensuring Quality Deliverables and Reducing Improper Payments at SBA Loan Operation Centers

Strategies:

1. Increase capital provided to small businesses and emerging markets when conventional credit is not available
2. Supplement investment capital to small businesses that have inadequate supply
3. Strengthen and expand the network of lenders offering SBA products
4. Expand knowledge of SBA loans through its network of resource partners and field offices
5. Enhance oversight and risk management of lenders and SBICs and improve recovery of taxpayer assets

Access to capital is critical to the long-term success of America’s small businesses. Many entrepreneurs or small business owners often do not have the same access to credit as larger businesses that can more readily take on a conventional loan from a bank. New entrepreneurs may not have a credit score that can help them secure a loan, especially on a new or innovative product.¹ In addition, entrepreneurs in emerging markets² are more likely to be denied credit³ and often rely on personal savings or credit cards to sustain their business.⁴

One of SBA’s top priorities is to provide capital access to small businesses. The Agency ensures that gaps in commercial lending markets are filled and that small businesses across the country are well-positioned to access credit. Through various programs and services, the SBA supports strategies that focus on

¹ *Access to capital among young firms, minority-owned firms, women-owned firms, and high-tech firms.* U.S. Small Business Administration Office of Advocacy, April 2013.

² Emerging markets replaces the former term of underserved markets and includes women-owned, minority-owned, and veteran-owned small businesses as well as businesses located in socially and economically disadvantaged communities, including HUBZone and rural areas.

³ *Entrepreneurship in the United States.* IZA working paper No. 3130, October 2007.

⁴ *Veteran-owned businesses and their owners – Data from the Census Bureau’s Survey of Business Owners.* U.S. Small Business Administration Office of Advocacy, March 2012.

providing reasonable credit terms and access to credit for minority-owned, women-owned, and veteran-owned small businesses and entrepreneurs. SBA’s emphasis on new technology, streamlined loan processes, and focused outreach will continue to allow small businesses to start and expand.

Progress Update: The SBA approved more than 66,000 7(a) and 504 loans, which supported nearly 599,000 jobs through more than \$30 billion in lending to small businesses. The SBA recruited 1,810 active 7(a) lenders or 86 percent of the target. SBA Regions four, five, and six had the highest percentage of active 7(a) lenders, respectively.⁵ The SBA also exceeded its target for risk-based reviews of lenders by 33 percent and made significant progress toward its risk mitigation management challenge. To support the Agency Priority Goal, the SBA approved more than 23,000 Microloans, 7(a) loans, and 504 loans in rural areas and urban, HUBZone communities for a total of \$10.1 billion.

Most Serious Management and Performance Challenges: The SBA Inspector General annually reports on top management and performance challenges that pose significant risks to the programs and activities that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The challenges are not presented in order of priority. Within each management challenge is a series of recommended actions to resolve the challenge.⁶ The SBA annually responds to each action. The completion date represents when the SBA completes the action.

Figure 1.1a: Most Serious Management and Performance Challenge 4

| Challenge 4: SBA Needs to Improve Its Risk Management and Oversight Practices to Ensure Its Loan Programs Operate Effectively and Will Continue to Benefit Small Businesses | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------|
| Recommended Actions | Completion Date | |
| | 7(a) Loans | 504 Loans |
| <p>1. Monitor and verify implementation of corrective actions to ensure effective resolution prior to closeout.</p> <p>2018 Achievement: The SBA Office of Credit Risk Management (OCRM) continued to process timely corrective actions.</p> | Implemented | Implemented |
| <p>2. Demonstrate that information from the portfolio risk management program is used to support risk-based decisions and implement additional controls to mitigate risks in SBA loan programs.</p> <p>2018 Achievement: The SBA increased supervision for lenders that received Cease and Desist Orders or Consent Agreements from their primary federal regulator pertaining to capital, liquidity, and/or commercial lending practices. Multiple supervisory actions were undertaken, including implementation of two enforcement actions and proposal of another due to risk-based review results and ongoing lack of compliance with SBA requirements. The SBA prepared</p> | Implemented | September 30, 2019 |

⁵ For more information on SBA’s regional offices, visit www.sba.gov/tools/local-assistance/regionaloffices.

⁶ For more information on the OIG Management Challenges, visit www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges.

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------------|
| <p>specific risk analyses by using portfolio risk management program data, added four new risk flags to the PARRiS risk criteria, and developed a remodeled Lender Portal that provides all lenders transparency into the metrics used to assess risk at both the lender and loan level.</p> | | |
| <p>3. Develop an effective method of disclosing and tracking loan agent involvement in SBA business loan programs.</p> <p>2018 Achievement: The SBA began requiring lenders to submit Form 159 (Fee Disclosure and Compensation Agreements) electronically to optimize information gathering and agent involvement in training. The Agency created an electronic submission process for Form 159 for both the 7(a) and 504 loan programs. The automated data capture improved the quality, accuracy and completeness of the data, giving the SBA greater insight into potential loan agent risk since the data can be analyzed by lender, loan, and loan agent. The SBA Form 159 Agreement became effective September 14, 2018; lenders were informed through Information Notice 5000- 18012; and training was provided at the Fall Lending Conference for NAGGL (7a), and NADCO (504).</p> | <p>July 31, 2019</p> | <p>January 31, 2019</p> |
| <p>4. Update regulations (13 CFR Part 103) regarding loan agents to provide effective enforcement procedures.</p> <p>2018 Achievement: The SBA initially proposed a suspension and revocation rule with procedures for the SBA’s enforcement actions against Agents under 13 C.F.R. Part 103, including Loan Agents. However, the rule was withdrawn before being finalized. The SBA subsequently established procedures for Part 103 suspension and revocation enforcement actions against Loan Agents in SOP 50 53(A). This provided effective enforcement procedures to determine whether to suspend or revoke Loan Agent privileges to conduct business with the SBA under 13 C.F.R. Part 103, and empowers the SBA to debar Loan Agents, pursuant to 2 C.F.R. Part 180. No additional guidelines will be developed to provide effective enforcement procedures besides those already existing in the SOP.</p> | <p>Implemented</p> | <p>Implemented</p> |

Figure 1.1b: Most Serious Management and Performance Challenge 6

| Challenge 6: SBA Can Improve its Loan Programs by Ensuring Quality Deliverables and Reducing Improper Payments at SBA Loan Operation Centers | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------|
| Recommended Actions | Completion Date | |
| | 7(a) Approvals | 7(a) Purchases |
| <p>1. Demonstrate that corrective action plans are effective in reducing improper payments in the 7(a) loan program.</p> <p>2018 Achievement: The SBA implemented monthly improper payment reports from quality control specialists in each loan center. These reports informed center management of deficiency frequency and root causes across the 7(a) approval and purchase processes to identify systematic developments and training opportunities.</p> | Implemented | Implemented |
| <p>2. Ensure that centers are appropriately staffed with qualified resources that are appropriately trained and supervised and that the quality of the Center resource deliverables is appropriately balanced against their production requirements.</p> <p>2018 Achievement: The SBA calibrated processing standards for employees in the 7(a) approval and purchase centers to ensure adequate staff time to deliver high quality loan decisions. The Agency also conducted quarterly employee performance reviews to ensure both production improvements and quality deliverables. The Agency initiated quality control procedures supporting center management to develop and deliver robust training to employees regularly. Finally, the SBA updated center operation manuals to ensure consistency with current policies and procedures, and improve decision making.</p> | Implemented | Implemented |

Table 1.1a shows progress toward the FY 2018–2019 Agency Priority Goal, which focuses on lending to small businesses in socially and economically disadvantaged urban communities and rural areas.

Table 1.1a: Socially and Economically Disadvantaged Lending and Active Lender Priority Goals

| FY 2018–2019 Priority Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|----------|---------|---------|---------|
| Number of Loans to Small Businesses in Socially and Economically Disadvantaged Urban Communities and Rural Areas | Target | N/A | N/A | N/A | N/A | Baseline | 26,075 | 26,749 | 26,749 |
| | Actual | N/A | N/A | N/A | N/A | 25,475 | 23,497 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | -10% | | |
| Additional Information: The SBA established an FY 2018–2019 Agency Priority Goal that supports greater outreach to socially and economically disadvantaged urban communities and rural areas. Based on new Census data, the SBA revised its FY 2017 baseline and out year target for the Agency Priority Goal. Outreach to local lenders continues to be a challenge as fewer of them exist due to bank mergers and acquisitions. | | | | | | | | | |

Table 1.1b provides results and targets for the performance goal that tracks the number of jobs supported from 7(a) loans, 504 loans, Microloans, and SBICs.

Table 1.1b: 7(a) Loan, 504 Loans, Microloan, and SBIC Performance Goal

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Jobs Supported by 7(a) Loans, 504 Loans, Microloans, and SBICs | Target | 639,100 | 651,850 | 664,650 | 679,400 | 692,900 | 798,500 | 790,500 | 807,500 |
| | Actual | 663,454 | 699,499 | 831,269 | 789,654 | 761,954 | 725,407 | | |
| | Variance | 4% | 7% | 25% | 16% | 10% | -9% | | |
| Additional Information: This measure tracks the number of jobs created and retained from SBA capital assistance programs. As the economy continues to grow, fewer jobs are created. | | | | | | | | | |

Strategy 1: Increase capital provided to small businesses and emerging markets when conventional credit is not available

The SBA’s loan guaranty and microloan programs play a critical role ensuring access to capital for small businesses that cannot obtain it conventionally. When a small business cannot qualify for a loan under conventional credit standards, the SBA’s loan guaranty programs provide lenders with an incentive to extend the necessary capital to entrepreneurs. The Agency promotes and develops its 7(a) loans (including export loans) and 504 loans to best meet the needs of small businesses and will continue to promote and use the direct Microloan Program to spur small-dollar lending through microloan intermediaries to the smallest businesses. The SBA also supports greater outreach to entrepreneurs in emerging markets through its FY 2018–2019 Agency Priority Goal to further expand lending to small businesses in socially and economically disadvantaged urban communities and rural areas.

The **7(a) Loan Program** is the Federal Government’s primary small business loan program, assisting small businesses with financing when they are unable to access conventional credit. The SBA guarantees a portion of each loan (ranging from 50 to 90 percent) that a participating lender makes to an eligible small business. Maintaining a high volume of active lenders from one fiscal year to the next creates a consistent pipeline of SBA loans for small businesses. The 7(a) Program offers loans ranging from the Community Advantage Pilot Program (loans of \$250,000 or less) to the International Trade Loan Program (loans up to \$5 million). More information about these loans are identified later in this strategy.

Table 1.1c displays the cost to administer the 7(a) program. It is comprised of direct costs from the operating budget, including contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 1.1c: 7(a) Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| \$ 75,390 | \$ 66,578 | \$ 63,013 | \$ 75,791 | \$ 82,173 | \$ 89,785 | \$ 93,844 | \$ 94,271 |

Table 1.1d provides the targets and results for the 7(a) program performance indicators.

Table 1.1d: 7(a) Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Billions of Dollars of 7(a) Loans Approved | Target | 14.5 | 14.8 | 15.1 | 21.0 | 24.3 | 26.0 | 26.0 | 26.0 |
| | Actual | 17.9 | 19.2 | 23.6 | 24.1 | 25.4 | 25.4 | | |
| | Variance | 23% | 30% | 56% | 15% | 5% | -2% | | |
| Additional Information: The performance data represent the gross loan approvals at the close of the fiscal year. Improvements in 7(a) Loan Program delivery and reduced fees continue to make the program feasible for lenders and available for small business applicants. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Assisted by 7(a) Loans | Target | 38,700 | 39,500 | 39,500 | 45,000 | 55,000 | 60,000 | 62,000 | 62,500 |
| | Actual | 40,574 | 45,730 | 55,742 | 57,083 | 62,430 | 60,353 | | |
| | Variance | 5% | 16% | 41% | 27% | 14% | 1% | | |
| Additional Information: 7(a) Loan activity increased across all loan sizes, with the streamlined processing for loans under \$350,000 contributing to the increase in the number of small businesses assisted. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported by 7(a) Loans | Target | 547,200 | 558,100 | 569,300 | 580,100 | 591,000 | 600,000 | 600,000 | 610,000 |
| | Actual | 483,976 | 503,853 | 623,466 | 587,716 | 571,208 | 543,171 | | |
| | Variance | -12% | -10% | 10% | 1% | -3% | -9% | | |
| Additional Information: This metric tracks the number of jobs supported (created and retained) from SBA loan guarantees. While lending remained constant with FY 2018 compared to FY 2017, the number of jobs fell below target. With unemployment at record lows, demand for SBA lending has decreased overall. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SBA did not receive a credit subsidy appropriation for the 7(a) Program, relying on fees to support more than 60,000 7(a) loans totaling \$25.4 billion, which supported more than 543,100 jobs. To strengthen operations, the SBA published an update to regulations and Standard Operating Procedures (SOPs) for both the 7(a) and 504 programs that removed outdated requirements. The SBA One platform provided significantly more data on 7(a) loans that enhanced program risk management, streamlined payment and reporting, improved efficiency of secondary market functions, and ensured that lenders had access to real-time data on their performance. Improvements in technology and processes in loan operation centers resulted in an almost 50 percent improvement in the turnaround time for processing 7(a) non-delegated loan applications. The SBA decreased loan processing times for loans greater than \$350,000 from 15 days to seven days and for loans under \$350,000, a time improvement turnaround from six to two days.

In addition, small businesses in socially and economically disadvantaged markets represent a higher percentage of small-dollar loan recipients because of challenges faced in obtaining financing from traditional commercial sources. These markets include low- or moderate-income communities, where more than 50 percent of the full-time workforce makes low-to-moderate income or resides in low-to-moderate income census tracts, HUBZones, minority-owned businesses, women-owned businesses, veteran-owned businesses, and rural businesses.

To improve lender services, the SBA conducted week-long field operations training for lender relations specialists (LRS). The Agency also developed a new toolkit of loan program materials to enhance marketing and outreach to SBA lenders and borrowers. The training provided a consistent message for SBA loan programs and products. Further, the SBA implemented quarterly training webinars for all participating SBA lenders.

FY 2019 and FY 2020 Planned Performance

In FY 2019, the SBA will provide upfront and ongoing fee relief for 7(a) loans of \$150,000 or less made to small businesses located in rural and HUBZone areas and to waive 100 percent of borrower upfront guaranty fees on SBA Express Program loans to veteran-owned small businesses. Veteran-owned small businesses located in rural and HUBZone areas may participate in the rural and HUBZone fee relief for loans of \$150,000 or less. These policies should continue to spur lending in socially and economically disadvantaged communities and for entrepreneurs in emerging markets.

In FY 2020, the SBA requests authority to increase the 7(a) SBA Express Loan limit from \$350,000 to \$1,000,000. SBA Express loans have a 50 percent guaranty. Due to increased demand, the SBA will be able to help more small businesses access capital.

In FY 2020, the Agency again requests flexibility to modify its statutory fee structures. Until a final appropriation is enacted, the SBA will implement a fee structure based on current law. However, due to a refinement of the model to increase precision for estimating purchase amounts and sensitivities of the model related to long term macroeconomic assumption, the 7(a) program will not operate at zero subsidy in FY 2020 under current law. Therefore, the SBA requests the flexibility to adjust its fee structure for FY 2020, which would allow it to fully offset business loan administrative expenses and operate the program at zero projected cost to the taxpayer.

Consistent with the authorities provided in the Small Business Act, the 7(a) program sets fees that are effective to maintain estimated costs of zero subsidy for the program. However, without modifications to current law, the SBA will not be able to meet this objective in FY 2020. Table 1.1e outlines the proposed scenario for the 7(a) Loan Program subsidy and fee structure. The Current Law scenario shows that without flexibility to adjust fees, the 7(a) program will require a subsidy appropriation in 2020. The FY 2020 Proposal (Counter-Cyclical Policy Scenario) details the proposal to enable the SBA to adjust fees to offset all business loan administrative expenses against the minimum flexibilities required to maintain zero subsidy in FY 2020.

The proposed counter-cyclical scenario includes a 0.5 percent increase of the upfront fee on loans between \$500,001 to \$700,000, a 0.5 percent increase of the upfront fee on loans over \$1.5 million, a 0.25 percent increase of the upfront fee on loans with a term of less than 1 year, and an increase of the annual fee to 0.83 percent on loans of more than \$1.5 million. The proposed flexibility in the fee structure to return the program to zero subsidy in FY 2020 includes a 0.5 percent increase of the

upfront fee on loans between \$500,001 to \$700,000, a 0.25 percent increase of the upfront fee on loans over \$1.5 million, a 0.25 percent increase of the upfront fee on loans with a term of less than 1 year, and an increase of the annual fee to 0.69 percent on loans of more than \$1.5 million. For the two scenarios, the SBA will waive 100 percent of borrower up-front guaranty fees on SBA Express Program loans to veteran-owned small businesses.

Table 1.1e: 7(a) Loan Program Subsidy and Fee Structure Scenarios

| | Current Law Scenario | FY 2020 Proposal/ Counter-Cyclical Scenario | Minimum Flexibilities to Maintain Zero Subsidy Scenario |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Subsidy Rate | 33 bps (\$99 million in subsidy appropriation needed for \$30 billion program level) | -31 bps | 0 bps |
| Fee Structure | Upfront Fee: <ul style="list-style-type: none"> Loans <= \$150,000: 2.0% \$150,000 < Loans <= \$700,000: 3.0% Loans > \$700,000: 3.50% Additional 0.25% fee for any guaranteed amount over \$1 million Loan term less than 1 year: 0.25% Ongoing Fee: 55 bps | Upfront Fee: <ul style="list-style-type: none"> Loans <= \$150,000: 2.0% \$150,000 < Loans <= \$500,000: 3.0% \$500,000 < Loans <= \$1.5 million: 3.50% Loans > \$1.5 million: 4.00% Additional 0.25% fee for any guaranteed amount over \$1 million Loan term less than 1 year: 0.50% Ongoing Fee: <ul style="list-style-type: none"> 55 bps for loans up to \$1.5 million 83 bps for loans over \$1.5 million Upfront fee waived for SBA Express loans to veterans (up to \$1 million) | Upfront Fee: <ul style="list-style-type: none"> Loans <= \$150,000: 2.0% \$150,000 < Loans <= \$500,000: 3.0% \$500,000 < Loans <= \$1.5 million: 3.50% Loans > \$1.5 million: 3.75% Additional 0.25% fee for any guaranteed amount over \$1 million Loan term less than 1 year: 0.50% Ongoing Fee: <ul style="list-style-type: none"> 55 bps for loans up to \$1.5 million 69 bps for loans over \$1.5 million Upfront fee waived for SBA Express loans to veterans (up to \$1 million) |

In FY 2018, the SBA proposed rules governing SBA Express and Export Express loans, limiting fees charged to SBA 7(a) applicants, modifying the rules on affiliation for the financial assistance programs, and setting specific standards for personal resource consideration. The proposed changes will provide lenders with clearer guidance in certain program areas.

The SBA requests authority to introduce an annual fee not to exceed 0.05 percent per year of the outstanding balance of the pool certificates in order to provide the SBA with additional flexibility to manage expected costs of the **7(a) Secondary Market Guarantee Program**. Currently, the SBA can only adjust for changes in the expected cost of new pool certificates through changes to the allowable structure of how loans sold to the secondary market can be pooled. The fee shall, at a minimum, offset the cost to the SBA of such guaranty, and any amounts received that exceed the cost of the timely payment guaranty shall be maintained in accordance with the Federal Credit Reform Act. The holders of such trust certificates shall be the sole payers of the fee, and the fees shall not be charged to any borrower whose loan is represented in the secondary market. In FY 2020, the SBA will implement

a fee structure based on current law until an appropriations act is enacted. See table 1.1f for 7(a) Secondary Market Guarantee Program debenture scenarios.

Table 1.1f: 7(a) Secondary Market Guarantee Program Debenture Scenarios

| | Current Law Scenario | FY 2020 Proposal/ Counter-Cyclical Scenario | Minimum Flexibilities to Maintain Zero Subsidy Scenario |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------|----------------------------------------------------------------|
| Debentures | Maturity Ratio* = 93.5% | Annual fee: 1 bps Maturity Ratio* = 93.5% | Annual fee: 1 bps Maturity Ratio* = 92% |
| * The minimum maturity ratio is defined by the difference between the shortest and the longest remaining term of the guaranteed portions of loans in a pool. | | | |

As part of the President’s Reform Plan and Reorganization recommendations, the SBA will examine ways to integrate, where appropriate, other federal agency small business loan and loan guarantee within the Agency. SBA’s existing expertise in providing capital access to small businesses makes it the best agency to oversee this combined lending portfolio. In addition to streamlining assistance, this proposal creates the opportunity for more comprehensive and cost-effective program oversight and federal credit risk management, including loan and lender monitoring, predictive risk assessments and mitigation activities, real time reporting, and enforcement activities.

The **504 Certified Development Company Loan Program** is one of SBA’s key economic development programs, providing plant, real property, major equipment financing, and/or the refinancing of debt incurred for these major fixed assets. This program statutorily mandates job creation, community development, or public policy goals such as manufacturing, to support economic development. A typical 504 project includes a loan from a private sector lender with a senior lien, and an SBA-backed loan from a certified development company (CDC) in a second position. Currently, the total maximum amount in 504 Loans that each small business (and its affiliates) may borrow is \$5 million (including the 504 Debt Refinancing Program loans); however, 504 loans for small manufacturers or certain energy-related projects can be as much as \$5.5 million per project with the total amount for the latter capped at \$16.5 million for each small business concern, including its affiliates. Loan maturities are for 10, 20 and 25 years.

Table 1.1g displays the cost to administer the program. It includes direct costs from the operating budget, including contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications, and indirect costs. The Total Administrative Resources calculation methodology was updated in 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 1.1g: 504 Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|
| \$ 40,474 | \$ 39,410 | \$ 40,018 | \$ 29,993 | \$ 30,676 | \$ 38,792 | \$ 40,152 | \$ 40,338 |

Table 1.1h provides the targets and results for the 504 Loan Program performance indicators inclusive of the 504 Debt Refinancing Loan Program.

Table 1.1h: 504 Loan Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Small Businesses Assisted by 504 Loans | Target | 6,400 | 6,500 | 6,500 | 6,700 | 6,800 | 6,000 | 6,000 | 6,200 |
| | Actual | 7,502 | 5,725 | 5,618 | 5,722 | 6,060 | 5,874 | | |
| | Variance | 17% | -12% | -14% | -15% | -11% | -2% | | |
| Additional Information: While the SBA did not meet the FY 2018 target, continued streamlining of the loan process and the elimination of unnecessary burdens on CDCs and removal of certain loan eligibility restrictions should increase future results. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Billions of Dollars of 504 Loans Approved | Target | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 5.1 | 5.1 | 5.2 |
| | Actual | 5.2 | 4.2 | 4.3 | 4.7 | 5.0 | 4.8 | | |
| | Variance | 27% | 0% | 0% | 7% | 11% | -6% | | |
| Additional Information: The FY 2013 results reflect spikes in funding levels due to the support for the 504 loan program provided in the Small Business Jobs Act. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported by 504 Loans | Target | 79,400 | 81,000 | 82,600 | 84,300 | 86,000 | 66,000 | 58,000 | 60,000 |
| | Actual | 90,257 | 66,744 | 61,454 | 61,983 | 59,350 | 55,729 | | |
| | Variance | 14% | -18% | -26% | -26% | -31% | -16% | | |
| Additional Information: While the SBA did not meet the FY 2018 target, continued streamlining of the loan process and the elimination of unnecessary regulatory burdens on CDCs and removal of certain loan eligibility restrictions should have a positive impact on future results. Future targets are forecasted based on historical performance. With unemployment at record lows, demand for SBA lending has decreased overall. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SBA approved nearly 6,000 504 loans for \$4.8 billion. These loans supported more than 55,000 jobs. The pricing on debentures has been extremely beneficial to small business borrowers with historically low average debenture funding rates. The SBA reviewed the activity levels of all CDCs and worked diligently to address underperforming CDCs to continue improving program delivery and quality. While this effort has lowered the number of participating CDCs, the SBA continues to encourage participation of new, well-qualified CDC candidates, and increased existing CDC activity.

In addition, the SBA launched a 25-year debenture in FY 2018 to continue expanding 504 program lending. The SBA anticipates strong performance in FY 2019 due to improved economic conditions, rising interest rates, streamlined application requirements, and the addition of the 25-year debenture.

The SBA fully converted to electronic loan application submission to enhance 504 program technologies. This change increased efficiencies and improved customer service. The Agency conducted quarterly training, provided technical assistance to CDCs for capacity building, and coordinated with federal partners, lenders, and trade associations to create opportunities for program improvements and expansion. The SBA further refined the SMART Risk-Based Review Protocol, which, among other things, tracks CDC corporate governance and compliance. These solutions improved transparency and monitoring of the 504 program.

To increase lending in rural areas, the SBA established the 504 Rural Initiative Pilot Program for a two-year period that waives the restrictions on the authority of CDCs to make 504 loans outside their area of operations. This change allows each CDC to make loans to small businesses for 504 projects located in any rural county if the project is located in the same SBA region where the CDC is

incorporated. This pilot has begun to provide rural small businesses with increased opportunities to access capital and further the statutory public policy goal of the 504 program to impact rural development. The SBA has historically found that increasing the CDC operating service area results in more 504 loan activities.

FY 2019 and FY 2020 Planned Performance

For FY 2020, the SBA requests no credit subsidy appropriation for the 504 program and will rely on a counter-cyclical fee structure to support up to \$8.5 billion, of which \$7.5 billion will be for long-term fixed asset financing and up to \$1 billion will be for refinancing eligible long-term fixed assets. The counter-cyclical policies requested for business guaranty loan programs is intended to offset \$155 million in business loan administration. The fee will offset administrative loan expenses during times of economic growth. In FY 2020, the SBA will implement a fee structure based on current law until an appropriation act is enacted. See table 1.1i for 504 Loan Program subsidy scenarios.

Table 1.1i: 504 Loan Program Subsidy Scenarios

| | Current Law Scenario | FY 2020 Proposal/ Counter-Cyclical Scenario | Minimum Flexibilities to Maintain Zero Subsidy Scenario |
|-----------------|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| 504 CDC | Upfront fee: 50 bps Ongoing fee: 32.05 bps | Upfront fee: 50 bps Ongoing fee: 39 bps Includes Manufacturing loans size increase proposal | Upfront fee: 50 bps Ongoing Fee: 32.25 Includes Manufacturing loans size increase proposal |
| 504 Refi | Upfront Fee: 50 bps Ongoing Fee: 32.20 bps | Upfront fee: 50 bps Ongoing fee: 39.05 bps Includes Manufacturing loans size increase proposal Program level reduced to \$1 billion | Upfront fee: 50 bps Ongoing Fee: 32.30 Includes Manufacturing loans size increase proposal |

The SBA requests an increase in the total maximum dollar amount that a small manufacturer may borrow in 504 Loans from \$5.5 million to \$6.5 million. Between 2006 and 2016, the United States lost nearly 13 percent or 1.8 million jobs in this sector.⁷ Increasing the maximum loan amount would provide a beneficial service to America’s manufacturing industry and help small manufacturers access credit to reenter the marketplace.

In support of greater 504 lending, the SBA will assess the efforts of the 504 Rural Pilot to determine its effectiveness. The SBA expects that the expansion of a CDC’s authority to process rural loans anywhere within their SBA-defined region will result in increased lending and economic growth in rural markets. The Agency will continue to conduct quarterly training and provide technical assistance to CDCs for capacity building, and coordinate with federal partners, lenders, and trade associations to create opportunities for program improvements and expansion. These solutions will improve the transparency and monitoring of the 504 program.

Small businesses in HUBZone and rural areas have more difficulty than other businesses accessing and qualifying for credit. Since SBA programs help lenders expand the credit spectrum, these programs are especially critical in reaching these markets. Similar to the 7(a) loan, a higher share of 504 loans go to businesses owned by women, minorities, veterans, and businesses located in socially

⁷ Employment By Major Industry Sector, www.bls.gov/emp/tables/employment-by-major-industry-sector.htm.

and economically disadvantaged areas (e.g. HUBZone and rural areas) compared with conventional owner-occupied commercial mortgages.

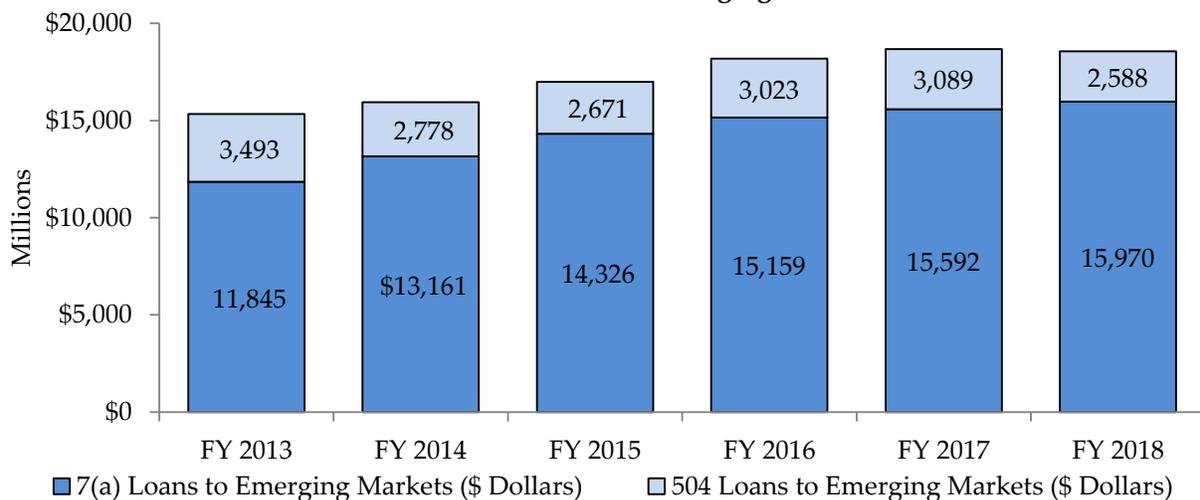
Table 1.1j shows the results and targets of SBA assistance to emerging markets through the 7(a) and 504 loan programs.

Table 1.1j: Emerging Market Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Small Businesses in Emerging Markets Assisted by 7(a) Loans | Target | 23,600 | 24,100 | 24,600 | 24,600 | 25,850 | 26,000 | 30,000 | 30,000 |
| | Actual | 24,225 | 27,778 | 29,369 | 30,574 | 26,650 | 37,346 | | |
| | Variance | 3% | 15% | 19% | 24% | 3% | 44% | | |
| Additional Information: Geo-coding data for economic empowerment zones and low-to-moderate income areas was discontinued in May 2015 and is not included in FY 2015 and FY 2016 data. HUBZone is a part of this data set but was not available to include for this same period. Since FY 2016, the definition for emerging markets includes emerging populations (i.e., veterans, women, and minorities) and places (HUBZone, rural areas). With the inclusion of HUBZone data, the number of small businesses increased. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses in Emerging Markets Assisted by 504 Loans | Target | 3,800 | 3,800 | 4,000 | 4,000 | 4,200 | 3,300 | 3,300 | 3,300 |
| | Actual | 4,361 | 3,319 | 2,782 | 3,227 | 3,891 | 3,295 | | |
| | Variance | 15% | -13% | -30% | -19% | -7% | 0% | | |
| Additional Information: Geo-coding data for economic empowerment zones and low-to-moderate income areas was discontinued in May 2015 and is not included in FY 2015 and FY 2016 data. HUBZone is part of this data set but was not available to include for this same period. Since FY 2016, the definition for emerging markets includes emerging populations (i.e., veterans, women, and minorities) and places (HUBZone, rural areas). | | | | | | | | | |

Chart 1.1a shows the volume of 7(a) and 504 loans to small businesses in emerging markets. The volume of loans has increased since FY 2013. See Additional Information in Table 1.1g for the definition of emerging markets.

Chart 1.1a: SBA 7(a) and 504 Loan Dollars (Millions) to Emerging Markets



The 7(a) **Community Advantage (CA) Pilot Program** is delivered as a 7(a) guaranty loan through a network of approved mission-based lenders, including non-federally regulated Community Development Financial Institutions (CDFIs), SBA CDCs, SBA Microloan Intermediaries, and SBA Intermediary Lending Pilot (ILP) Program. Intermediary CA lenders specialize in providing capital to small businesses in emerging markets, including but not limited to low-to-moderate income communities and veteran-owned small businesses. Through this pilot, CA lenders provide entrepreneurs with loans up to \$250,000. While not required, CA lenders are also encouraged to provide management and technical assistance.

FY 2018 Accomplishments and Challenges

Small-dollar loans greatly benefit emerging markets and startups. The fee relief for small-dollar loans in FY 2018 reduced the up-front guaranty fee. While the fee relief and program improvements expanded the ability of small businesses to access capital, the 7(a) Program fee relief initiatives have been contingent on the 7(a) program operating at zero subsidy. SBA's 7(a) Community Advantage Pilot Program played a critical role in providing access to capital for emerging markets. Since its inception in FY 2011, 1,118 loans have been approved for small businesses for \$158 million. The pilot has reached significantly more women-owned businesses and minority-owned businesses than the traditional 7(a) loan program.

The SBA developed a messaging platform and marketing plan to increase the quality of mission-based financial intermediaries. As a result, the dollar amount of 7(a) Community Advantage loans has increased by 14 percent since 2012. The program has, however, had riskier performance than that of the regular 7(a) loans. The Agency will closely monitor and assess performance of the pilot program. The SBA completed an evaluation of the pilot that documented movement between Community Advantage and other SBA loan programs. This evidence demonstrates that Community Advantage borrowers are using larger loans as their businesses grow and credit improves.

FY 2019 and FY 2020 Planned Performance

Based upon the evaluation of the Community Advantage Pilot Program, the SBA extended the pilot by 2 and half years, to September 30, 2022. The SBA also imposed a moratorium on new Community Advantage lenders joining the program. The Agency anticipates that Community Advantage loans will average below \$150,000 per loan during FY 2019 and FY 2020.

The SBA's **Microloan Program** provides loans to nonprofit intermediary lenders that subsequently lends funds, in amounts of \$50,000 or less, to small businesses and startups. Microloan intermediary lenders also receive grants of up to 25 percent of their SBA loan balance to help offset their cost of providing business-based training, technical assistance, and coaching to microborrowers and potential microborrowers. The combination of capital, technical assistance, and training helps shore up the capacity of the microborrowers to turn a profit, improve operations, grow businesses, and support job creation and retention.

Table 1.1k displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications, and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 1.1k: Microloan Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| \$ 23,865 | \$ 35,098 | \$ 35,599 | \$ 38,024 | \$ 37,217 | \$ 39,539 | \$ 39,064 | \$ 33,098 |

Table 1.11 shows progress toward the Microloan performance indicators.

Table 1.11: Microloan Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Small Businesses Assisted by Microloans | Target | 3,600 | 3,650 | 3,650 | 3,650 | 4,000 | 4,500 | 4,500 | 4,725 |
| | Actual | 4,842 | 3,917 | 3,694 | 4,506 | 4,958 | 5,457 | | |
| | Variance | 35% | 7% | 1% | 23% | 24% | 21% | | |
| Additional Information: Program demand has grown with increased funding in FY 2017 and FY 2018. Microlenders must make at least 10 microloans per year to meet performance levels. New lenders are added as qualified applications are received for communities that show a need for Microloan services. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported by Microloans | Target | 12,500 | 12,750 | 12,750 | 15,000 | 15,900 | 17,500 | 17,500 | 18,500 |
| | Actual | 15,636 | 15,880 | 16,600 | 17,573 | 18,531 | 20,486 | | |
| | Variance | 25% | 25% | 30% | 17% | 17% | 17% | | |
| Additional Information: In FY 2018, the Agency added four new lenders to the program, and the number of jobs supported has increased with higher funding levels. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Thousands of Dollars in Loans Approved by SBA to Microlenders | Target | 25,000 | 25,000 | 25,000 | 35,000 | 40,000 | 40,000 | 43,000 | 43,000 |
| | Actual | 43,286 | 26,465 | 34,987 | 35,000 | 44,350 | 35,886 | | |
| | Variance | 73% | 6% | 40% | 0% | 11% | -10% | | |
| Additional Information: The SBA provides loans to microlenders who then support microborrowers. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Thousands of Dollars in Loans Approved by Lenders to Microborrowers | Target | 44,000 | 45,000 | 45,000 | 55,000 | 62,800 | 62,800 | 65,000 | 68,000 |
| | Actual | 54,850 | 55,478 | 52,080 | 61,223 | 68,518 | 76,743 | | |
| | Variance | 25% | 23% | 16% | 11% | 9% | 22% | | |
| Additional Information: Microlenders used funding from prior years and revolving funding to produce a larger quantity of microloans than projected. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Counseled by Microlenders | Target | 14,400 | 14,600 | 14,600 | 14,600 | 15,000 | 16,000 | 17,000 | 17,850 |
| | Actual | 19,368 | 15,668 | 17,200 | 17,948 | 19,600 | 21,800 | | |
| | Variance | 35% | 7% | 18% | 23% | 31% | 36% | | |
| Additional Information: Increased program funding in FY 2017 and FY 2018 has led to increased lending production. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Grant-eligible Microlenders | Target | 135 | 135 | 135 | 135 | 140 | 140 | 144 | 150 |
| | Actual | 135 | 137 | 137 | 140 | 144 | 147 | | |
| | Variance | 0% | 1% | 1% | 4% | 3% | 5% | | |
| Additional Information: The SBA tracks the number of grant-eligible microlenders. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SBA's Microloan Intermediaries approved more than 5,000 microloans totaling nearly \$77 million. These small businesses supported more than 20,000 jobs. The Agency awarded grants to Intermediaries to provide business-based training and technical assistance to microborrowers and potential microborrowers. Unlike SBA's entrepreneurial development programs, Microloan Program grants are closely integrated with each intermediary's lending program. Assistance from these grants promoted business survival skills and mitigated risk of business failure.

The SBA implemented a 50/50 split governing pre- and post-technical assistance in the Microloan Program based on the statutory change authorized by the FY 2018 Consolidated Appropriations Act. The 50/50 split ensures that borrowers receive assistance in equal measure before and after they have accepted the responsibility of small business debt. Microloan Intermediaries need the ability to provide both pre- and post-loan technical assistance in equal measure. Furthermore, the SBA has implemented a 50 percent ceiling on an Intermediary's use of third-party contractors to provide training and technical assistance. This change allows intermediaries to use an increased level of grant funding to hire contractors with expertise outside the intermediary's range of skills. The SBA incorporated these statutory changes in a new SOP update.

The SBA oversaw 33 PRIME Program grantees that served low income entrepreneurs with technical assistance in areas to start, grow, expand, or recover their businesses.

FY 2019 and FY 2020 Planned Performance

For FY 2020, the SBA requests a \$4.0 million loan subsidy to support a Microloan Program level of \$40 million and \$25 million in grants to support technical assistance. The Agency plans to modernize its electronic reporting system, which would significantly improve its ability to present data and perform analytics to support program improvement decision-making. The SBA reprogrammed funds to support this IT modernization project. More than 90 percent of all U.S. businesses are microbusinesses, and reaching this market is imperative to the growth of the U.S. economy.

The SBA proposes a legislative change to eliminate the 1/55th rule. Currently, during the first six months of a fiscal year, the SBA is restricted from putting more than 1/55th of available microloan funding into any given state. This restriction delays deployment of microloan funds and limits the availability of capital for small businesses regardless of the size of the state or the needs of the small business community.

For FY 2020, the SBA does not request funds for the PRIME Program as it duplicates services provided by the Microloan Technical Assistance Program.

Strategy 2: Supplement investment capital to small businesses that have inadequate supply

The SBA's **Small Business Investment Company Program (SBIC)** seeks to stimulate and supplement the flow of private equity capital and long-term loan funds to small businesses, which small business concerns need for the sound financing of their business operations and for their growth, expansion, and modernization, when such capital is not available in adequate supply. The SBA, through the SBIC program, licenses professionally managed investment funds that raise capital from private investors and combine it with capital obtained through the SBIC's issuance of a debenture guaranteed by the SBA. SBICs invest this combined capital in qualifying small businesses. Consistent with the statutory policy

under the Small Business Investment Act of 1958, the SBA seeks to maximize the participation of private financing sources in the SBIC program.

Table 1.1m displays the operating costs to administer the program. It includes direct costs from the operating budget including contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 1.1m: SBIC Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| \$ 19,667 | \$ 14,220 | \$ 15,910 | \$ 22,165 | \$ 23,241 | \$ 27,337 | \$ 21,231 | \$ 24,051 |

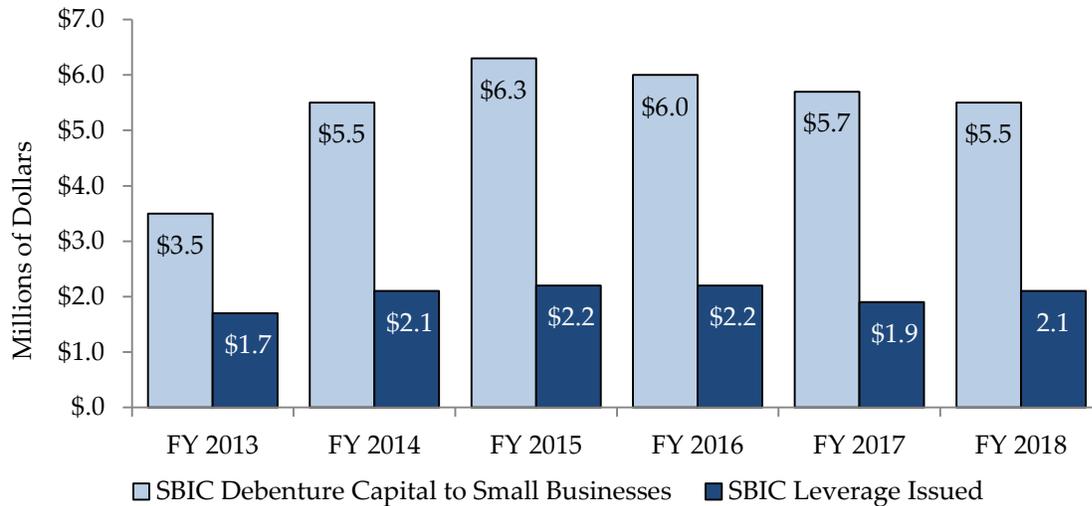
Table 1.1n shows progress toward the SBIC Program performance indicators.

Table 1.1n: SBIC Program Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|----------|----------|---------|
| Number of Small Businesses Financed by SBICs | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 1,130 | 1,130 |
| | Actual | 1,068 | 1,085 | 1,210 | 1,201 | 1,077 | 1,151 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This metric tracks the number of small businesses the SBIC financed. Historical data provided for context. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Underserved Small Businesses Financed by SBICs | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 310 | 310 |
| | Actual | 260 | 281 | 288 | 332 | 308 | 315 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA introduced this metric to track the number of underserved small businesses financed by SBICs. An underserved small business lacks an adequate supply of private equity capital or long-term loan funds and therefore seeks supplemental capital through the SBIC program. Underserved small businesses are business that women, veterans, or minorities own, or they are located in underserved geographic areas, which includes low- and moderate-income areas. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported by SBIC Financings | Target | N/A | N/A | N/A | N/A | N/A | 115,000 | 115,000 | 119,000 |
| | Actual | 73,585 | 113,022 | 129,749 | 122,382 | 112,865 | 106,021 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | -8% | | |
| Additional Information: The SBA tracks the number of jobs supported that SBICs financed during the fiscal year. Historical data, which combines jobs created and jobs retained, uses the "1999 Arizona Venture Capital Impact Study." The study estimated that one job is supported for every \$36,000 (adjusted for inflation) of SBIC financings provided. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported by Underserved Small Businesses Financed by SBICs | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 40,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA will track the number of jobs that underserved small businesses supported with SBIC financing during the fiscal year. | | | | | | | | | |

Chart 1.1b shows the total amounts of SBIC financings to small businesses, and SBA-guaranteed leverage issued to SBICs. SBICs licensed by the SBA to issue debenture provide capital to qualifying small businesses using a combination of investment capital consisting of SBA-guaranteed leverage, received from the SBA, and an SBIC's private capital. When small businesses repay an SBIC's investment, SBICs frequently reinvest the proceeds of that investment into future qualifying small businesses before repaying the SBA-guaranteed leverage.

Chart 1.1b: SBIC Financing Dollars and SBA-Guaranteed Leverage Issued to SBICs (Billions)



FY 2018 Accomplishments and Challenges

The SBA approved nearly \$2.5 billion in new leverage commitments to SBICs and licensed 25 SBICs. Of the 1,151 small businesses financed, approximately 23 percent were in low-to-moderate income areas, and 5 percent were women-owned, veteran-owned, or minority-owned. The SBA also recovered an estimated \$286 million, in write offs and expenses, from SBICs liquidated by the SBA.

For the first time in 22 years, the SBA increased the licensing and examination fees that program participants pay. These fees partially offset the technology investment required to modernize the program information systems needed for licensing, and program oversight that includes both operations and examinations. After a thorough review of the program's technology, the SBA procured a new software platform to more fully modernize the oversight of the SBIC program. The new software will replace antiquated legacy systems and will introduce new information technology to improve data security, risk management, and enhance oversight capabilities.

Challenges with SBIC examinations continued due to fewer annual examinations compared to prior fiscal years. Longer examination time periods and increasingly large and complex investment capital and loan transactions led to a fewer number of examinations. The SBA, however, achieved a 100 percent SBIC statutory compliance examination rate (i.e., an examination within two years). In FY 2017, 178 of 313 SBICs were examined, the SBA had achieved a 92 percent of the two-year statutory requirement. To mitigate credit risk of the SBIC program in FY 2018, the SBA enhanced its credit standard to require that all SBICs with SBA-guaranteed leverage be examined within 18 months. The SBA improved its credit compliance to 69 percent of 211 SBICs with SBA-guaranteed leverage meeting the SBA credit standard to be examined with the 18-month credit compliance period.

FY 2019 and FY 2020 Planned Performance

For FY 2020, the SBA does not request a subsidy for the SBIC Program and will rely on fees to support a program level of \$4.0 billion. The SBA will introduce a counter-cyclical policy to offset the non-fee supported administrative cost of the program. In FY 2020, the SBA will implement a fee structure based on current law until an appropriation is enacted. See table 1.1o for SBIC Program debenture scenarios. In FY 2020, the SBA will also invest \$2.5 million to conduct a comprehensive evaluation of the SBIC program and develop a plan to ensure that SBICs provide innovative and modern financing structures to American small business owners. The SBA will especially seek to identify areas in which capital is not available in adequate supply to small businesses and determine what changes should be made to the program in order to maintain or improve its relevance in the context of modern capital formation, private capital markets, and a mature private equity industry.

Table 1.1o: SBIC Program Debenture Scenarios

| | Current Law Scenario | FY 2020 Proposal/ Counter-Cyclical Scenario | Minimum Flexibilities to Maintain Zero Subsidy Scenario |
|-------------------|------------------------------------------|----------------------------------------------------|----------------------------------------------------------------|
| Debentures | Upfront fee: 3% Ongoing fee: 27.5 bps | Upfront fee: 3% Ongoing fee: 36.7 bps | Same as current law scenario |

In FY 2019, the SBA will implement a new subsidy model for the program to provide improved forecasting in FY 2020. The improved model will reflect the inherent risk associated with private equity fund investing and more accurately project future losses and long-term costs of the program. In addition to considering past loan performance, the updated model now incorporates assumptions associated with macro-economic factors, private equity elements, and private equity fund characteristics.

The SBA will complete a program evaluation begun in FY 2018 to determine how the SBIC examination process can be streamlined, the potential role of technology in streamlining this process, and whether the program's current organizational structure optimally supports the examination process.

In FY 2019, the SBA will develop a customer experience measure to survey satisfaction and confidence in the program. This information will help the SBA improve its services to key stakeholders.

Strategy 3: Strengthen and expand the network of lenders offering SBA products

SBA lending partners are critical to the delivery of small business loans. The SBA is committed to strengthening relationships with existing SBA lenders and attracting new lenders. The Agency continues to partner with banks, credit unions, and nonprofit intermediaries to ensure they have the tools and resources needed to best meet small businesses' needs. Through SBA's lender relations specialists in the field, the SBA plays a key role in supporting outreach and training to lenders on SBA loan products.

Table 1.1p provides the target and result for the number of 7(a) and 504 program's lending partners.

Table 1.1p: 7(a) and 504 Loan Program Lender Partner Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Lenders Providing 7(a) Loans | Target | 2,800 | 2,850 | 2,850 | 2,400 | 2,500 | 2,100 | 2,100 | 1,850 |
| | Actual | 2,345 | 2,244 | 2,163 | 2,045 | 1,978 | 1,810 | | |
| | Variance | -16% | -21% | -24% | -15% | -21% | -14% | | |
| Additional Information: The SBA actively recruits lenders, but the trend toward continual bank mergers impacted the number of active lending partners providing 7(a) loans. The SBA approved transfer of more than 130 portfolio mergers in FY 2017 and FY 2018. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of CDCs Providing 504 Loans | Target | 267 | 267 | 240 | 240 | 240 | 235 | 216 | 216 |
| | Actual | 247 | 228 | 228 | 230 | 218 | 217 | | |
| | Variance | -7% | -15% | -5% | -4% | -9% | -8% | | |
| Additional Information: The SBA reviewed the activity levels of CDCs and worked diligently to address underperforming CDCs to continue improving program delivery. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

Through enhancements to lending systems, the SBA seeks to attract and retain lenders. The SBA initiated 504 Loan Program modernization activities that will be completed in FY 2019. The modernization activities will improve the origination and servicing of 504 loans.

The SBA moved 504 vendors and CDCs to its SBA One system. Historically, 504 loans originated with CDCs who then sent documentation to the SBA 504 loan processing center. This change streamlined the time required to originate a 504 loan and ensured that data quality met minimum requirements. The 504 vendors and CDCs now interface with SBA’s loan system.

In addition, the SBA obtained open source application programming interfaces (APIs) that allowed more than 20 vendors of 7(a) lending products to interface with the loan systems using the SBA One data set. The APIs allowed large volume lenders to use their commercial loan platform to enter SBA loans into SBA One. The SBA also modernized the technology for its 7(a) and 504 loan processing centers through improved integration of the loan systems via API. The enhanced integration improved the quality of the data sent from SBA’s system and from the centers. The SBA retired its legacy Central Servicing Agent (CSA) loan accounting system. SBA’s data analytics supported many initiatives, including new loan program policies and procedures and risk management processes. In support of policy changes, the SBA enhanced its systems.

The SBA completed training for its Lender Relation Specialists (LRS) in the field with focused content to help increase active lenders and build strong standardized knowledge of SBA loan products. The SBA will complete an assessment of LRS knowledge retention and transfer to assess impact of the training.

The SBA will develop a customer experience measure with a FY 2019 baseline. The measure will evaluate the ease, efficiency, usefulness, and relevance of SBA’s loan program web content, including Lender Match.

FY 2019 and FY 2020 Planned Performance

The SBA will continue to rely on information systems to support loan and credit risk management processes and activities, including delivering data and analysis for loan programs. The Agency will

manage the Loan and Lender Monitoring System (L/LMS), the lender portal, SAS datasets, the SAS business intelligence tool, and the Disaster Loan Monitoring System. The Agency will support web-based loan systems for 7(a) and 504 loan programs, Disaster Assistance Loan Program funding and servicing, guaranty purchases, and Microlenders. The SBA will operate a Federal Information Security Management Act-compliant (FISMA) 24-hour data center with an alternate processing site and modernize common business-oriented language and streamline origination and lender risk-management processes. The SBA will review contracts with third-party providers to increase efficiency and save costs. The SBA will explore the expansion of online lending resources to match small businesses with appropriate lenders and enhance tools like Lender Match.

The SBA will develop and deliver standardized training for the LRS in the SBA district offices to effectively recruit more lenders and increase the activity of existing lenders. This training will build on FY 2018 results with a focus on increasing outreach to HUBZone and rural areas.

Strategy 4: Expand knowledge of SBA loans through its network of resource partners and field offices

Each year thousands of entrepreneurs access information about small business lending through SBA's network of resource partners, including Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), Veterans Business Outreach Centers (VBOCs), SCORE, and SBA field offices. The Agency will strengthen and expand the knowledge of these organization specialists to provide the highest quality service and information possible. Through new technology and better communication, SBA's resource partners and field staff will have specialized training on products and tools and how to best promote them.

FY 2018 Accomplishments and Challenges

Professional SBDC business advisors helped clients obtain \$5 billion in capital through SBA loans and conventional loans for their businesses. WBCs helped many small businesses work with microlending institutions, helping them access millions of dollars in loans. Approximately 35 percent of WBCs are co-located with a microlending program. SBDC and WBC advisors were encouraged to collaborate with local lenders and microlenders to help more women entrepreneurs gain access to capital. The SBA also worked with SCORE volunteers who provided thousands of hours to help entrepreneurs gain access to capital. The lender relations specialists in the field received training to enhance their knowledge, increase lender participation in SBA's programs, and improve customer service.

FY 2019 and FY 2020 Planned Performance

The SBA will continue to make capital infusion a primary goal of the SBDC Program. The SBDC network will leverage relationships with lenders, including microlenders and CDFIs, and investors to support the capital acquisition needs of entrepreneurs. The SBA anticipates that the SBDCs will help their clients access at least \$5 billion each year in FY 2019 and FY 2020. SCORE will continue to provide mentoring and online educational training workshops on finance to help small businesses access capital. Several chapters will continue to offer online courses and business workshops that explain the various sources of financing and provide information on how to assess a company's financial needs. SBA's field offices will execute outreach and business development initiatives in collaboration with resource partners focused on serving targeted communities. The field will also

support achievement of the Agency’s goal to increase the number of loans in socially and economically disadvantaged urban communities and rural areas.

Strategy 5: Enhance oversight and risk management of lenders and SBICs and improve recovery of taxpayer assets

For the 7(a) and 504 loan programs, the SBA will ensure comprehensive **Credit Risk Management and Lender Oversight** through its L/LMS, which incorporates historical and predictive risk measures, systematic reporting and analysis, and focused reviews of SBA lending partners to identify both performance and compliance risk behaviors. These tools and updated processes will enhance risk mitigation in a cost-effective manner. Multi-stage portfolio monitoring and targeted levels of assessments allow the SBA to determine the potential risk of each lending partner and the level and scope of review most applicable. For investments in default, the SBA will quickly recover as many taxpayer dollars as possible.

Table 1.1q displays the cost to administer the Program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications, and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 1.1q: Risk Mitigation – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| \$ 75,390 | \$ 66,578 | \$ 63,013 | \$ 75,791 | \$ 82,173 | \$ 28,896 | \$ 31,001 | \$ 31,062 |

Table 1.1r provides results and targets on the risk mitigation performance indicators for lender oversight.

Table 1.1r: Risk Mitigation Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Risk-based Reviews of Lenders | Target | 180 | 195 | 335 | 335 | 335 | 300 | 445 | 420 |
| | Actual | 184 | 219 | 378 | 368 | 341 | 399 | | |
| | Variance | 2% | 12% | 13% | 10% | 2% | 33% | | |
| Additional Information: The SBA reviews lenders participating in the SBA loan programs. Risk-based reviews include analytical risk-based reviews, targeted risk-based reviews, and full risk-based reviews of lenders. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Analytical Risk-based Reviews of Lenders | Target | 110 | 150 | 300 | 300 | 300 | 140 | 280 | 280 |
| | Actual | 110 | 181 | 300 | 287 | 153 | 248 | | |
| | Variance | 0% | 21% | 0% | -4% | -49% | 77% | | |
| Additional Information: Analytical (desktop and expanded) reviews are a basic diagnostic assessment and may conclude with a review report or with additional assessment activities required. Risk factors identified during analysis of the portfolio precipitated an increase in the use of this type of review in 2018. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Targeted Risk-based Reviews of Lenders | Target | 40 | 20 | 15 | 15 | 15 | 103 | 100 | 100 |
| | Actual | 41 | 13 | 32 | 32 | 123 | 105 | | |
| | Variance | 3% | -35% | 113% | 113% | 720% | 2% | | |
| Additional Information: The targeted review is the mid-level review, requiring examination of loan files as well as analysis of specific components of the loan lifecycle. Analysis of risk factors during the analytical review process identified a need to conduct additional targeted risk-based reviews in FY 2018. | | | | | | | | | |

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|----------|---------|---------|
| Number Full Risk-based Reviews of Lenders | Target | 30 | 25 | 20 | 20 | 20 | 57 | 65 | 40 |
| | Actual | 33 | 25 | 46 | 49 | 65 | 46 | | |
| | Variance | 10% | 0% | 130% | 145% | 225% | -19% | | |
| Additional Information: The increased implementation of the analytical and targeted reviews in 2018 and more effective use of increased supervision and informal enforcement mitigated the need to perform more full reviews as originally planned. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Supervision and Enforcement Actions | Target | 5 | 5 | 5 | 5 | 5 | 10 | 12 | 100 |
| | Actual | 24 | 9 | 6 | 13 | 21 | 156 | | |
| | Variance | 380% | 80% | 20% | 160% | 320% | 1,460% | | |
| Additional Information: The SBA implemented a more rigorous approach to monitoring lender behavior, utilizing more effective supervision, informal enforcement, and formal enforcement actions, which resulted in a higher number of reported actions: 156 increased supervision actions, 6 informal enforcement actions, and 3 formal enforcement actions. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Net Recovery Dollars from SBICs in Liquidation (Millions) | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 165 | 170 |
| | Actual | 266 | 350 | 254 | 152 | 171 | 263 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA baselined a new metric in FY 2018 that tracks the accelerated net recoveries of outstanding SBA-guaranteed leverage associated with SBICs transferred to liquidation. The one-year increase in FY 2018 was an anomaly due to three large recoveries, each of which netted SBA in excel of \$45 million. The recoveries were associated with legacy Participating Securities SBIC investments. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

To ensure the integrity and maximize the effectiveness of SBA's lending programs, the Agency monitored portfolio risk, reviewed lender performance, and enforced lending program requirements. To monitor lender performance, the SBA used risk-based review methodology and protocols (PARRiS for 7(a) lenders and SMART for CDCs participating in the 504 program) using portfolio metrics to analyze risk factors and prospective trends. The Agency conducted 399 risk-based reviews, which comprised the following: 46 risk-based full reviews (comprehensive analyses of each PARRiS or SMART component generally conducted on the largest and highest risk lenders); 105 risk-based targeted reviews where the SBA reviews one or more PARRiS or SMART components or an area of supervisory concern; and 248 risk-based analytical reviews. In the latter, the SBA analyzed a lender's SBA portfolio data and performance metrics and conducted approximately 1,200 reviews related to the renewal of lenders' delegated authority status.

In addition to using the risk rating of the PARRiS and SMART Risk Frameworks, the SBA monitored portfolio risk through L/LMS, which tracks monthly performance and the quarterly credit scores for all 7(a) and 504 loans. Quarterly Lender Risk Ratings/Lender Purchase Ratings (LRRs/LPRs) for all SBA lenders were generated from the L/LMS data in combination with individual borrower data and certain macroeconomic factors. The LRR/LPR helped the SBA to assess the risk, on a uniform basis, of the SBA loan performance for each 7(a) lender and Certified Development Company. It also identified those SBA lenders whose portfolio performance or other lender-specific risk-related factors demonstrated the need for additional SBA monitoring. The LRR/LPR composite rating reflected SBA's assessment of an SBA Lender's potential risk.

The SBA enforced the loan program requirements through monitoring, increased supervision, and enforcement. In FY 2018, the SBA completed 156 supervision actions. These actions included 112

shortened renewals of delegated authority, 29 non-renewals of delegated authority, and 15 other actions. In FY 2018, the SBA issued 55 debarments and immediate suspensions.

The Community Advantage pilot program participating lenders' performance was monitored through SBA's Loan and Lender Monitoring System and the PARRiS Risk Framework. The SBA's reviews for Community Advantage lenders included Quarterly Condition Reviews, Lender Profile Assessments (LPAs), Analytical Reviews, Targeted Reviews, and/or Full Reviews. The Agency also performed selective loan file reviews of Community Advantage loans to ensure the small loan amounts were underwritten, closed, and compliant with SBA requirements.

In FY 2018, approximately 87 SBICs with associated assets of \$424 million were in liquidation status with 76 of these SBICs or \$335 million of assets have been in the liquidation process for over three years. The SBA will seek to accelerate collections while maximizing net recoveries. To assess performance, the SBA added a metric that tracks the net recoveries of taxpayer assets in liquidation.

FY 2019 and FY 2020 Planned Performance

To identify potential risk areas, the SBA will administer programmatic reviews, conduct portfolio analyses using L/LMS data, and maintain and mine its data warehouse. Lender training sessions are scheduled to help lenders remain compliant with SBA requirements and be prepared to mitigate risk factors. The SBA will improve its review processes as its existing PARRiS/SMART methodologies have been in place since FY 2014. Reviews will focus on lenders that present the highest-risk profiles. The Agency will conduct 445 risk-based reviews in FY 2019 and 420 risk-based reviews in FY 2020 on its highest-risk lenders to ensure that they are originating loans and managing their portfolios in a prudent manner.

The SBA will enhance its monitoring of lender compliance with the credit elsewhere requirement. In addition to enhanced review procedures, the Agency will monitor the 7(a) Secondary Market Guarantee Program and provide oversight for Microloan Intermediaries. The SBA will promulgate regulations during FY 2019 as required in the Small Business 7(a) Lending Oversight Reform Act of 2018.

The SBA will develop policy and data tools associated with the SBIC Program consistent with *OMB Circular A-129*. The Agency will adopt best practices to better mitigate the risks inherent in the SBIC program. The SBA expects the amount of SBA-guaranteed leverage and commitments in the program to increase by as much as 25 percent by FY 2020. Based on historical trends, SBA's licensing pipeline, and 2018 legislation that increased maximum leverage for a single SBIC from \$150 million to \$175 million. Furthermore, SBIC investment capital and loan transactions have continued to become increasingly large and complex, often involving multiple parties that sometimes include flow-through entities, SBIC associates, and affiliates. The SBA will continue reviewing taxpayer assets associated with SBICs in liquidation status and review previous and existing liquidation practices.

The SBA requests an increase of 10 FTE employees to its ceiling to accommodate additional requirements from the Lender Oversight Reform Act of 2018 and to build additional risk management capacity for the SBIC program.

Strategic Goal One – Support Small Business Revenue and Job Growth

Strategic Objective 1.2: Help Small Business Exporters Succeed in Global Markets

Performance Goal: Increase the value of small business export sales to \$3.1 billion in FY 2020

Objective Lead: Associate Administrator for International Trade

Objective Support: Office of Field Operations, Office of Entrepreneurial Development, and Office of Capital Access

Programs/Activities: U.S. Export Assistance Centers (USEAC), International Trade Loans, State Trade Expansion Program (STEP), Trade Policy

Strategies:

1. Strengthen partnerships with state and territorial governments
2. Provide tailored training and counseling to small businesses and lenders
3. Support trade promotion policy through federal partnerships
4. Represent small business interests in bilateral and multilateral trade negotiations

Today nearly 95 percent of consumers and more than three-fourths of the world's purchasing power reside outside the United States. Small businesses selling into international markets have the potential to grow revenues, diversify customer bases, and increase profits. Exporting companies are generally more financially stable, expand faster, and create American jobs with higher wages. In fact, exporting companies pay an average of 18 percent higher wages than firms that do not export.⁸

In the United States, small businesses comprise 97 percent of U.S. exporters and account for a third of total U.S. export value.⁹ U.S. small businesses are critical to U.S. export growth and are key suppliers in global and regional supply chains. Yet, many small businesses face challenges selling in international markets and do not feel prepared to take on such challenges. The 2016 Small Business Exporting Survey¹⁰ found that nearly half of the non-exporting firms surveyed are interested in exporting if their concerns are addressed. Top challenges and barriers include lack of start-up knowledge, payment concerns, and complexity in regulatory barriers.

To address these challenges, the SBA provides export training, promotes international sales opportunities, provides export finance programs, and helps ensure that trade agreements afford small businesses equal access to international markets. The Agency, in cooperation with the U.S. Department of Commerce and other relevant state and federal agencies, works to ensure that small businesses receive greater access to federal and state export programs and services. Together with the Office of the U.S. Trade Representative (USTR) and other federal trade agencies, the SBA participates in U.S. trade policy formation and negotiations via the Trade Policy Staff Committee (TPSC) to ensure that small business interests are adequately represented in bilateral and multilateral trade negotiations.

Progress Update: The SBA increased small business exports and leveled the playing field for American entrepreneurs seeking to enter foreign markets through its State Trade Expansion Program (STEP), international trade finance programs, export training and counseling services, as well as through representing small business interests in bilateral and multilateral trade negotiations. The SBA supported \$3.1 billion in small business export sales and provided \$18 million in grants to 47 states and territories,

⁸ "Do Jobs in Export Industries Still Pay More? And Why?" July 2010. Department of Commerce International Trade Administration.

⁹ "A Profile of U.S. Importing and Exporting Companies." 2014 – 2015. *U.S. Census Bureau News* – U.S. Department of Commerce.

¹⁰ www.nsba.biz/wp-content/uploads/2016/04/Export-Survey-2016-Final.pdf

making it possible for small businesses to participate in more international trade shows and trade missions. The SBA guaranteed \$736 million in loans through SBA’s international trade finance programs. The Agency also trained nearly 14,000 small businesses and lenders and hosted the 11th Annual SBA Export Lenders Roundtable in Washington, DC. To support export development in local communities, the SBA supported 23 workshops on international trade topics to train small business counselors at the 2018 Annual Conference of the Association of Small Business Development Centers (ASBDC). The SBA continued to represent small business interests in bilateral and multilateral trade negotiations, including those involving the negotiation of the United States-Canada-Mexico Agreement (USMCA).

Table 1.2a displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 1.2a: International Trade Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| \$ 11,224 | \$ 20,048 | \$ 9,025 | \$ 11,410 | \$ 11,451 | \$ 13,396 | \$ 13,979 | \$ 14,055 |

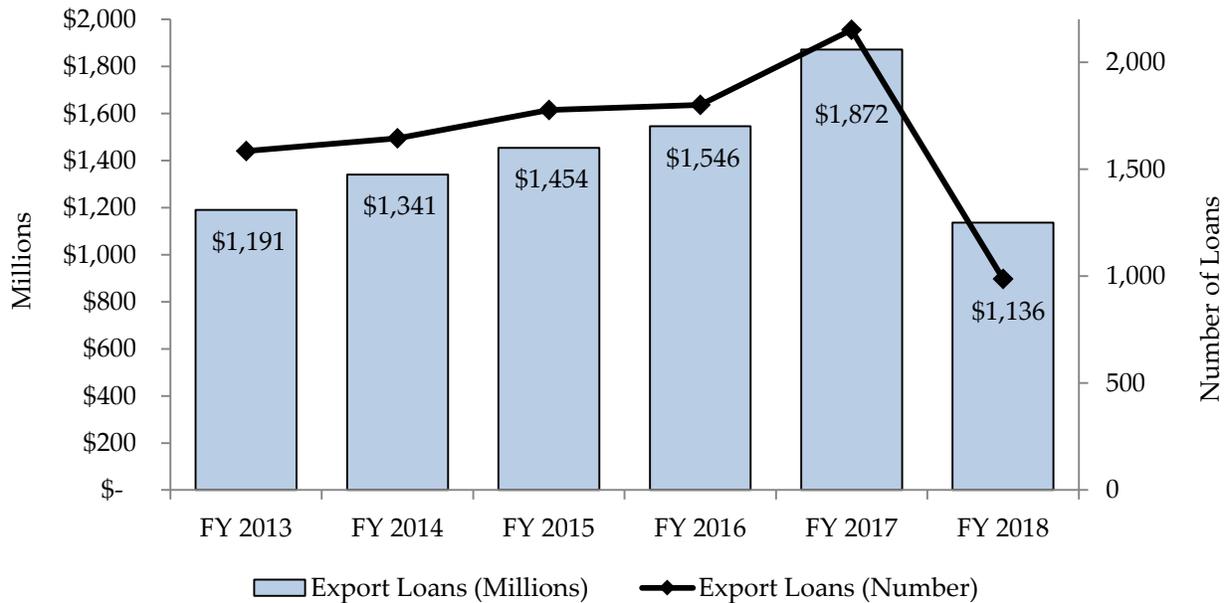
Table 1.2b shows a new performance goal in FY 2019 that tracks export sales.

Table 1.2b: International Trade Performance Goal

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|----------|---------|---------|
| Value of Small Business Export Sales (Billions) | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 3.1 | 3.1 |
| | Actual | N/A | N/A | N/A | N/A | N/A | 3.1 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This metric tracks the export sales values of all small businesses receiving SBA guaranteed export financing in the international trade finance programs (i.e., Export Express, Export Working Capital Program, International Trade Loan) and the reported value of small business export sales using SBA’s STEP Program. | | | | | | | | | |

Chart 1.2 shows the total dollar value and number of loans to exporters.

Chart 1.2: Loans to Exporters (Millions of Dollars and Number of Loans)



Strategy 1: Strengthen partnerships with state and territorial governments

Expanding the base of small business exporters and clarifying the process for exporters is crucial to increasing export sales. The SBA partners with states and territories through its **State Trade Expansion Program (STEP)** initiative to support small business export development, including participation in trade missions and foreign market sales trips, export trade shows, international marketing efforts, and export training. In addition to administering STEP, the SBA plays an important role in networking export resources. The SBA District International Trade Officers, U.S. Export Assistance Center representatives, and local STEP administrators are key participants and drivers of local export promotion ecosystems.

Table 1.2c displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 1.2c: STEP Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| \$ 1,681 | \$ 9,462 | \$ 19,563 | \$ 26,527 | \$ 25,155 | \$ 19,708 | \$ 19,805 | \$ 9,819 |

Table 1.2d tracks the progress of the STEP performance indicator that measures the average return on investment from program grants.

Table 1.2d: STEP Performance Indicator

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|----------|----------|----------|---------|---------|
| Average Dollar (Millions) Return on Investment of STEP Grants | Target | N/A | N/A | N/A | Baseline | 12 | 30 | 30 | 30 |
| | Actual | N/A | 37 | 33 | 31 | Data Lag | Data Lag | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: STEP grants help small businesses enter and succeed in the international marketplace. The average return on investment is calculated by dividing the reported total dollar export sales supported by the STEP funds awarded for each fiscal year. The SBA did not receive appropriations for STEP in FY 2013. The FY 2017 data lag results from the grantee reporting cycle of every two years. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SBA administered \$18 million in STEP grants to support export development using upgraded processes and automated tool improvements. The SBA responded to recent Office of Inspector General (OIG) recommendations regarding Eligible Small Business Concerns (ESBC) and Significant New Trade Opportunities (SNTO) required by the Trade Facilitation and Trade Enforcement Act of 2015.

The Agency executed a competitive process to award an additional \$18 million in FY 2018 grants. These awards support customized export development to increase the number of small business exporters and the value of small business exports in their states. The SBA maintained STEP oversight and completed various management activities for the 44 awardees from the FY 2017 program STEP awards. In FY 2018, the SBA supported 47 STEP awards with an average award totaling \$321,000. The SBA shortened the technical proposal requirements to streamline its administrative process, which reduced the amount of time states could submit proposals and helped facilitate a more efficient review process.

FY 2019 and FY 2020 Planned Performance

The SBA requests \$8 million for STEP in FY 2020, which would support nearly multiple, but smaller dollar than prior year, state awards for state trade expansion. The SBA targets a return on investment of \$30 million in small business exports for every \$1 million invested in STEP grants through FY 2020. In addition, the SBA will increase outreach and feedback opportunities to engage more effectively and directly with STEP beneficiaries, the U.S. Department of Commerce, and state-led trade mission participants, and inform them of the benefits of SBA’s International Trade Finance Programs to support their export sales. The SBA will also increase outreach and education to engage small business exporters and support and develop local ecosystems for export promotion. In addition, the SBA will continue to track and report on the average funds per ESBC and the increase in SNTO.

Strategy 2: Provide tailored training and counseling to small businesses and lenders

Through its network of trade finance specialists located at U.S. Export Assistance Centers (USEAC) and international trade specialists throughout the country, the SBA provides training and consultation services on trade and export financing programs to both lenders and small businesses. The SBA works closely with the Small Business Development Centers (SBDCs) providing training and certification on international trade to counselors throughout the nationwide network.

Table 1.2e shows progress toward small businesses and lenders receiving export training.

Table 1.2e: International Trade Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Small Businesses Receiving Export Training | Target | 8,000 | 7,600 | 8,000 | 8,400 | 8,400 | 8,400 | 8,500 | 8,500 |
| | Actual | 8,244 | 8,273 | 8,120 | 8,274 | 8,096 | 8,615 | | |
| | Variance | 3% | 9% | 2% | -2% | -4% | 3% | | |
| Additional Information: This metric tracks the sum of all small business representatives that received export-related training from the SBA during the fiscal year. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Lenders Receiving Export Training | Target | 4,400 | 4,000 | 4,200 | 4,500 | 4,500 | 4,500 | 4,600 | 4,600 |
| | Actual | 4,868 | 5,097 | 4,329 | 4,547 | 5,546 | 5,101 | | |
| | Variance | 11% | 27% | 3% | 1% | 23% | 13% | | |
| Additional Information: This metric tracks the sum of all lenders that have received export SBA trade finance staff training in the fiscal year. The SBA exceeded its target due to increased web-based export training and newly established and aligned export outreach goals for SBA District Offices. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SBA provided consultation services to more than 4,600 small business owners and trained more than 8,600 entrepreneurs on export finance. A World Trade Month webinar, spearheaded by the SBA and in collaboration with other agencies, trained 757 small businesses on “Going Global.” In addition, the SBA provided consultation services to more than 4,250 lenders and trained 5,101 lenders on SBA export loan guaranty programs. The Agency provided in-depth training to a group of core SBA lenders during the 11th Annual SBA Export Lender Roundtable in Washington, DC, and regional SBA Export Lender Roundtables held throughout the year.

The SBA also partnered with the U.S. Department of Commerce to support trade financing experts at domestic and overseas trade shows and counsel U.S. small business exhibitors about various trade financing options. International trade shows provided an opportunity for U.S. exhibitors to meet potential business partners face-to-face. The SBA provided trade finance expertise during the trade show as exporters negotiated sales terms with foreign buyers. The SBA export finance specialists provided counseling and training at the U.S. Department of Commerce’s International Buyer Program (IBP) industrial shows. Small business exporters met prospective foreign buyers at the IBP from around the world while attending major domestic industrial shows.

FY 2019 and FY 2020 Planned Performance

The SBA will provide in-depth lender training on SBA financing solutions to address exporter funding needs. In FY 2019, the SBA will train 4,600 lenders and 8,500 small businesses on international payment methods, export financing, and international trade solutions. In FY 2020, the SBA will train an additional 4,600 lenders and 8,500 small businesses. The SBA will continue conducting national and regional SBA Export Lender Roundtables across the country to train additional lenders on SBA trade finance solutions and solicit input on program policy improvements. The SBA will also expand resource partner training. Resource partners such as Small Business Development Centers (SBDC) educate their small business clients on the benefits of SBA financing to support small business global expansion.

The SBA will partner with the Department of Commerce at domestic and overseas trade shows to continue providing financing experts to counsel small business exhibitors about various financing

options and SBA export finance specialists will provide counseling and training at Department of Commerce IBP domestic industrial shows and international trade shows.

The SBA will oversee and monitor SBDC compliance on Jobs Act requirements for counselors certified in international trade. To support this activity, the Agency will provide virtual and in-person training to SBDC counselors and facilitate collaboration between the SBDCs and federal export promotion resources. As part of an effort to harmonize relationships with the field offices, the SBA will leverage district office partnerships promoting international trade to resource partners. The SBA will also expand its marketing and outreach materials to better inform stakeholders of SBA's products and services for international trade.

Access to trade finance for small businesses remains one of the critical needs for small businesses hoping to succeed in global markets. According to a 2016 Small Business Exporters Association survey¹¹, 24 percent of the respondents were concerned about how they would get paid for export sales and 35 percent said it was more difficult to obtain trade financing than conventional business financing. The SBA fills a market gap where the private sector is unable to support certain export transactions because of greater real or perceived risk. While 7(a) and 504 loan programs are both used to support small business exporters, the SBA has three core 7(a) export loan products targeted to support the development of small business exporters: the **Export Express Loan Program**, the **Export Working Capital Program**, and the **International Trade Loan Program**. Without access to trade finance, many small businesses are not able to complete export orders. To build a more comprehensive trade financing infrastructure, the SBA conducts extensive lender training and consultations throughout the country and collaborates with other agencies to simplify and promote trade financing solutions.

FY 2018 Accomplishments and Challenges

The Export Express Loan Program is a delegated authority program with a \$500,000 maximum loan amount that is especially helpful for early stage exporters that can use the funds for a wide range of export development activities. For example, small businesses use these loans to participate in overseas trade shows and develop and enter new markets. With a 90 percent guaranty on loan amounts up to \$350,000, and a 75 percent guaranty on loan amounts over \$350,000 and up to \$500,000, the Program offers lenders enhanced coverage in support of small business exporters. In FY 2018, 29 lenders made 59 Export Express loans for a total of \$15.5 million.

The Export Working Capital Program provides the necessary financing to support exporters' transactions, from purchase orders to final payment, with a \$5 million maximum loan amount and 90 percent guaranty. The SBA continues to train new and existing lenders on this export loan product. In FY 2018, 71 lenders guaranteed 162 Export Working Capital Program loans for a total of \$320 million.

The International Trade Loan Program provides loans up to \$5 million and offers a 90 percent guaranty. These loans provide financing to allow successful export businesses to expand their production capacity, including those that want to bring back overseas production, as well as companies that have been adversely impacted by imports. In FY 2018, the SBA guaranteed 256 international trade loans made to small businesses from 94 lenders for a total of \$400 million.

¹¹ <https://www.nsba.biz/wp-content/uploads/2016/04/Export-Survey-2016-Final.pdf>

FY 2019 and FY 2020 Planned Performance

Recognizing that U.S. small business exporters are key to the nation's economic future and job growth, the SBA remains committed to working closely with other trade financing agencies and lenders to improve SBA export finance products and effectively provide export trade financing solutions to small businesses. The SBA will review all program processes and requirements in this important sector to maximize opportunities to increase lending.

The SBA will collaborate with other federal and state agencies, resource partners, and other export assistance resources to expand the nation's export finance infrastructure, as well as to improve access to, and delivery of, export finance to small business exporters. The Agency will conduct national and regional SBA Export Lender Roundtables around the country to train additional lenders to provide trade financing solutions to small business exporters.

In addition, to better understand the needs of small businesses, the SBA will conduct market analyses to develop industry and community loan products that meet the needs of today's entrepreneur. The SBA will also review its SOPs to help determine loan product improvements for its export finance programs.

Strategy 3: Support trade promotion policy through federal partnerships

The SBA advocates on behalf of small businesses in the areas of education and outreach, economic diplomacy, and trade policy engagement. Through the Trade Promotion Coordinating Committee (TPCC), the SBA supports a unifying export promotion framework with other agencies, including the U.S. Department of Commerce, Overseas Private Investment Corporation (and its successor agency), U.S. Trade and Development Agency, U.S. Department of Agriculture, Export-Import Bank, and the U.S. Department of State.

FY 2018 Accomplishments and Challenges

The SBA strengthened its engagement with states and is a member of the TPCC's State and Federal Export Promotion Coordination Working Group. This group encourages greater coordination of export promotion programs and services. In addition, the SBA worked closely with the State International Development Organizations (SIDO) and their members in order to provide timely information related to developments and requirements for STEP.

The SBA chairs the TPCC Small Business Working Group in collaboration with its Secretariat to promote outreach, marketing, and communication to small businesses about the benefits of exporting and resources available to help small businesses begin exporting, expand into new foreign markets, and finance their export sales.

The SBA continued training export counselors through the small business counselor training certification program, in partnership with the U.S. Department of Commerce and the TPCC. The certification program includes an extensive training track on international trade at the Annual America's SBDC Conference, as well as a training and certification website. In FY 2018, 446 international trade-certified counselors within the SBDC network either earned an official intermediate-level credential or passed the National Association of Small Business International Trade Educators' (NASBITE) Certified Global Business Professional Exam.

FY 2019 and FY 2020 Planned Performance

The SBA will continue to support trade promotion policy and advocate on behalf of small businesses. Through the TPCC, the SBA will provide a unifying export promotion framework together with federal agencies engaged in export promotion.

The SBA will hold a series of listening sessions in collaboration with the TPCC Secretariat, SBDC networks, state governments, and other partners, such as the National Association of Small Business International Trade Educators (NASBITE). These sessions will include small group exporter roundtables and additional stakeholders (e.g., other SBA resource partners) designed to help identify the needs of small business exporters and gather input for program and policy development. They will strengthen local collaboration on export promotion and highlight the importance of small business exporting to state and local officials participating.

The SBA will continue chairing the TPCC Small Business Working Group and coordinate quarterly interagency meetings to discuss trade promotion and policy and facilitate effective collaboration. The SBA will continue to advance a Digital Client Engagement taskforce within the TPCC Small Business Working Group to improve communication and leverage outreach.

The SBA will identify best practices and strengthen the exporting promotion pipeline between SBDCs and USEACs. In coordination with District International Trade Officers and state trade promotion offices, these efforts will help establish and/or strengthen local ecosystems for export promotion.

Strategy 4: Represent small business interests in bilateral and multilateral trade negotiations

The SBA supports the Trade Policy Staff Committee (TPSC) in developing an interagency consensus on trade policy. The SBA ensures that small business interests are adequately represented in bilateral and multilateral trade agreement negotiations and commitments. Small businesses rely on trade agreement commitments in all matters of foreign customs procedures, requirements, standards, and intellectual property protection.

FY 2018 Accomplishments and Challenges

In FY 2018, SBA subject matter experts represented U.S. small business interests as part of the U.S. delegation's negotiation of the USMCA Agreement. The SBA assisted the Office of the U.S. Trade Representative (USTR) in the negotiation of the first Small and Medium-size Enterprises Chapter for the USMCA Agreement. The SBA also continued advising USTR in the development of beneficial commitments across the other 30 chapters of the agreement.

In addition to direct negotiations, the SBA represented small business interests at TPSC meetings in the planning of several rounds of U.S.- UK Trade and Investment Working Group activities, and the U.S. - UK Small and Medium-sized Enterprises Dialogue. In preparation for a potential free trade agreement, the SBA co-authored the "U.S.- UK SME Export Resources Brochure," and the amendments and modification of the U.S.- Korea Free Trade Agreement (KORUS).

The SBA also continued fulfilling its statutory mandate through several Administration-led trade remedy and import relief actions meant to enhance the ability of small businesses to compete effectively and efficiently with imports. The SBA solicited small business input to support a study of U.S. trading partners to implement Executive Order 13786, the Omnibus Report on Significant Trade

Deficits. The agency's trade specialists also served on several Section 301 investigation panels of USTR-led public hearings on intellectual property rights violations by China. The SBA counseled numerous small business manufacturers on trade finance loan guarantees, intellectual property protection, and anti-dumping trade actions.

The SBA contributed to the reform of the World Trade Organization (WTO) by supporting the U.S. National Trade Facilitation Committee. In cooperation with USTR, SBA's subject matter experts provided training in Singapore to senior trade officials from the Association of Southeast Asian Nations (ASEAN) governments on reducing burdens for small businesses. The SBA authored three white papers to the WTO. First, the SBA wrote large portions of the first U.S. communication to the WTO on best practices for establishing a National Trade Facilitation Committee, which highlighted SBA's role in contributing to the advancement of small business interests in streamlining foreign customs transactions and release. Second, the SBA coordinated a new set of international government procurement best practices for a U.S. communication to the WTO on implementation of the WTO Government Procurement Agreement. Third, the SBA authored a paper sent to the WTO on "The Role of Notice and Comment and related Administrative Procedures in WTO Trade Facilitation Agreement Implementation."

The SBA also continued to support U.S. small businesses through the International Trade Inquiry Service, which responds to small businesses encountering customs transaction problems or other regulatory challenges. The SBA championed small business interests through international advocacy and activities to increase transparency and reduce regulatory burdens in key global and emerging markets. In FY 2018, the SBA Administrator signed a Memorandum of Understanding (MOU) with the Kingdom of Bahrain on "Promoting Cooperation on Small and Medium-sized Enterprise (SME) Ecosystems." In addition, the SBA led digital video conference presentations with Argentine regulators on the importance of eliminating trade barriers for small businesses implementing an MOU with the Government of Argentina.

FY 2019 and FY 2020 Planned Performance

The SBA will continue representing U.S. small business interests in the USMCA Agreement and in the U.S.- UK Small & Medium-sized Enterprises Dialogue as part of the new U.S.- UK Trade and Investment Working Group. The Working Group will lay the ground work for a potential U.S.- UK Free Trade Agreement.

The SBA will continue bilateral trade exchanges in key global and emerging markets. In Latin America, the SBA will seek to advance U.S. small business market access through cooperative dialogues with Argentina and Central American trading partners. In Asia, the SBA plans to promote small business trade facilitation with Taiwan and Southeast Asian trading partners. In the Gulf States, the SBA will seek to implement the MOU with Bahrain to improve transparency and governance for small business exporters.

The SBA will maintain efforts to influence the renewal of the WTO through thoughtful leadership, training, and engagement activities. These efforts will advance more "forward-learning" implementation of WTO Agreements, which support small business exporters and decrease trade costs. The SBA will receive small business input through public consultation on trade agreements.

Strategic Goal One – Support Small Business Revenue and Job Growth
**Strategic Objective 1.3: Ensure Federal Contract and Innovation Set-aside Goals
are Met and/or Exceeded**

Performance Goal: Increase the number of jobs supported through federal contracts set aside for small businesses, to 585,000 in FY 2020

FY 2018–2019 Agency Priority Goal: By September 30, 2019, maximize the percent of federal contracts by awarding at least 23 percent to small businesses

Objective Leads: Associate Administrator for Government Contracting and Business Development and Associate Administrator for Investment and Innovation

Objective Support: Office of Field Operations, Office of Entrepreneurial Development, and Office of Veterans Business Development

Programs/Activities: Small Business Contracting Set-aside, Size Standards, Size and Eligibility Protests, Certificate of Competency Awards, Agency Surveillance Review, Procurement Center Reviews, Small Business Innovation Research (SBIR), Small Business Technology Transfer (STTR), Surety Bond Guarantee (SBG), Women-Owned Small Businesses (WOSB), Service-Disabled Veteran-Owned Small Businesses (SDVOSB)

Most Serious Management and Performance Challenge 1: Weaknesses in Small Business Contracting Programs and Inaccurate Procurement Data Undermine the Reliability of Contracting Goal Achievements

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. Educate the federal contracting workforce on ways to increase awards
4. Increase the number of surety agents issuing guarantee bond products
5. Coordinate with agencies to ensure they meet research set-asides for innovative entrepreneurship

The Federal Government is the largest procurer of goods and services in the world, spending nearly \$442 billion in FY 2017. These dollars represent a large opportunity, which was recognized by Congress when it established a minimum federal contracts set-aside of 23 percent for small businesses. The SBA provides oversight in federal contracting to ensure that this goal is achieved each year. Additionally, as a subset of this overall small business goal, the Federal Government strives to award no less than five percent of contracts to both small disadvantaged businesses and women-owned small businesses, and no less than three percent to both service-disabled veteran-owned small businesses and small businesses in Historically Underutilized Business Zone (HUBZone) locations. Small businesses provide quality performance, innovation, agility, and competitive pricing. In return, the Federal Government helps sustain a healthy American small business infrastructure, which is vital to the health of the economy.

The Federal Government also provides for agency set-asides for research and development, for small business innovation research and small business technology transfer. Each year, agencies with research and development budgets that exceed specific thresholds reserve a portion of these funds for small businesses. The SBA reports on federal progress to stimulate technology innovation and commercialization through small businesses. In addition, the SBA also provides unique products like the surety bond guarantee to support small business contractors who need bonds to access the contracting market. Through several key strategies that focus on education, training, and oversight, the SBA

continues exceeding its small business contracting set-asides, supporting agencies' efforts to surpass small business innovation and technology goals, and increasing the number of surety bonds guaranteed.

Progress Update:¹² For the fifth consecutive year, the Federal Government surpassed its statutory prime contracting goal, leading the SBA to achieve its Priority Goal of 23 percent of federal contracting dollars going to small businesses. In FY 2017, the Federal Government awarded \$105 billion in federal contracting dollars to small businesses. This was a \$5 billion increase from the previous fiscal year. The Federal Government surpassed its goal for service-disabled veterans (FY 2017 result was 4.05 percent) for the fifth time with \$17 billion in awards, and small disadvantaged businesses (FY 2017 result was 9.10 percent) with more than \$40 billion in awards. The Federal Government awarded over \$20 billion in contracts to women-owned small businesses and over \$7 billion to small businesses located in HUBZones.

In addition, the SBA sought public comment on the Women Owned Small Business Contract Program (WOSB) and held a stakeholder forum to gain insights on a certification program that best meets stakeholders' needs. The SBA is collaborating with the U.S. Department of Veterans Affairs (VA) to review the VA's Service-Disabled Veteran-Owned Small Businesses (SDVOSB) and Veteran Owned Small Business (VOSB) contracting programs. The SBA currently oversees the government-wide program, while the VA provides oversight through its Veterans First Contracting Program.

Most Serious Management and Performance Challenges: The SBA Inspector General annually reports on the top management and performance challenges that pose significant risks to the programs and activities particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The challenges are not presented in order of priority. Within each management challenge is a series of recommended actions to resolve the challenge.¹³ The SBA annually responds to each action. The completion date represents when the SBA completes the action.

Figure 1.3: Most Serious Management and Performance Challenge 1

| Challenge 1: Weaknesses in Small Business Contracting Programs and Inaccurate Procurement Data Undermine the Reliability of Contracting Goal Achievements | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Recommended Actions | Completion Date |
| <p>1. Strengthen controls to ensure the accuracy of the Federal Government's annual small business procurement goals and achievements reported in the <i>Small Business Goaling Report</i>.</p> <p>2018 Achievement: To address the deficiencies identified in the Office of Inspector General (OIG) report, the SBA corrected weaknesses within its small business information systems that impacted the accuracy of the goaling data. The SBA identified additional data anomalies resulting in incompatible system updates between GSA's System for Award Management (SAM) and SBA's Dynamic Small Business Search (DSBS) that prevented SAM from receiving updates from DSBS.</p> | <p>September 30, 2019</p> |

¹² Due to data lags in federal contracting, SBA's FY 2018 Strategic Objective 1.3 Progress Update uses FY 2017 results.

¹³ For more information on the OIG Management Challenges, visit www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges.

| Challenge 1: Weaknesses in Small Business Contracting Programs and Inaccurate Procurement Data Undermine the Reliability of Contracting Goal Achievements | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Recommended Actions | Completion Date |
| 2. Implement a certification process for WOSB. 2018 Achievement: The SBA implemented the sole source provision of the National Defense Authorization Act (NDAA) 2015 and plans to publish a Standard Operating Procedure (SOP) for the WOSB Program. Additionally, the Agency launched a new electronic application process in www.Certify.SBA.gov that provided a path forward to address eligibility concerns and implement a certification program for the WOSB. | September 30, 2019 |

Table 1.3a displays the cost to administer the program. It includes direct costs from the operating budget, including contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications, and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 1.3a: Prime Contracting Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| \$ 26,226 | \$ 18,529 | \$ 18,011 | \$ 18,328 | \$ 16,636 | \$ 17,304 | \$ 17,130 | \$ 17,711 |

Table 1.3b shows progress toward the Priority Goal of meeting the 23 percent federal prime contracting target.

Table 1.3b: Prime Contracting Priority Goal

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|-----------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|----------|---------|---------|
| Percent of Federal Contracts Awarded to Small Businesses | Target | 23% | 23% | 23% | 23% | 23% | 23% | 23% | 23% |
| | Actual | 23.40% | 24.99% | 25.75% | 24.34% | 23.88% | Data Lag | | |
| | Variance | 2% | 9% | 12% | 6% | 4% | N/A | | |

Additional Information: The FY 2018 data supporting the FY 2018–2019 Priority Goals will be finalized in the third quarter of FY 2019. The SBA works with each federal agency annually to set their prime and subcontracting goals. The SBA ensures that the sum total of all of the goals exceeds the 23 percent target that the law established.

Table 1.3c shows the contracting performance goal of jobs supported.

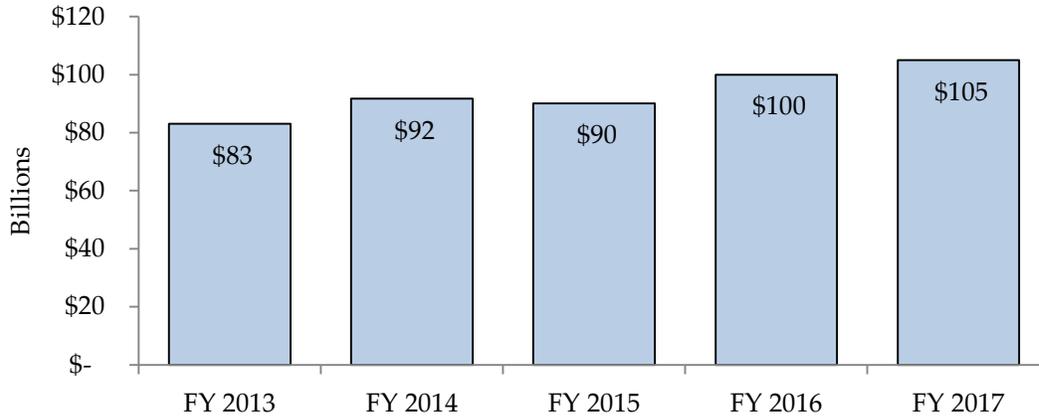
Table 1.3c: Contracting Jobs Supported Performance Goal

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|----------|---------|---------|
| Number of Jobs Supported by Federal Contract Set-asides | Target | 572,000 | 501,113 | 501,113 | 500,000 | 500,000 | 500,000 | 550,000 | 585,000 |
| | Actual | 479,515 | 549,000 | 537,000 | 587,000 | 584,000 | Data Lag | | |
| | Variance | -16% | 10% | 7% | 17% | 17% | N/A | | |

Additional Information: The data supporting the FY 2018 performance indicators will be finalized in the third quarter of FY 2019.

Chart 1.3 shows the total federal contract dollars awarded to small businesses. The U.S. Department of Defense (DoD) had the highest dollar value in contracting awards to small businesses (\$61.4 billion in FY 2017). The SBA supported the highest percentage of contracting awards to small businesses (79.5 percent in FY 2017).

Chart 1.3: Federal Contracting Dollars (Billions) Awarded to Small Businesses



Strategy 1: Ensure federal agencies are meeting their small business contracting goals

The SBA partners with other federal agencies, with a special emphasis on agencies with the largest acquisition budgets, to ensure they meet their small business contracting goals. The SBA supports the Small Business Procurement Advisory Council and assists agencies in their acquisition planning efforts. Through training, sharing best practices, publishing data, and hosting matchmaking events, the Agency creates opportunities for small businesses to win federal contracts. Additionally, the SBA ensures oversight through its agency surveillance reviews and facilitates meetings with federal partners to ensure that they are fully knowledgeable of small business contracting. To further support this strategy, the SBA established an FY 2018–2019 Agency Priority Goal that focuses on the Federal Government’s 23 percent small business contracting goals.

Additionally, the SBA manages two small business certification programs—the 8(a) Business Development (BD) Program and the HUBZone Program (See Strategic Objective 2.1). The 8(a) BD Program helps small, disadvantaged businesses compete in the marketplace through the provision of business development assistance. The HUBZone Program helps small businesses in certain designated urban and rural areas gain preferential access to federal procurement opportunities.

Table 1.3d displays the metrics for federal contracting subgoals and surveillance reviews.

Table 1.3d: Prime Contracting Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|----------|---------|---------|
| Percent of Federal Government Prime Contracts Awarded to Small Disadvantaged Businesses | Target | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |
| | Actual | 8.61% | 9.46% | 10.06% | 9.53% | 9.10% | Data Lag | | |
| | Variance | 72% | 89% | 101% | 91% | 82% | N/A | | |
| Additional Information: The data supporting the FY 2018 performance indicators will be finalized in the third quarter of FY 2019. | | | | | | | | | |

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|----------|---------|---------|
| Percent of Federal Government Prime Contracts Awarded to Women-Owned Small Businesses | Target | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |
| | Actual | 4.32% | 4.68% | 5.06% | 4.79% | 4.71% | Data Lag | | |
| | Variance | -14% | -6% | 1% | -4% | -6% | N/A | | |
| Additional Information: The data supporting the FY 2018 performance indicators will be finalized in the third quarter of FY 2019. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Federal Government Prime Contracts Awarded to Service-Disabled Veteran-Owned Small Businesses | Target | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| | Actual | 3.40% | 3.68% | 3.93% | 3.98% | 4.05% | Data Lag | | |
| | Variance | 13% | 23% | 31% | 33% | 35% | N/A | | |
| Additional Information: The data supporting the FY 2018 performance indicators will be finalized in the third quarter of FY 2019. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Federal Government Prime Contracts Awarded to HUBZone Small Businesses | Target | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| | Actual | 1.76% | 1.82% | 1.82% | 1.67% | 1.65% | Data Lag | | |
| | Variance | -41% | -39% | -39% | -44% | -45% | N/A | | |
| Additional Information: The data supporting the FY 2018 performance indicators are not finalized until the third quarter of FY 2019. The Federal Government continues to face challenges with recruiting and maintaining HUBZone firms. The SBA completed its first qualitative evaluation to further understand ways to enhance the program. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Surveillance Reviews Completed | Target | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| | Actual | 31 | 41 | 30 | 30 | 30 | 29 | | |
| | Variance | 3% | 37% | 0% | 0% | 0% | -3% | | |
| Additional Information: Surveillance Reviews (for prime contracting) and Small Business Performance Compliance Reviews (for subcontracting) are conducted to evaluate the implementation of regulations across the Federal Government. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

Performance trends indicate that the Federal Government should exceed the 23 percent statutory requirement for the small business prime contracting goal in FY 2018. Due to data lags, however, the SBA reports contracting data from the prior fiscal year. In FY 2017, the Federal Government surpassed its prime contracting target of at least 23 percent for the fifth consecutive year, which supports \$105 billion in federal contracting dollars for small businesses. These awards included overseas contracts for the first time. The Federal Government continued to exceed its service-disabled veteran goal of 3 percent (4.05 percent in FY 2017) and its small disadvantaged businesses goal of 5 percent (9.10 percent in FY 2017). The Federal Government spent 4.71 percent of its contracting dollars with WOSB and 1.65 percent with small businesses in a HUBZone. Of the CFO-Act agencies, 17 of the 24 met or surpassed their prime contracting small business goals.

To promote small business contracting, the SBA deployed a team of highly trained and skilled professional analysts, procurement center representatives (PCRs), industrial specialists for size protests (ISS), and certificate of competency and forestry management specialists. The PCRs participated in procurement strategies and reviewed requirements that are not unilaterally reserved for small businesses. They identified requirements distinguishing set asides for small business

concerns or specific small business socio-economic categories (i.e., women-owned, economically disadvantaged, service-disabled veteran-owned small businesses, HUBZone, and small disadvantaged businesses in 8(a) program). The PCRs also assessed contracting actions or acquisition performance from more than 2,800 federal procurement centers across the major 24 CFO Act agencies. The ISSs and the certificate of competency specialists evaluated protested awards to small businesses and validated small business performance capabilities for specific contracts, respectively.

The SBA met monthly with each agency's Office of Small and Disadvantaged Business Utilization (OSDBUs) to provide training and updates, share best practices, and discuss progress toward prime and subcontracting goals as part of the Small Business Procurement Advisory Committee. The SBA completed negotiations with each federal agency to set its prime and subcontracting goals for FY 2018. The annual scorecard for both government-wide and individual agencies for FY 2017 is available online.¹⁴ It measures each agency's progress toward meeting their small business and socio-economic prime contracting and subcontracting goals and provides accurate and transparent contracting data.

The SBA played a central role in conducting regulatory compliance reviews. The reviews, known as Surveillance Reviews for prime contracting and Small Business Performance Compliance Reviews for subcontracting, enabled the Agency to evaluate the implementation of regulations across the Federal Government to promote contracting opportunities for small businesses. These reviews assessed the quality of a contracting agency's small business program, evaluated its impact, and recommended changes to improve small business participation in the federal acquisition process. The SBA, through its surveillance review program, conducted 29 onsite compliance reviews in FY 2018. These reviews increased the other agency's attention to correct findings that inhibit small business contracting participation. The SBA signed a Memorandum of Understanding (MOU) with the Defense Contract Management Agency to increase the footprint of the Small Business Performance Compliance Review Program, by aligning policies, regulations, and the execution of actions between the Agency and the DCMA. Not only did SBA's Commercial Market Representatives (CMRs) lead this program, they also focused on monitoring subcontracting programs in federal acquisitions.

The Agency collaborated with stakeholders to participate in outreach events to small businesses to increase awareness of all SBA contracting programs and supported training sessions to further that awareness. Furthermore, the Agency trained federal contracting and program officials from more than 23 agencies. More than 7,000 federal contracting and acquisition leaders received training on the benefit and use of all SBA contracting programs.

The SBA continued offering contracting officer flexibilities with the 8(a) program, allowing contracts to be awarded using competitive procedures for actions less than \$4 million, and offering common sense solutions when agencies requested release of acquisitions from the program. This action resulted in a significant increase in the total dollars obligated with 8(a) firms, which positively impacted the achievements of small disadvantaged businesses.

FY 2019 and FY 2020 Planned Performance

The SBA will continue to meet monthly with agency' OSDBUs to analyze agency procurements, provide training and updates, share best practices, and discuss progress toward prime and subcontracting goals.

¹⁴ The FY 2017 Scorecard is available at www.sba.gov/content/small-business-procurement-scorecards-0.

The SBA will maximize the top 300 identified buying actions opportunities for contracts. It will work with agencies to negotiate their FY 2019 and FY 2020 goals and issue the annual scorecard for both government-wide and individual agencies. The Agency will also conduct 30 surveillance reviews annually (10 percent of the top 300 buying activities) to assess a contracting entity's small business program, evaluate its impact, and recommend changes to improve small business participation in the acquisition process.

To increase efficiencies for the 8(a) Program, the SBA will prepare a model joint-venture agreement that incorporates the requirements of Agency regulations, which allows for the addition of state law requirements. The Agency will review financial statements and other submissions from 8(a) Program participants to ascertain the continued eligibility of participants to receive subcontracts pursuant to section 8(a).

The SBA will collect and review comments from the proposed changes to the HUBZone regulation published in 2018. The revised HUBZone regulation will help to better mitigate fraud, waste, and abuse to improve operations and enhance procurement opportunities for small businesses located in emerging markets. These regulations will create opportunities for small businesses to team together. In FY 2019, the Agency will propose additional revisions to HUBZone regulations to implement provisions of the 2018 National Defense Authorization Act (NDAA). In FY 2020, the Agency will draft its first annual Congressional report on the impact of the HUBZone Program due in January 2021.

Strategy 2: Simplify access to federal contracting; attract and educate small businesses on contracting opportunities

Small businesses are more likely to engage in federal contracting when barriers to entry are removed and the process is simplified. The SBA develops policies to simplify access to contracting, so that those businesses can more readily compete. Through online resources such as www.Certify.SBA.gov, the Agency simplifies processes for small businesses to become certified more efficiently and win federal contracts.

Subject to available funding, the SBA plans to add to its full certification programs. First, the SBA will introduce a full certification program for its WOSB and Economically Disadvantaged Women-Owned Small Business (EDWOSB) contracting programs, created to enact the requirements of the FY 2015 NDAA. In addition, the SBA is working with the VA to coordinate more aspects of each Agency's Service-Disabled Veteran Owned Small Business Concern (SDVOSBC) contracting program. The SBA currently oversees the government-wide program, while VA provides oversight for VA contracting through its Veterans First Contracting Program.

FY 2018 Accomplishments and Challenges

The SBA continued to improve www.Certify.SBA.gov to make applying for contracting certification programs easier. The portal allows small business owners to upload documents, and it streamlines processes. The SBA continued to promote the WOSB Program through the ChallengeHER campaign. This initiative, hosted at various agencies and SBA district offices, educated women-owned small business entrepreneurs in the federal supply chain in 13 workshops across the country. In addition,

the Agency conducted 30 training HUBZone events and webinars reaching more than 4,600 small businesses, acquisition staff, and small business counselors.

The Agency reviewed small business size standards and continued to make necessary adjustments reflecting current industry and federal market conditions, as the Small Business Jobs Act of 2010 requires. The review and necessary adjustments to size standards enabled small businesses to gain or maintain small business eligibility for federal small business contracting opportunities and expanded the pool of qualified small businesses to meet their small business contracting needs. The Agency completed the first 5-year comprehensive review of small business size standards under the Jobs Act.

The SBA completed its HUBZone evaluation that examined the factors that contribute to federal agencies reaching the socioeconomic goal of the HUBZone Program. The Agency has used the findings to develop strategies to increase the number and dollar amount of HUBZone contracts among eligible small businesses and improve program marketing outreach and training across agencies and small businesses.

The SBA and the VA collaborated to issue regulations to unify their ownership and control requirements to more closely align the two government SDVO contracting programs. They also implemented regulations to transfer protest and appeal procedures regarding inclusion in the VA's Center for Verification and Evaluation (CVE) database from the VA to SBA's Office of Hearing and Appeals.

The SBA and VA are also coordinating the potential transfer of certifications for SDVOSBCs and VOSB Programs to the SBA. The SBA does not have a VOSB certification, and the VA would reimburse the Agency for the costs incurred for certification and oversight of VOSB participants. The SBA currently has one certification and contracting program, the HUBZone Program, and one for certification and business development, the 8(a) Business Development Program. While not identical to either existing program, there are significant similarities such that it is reasonable to build upon SBA's existing infrastructure to efficiently transition these certification programs and streamline their operations.

FY 2019 and FY 2020 Planned Performance

The SBA will continue to strengthen and simplify the certification process through www.Certify.SBA.gov. This tool will reduce the administrative paperwork burden on applicants, and ease SBA's business opportunity specialists' review process.

The SBA will finalize rules implementing the NDAA contracting provisions, increase awareness of contracting opportunities, and engage other agencies and external stakeholders. The Agency will improve online offerings through the Government Contracting Classroom, which helps small businesses find the right opportunities for federal assistance from wherever they engage with the SBA and its partners. Additionally, the SBA will collaborate with state governments to create standards for women-owned and economically disadvantaged certification.

The Agency will maximize the number of opportunities for small businesses to win federal contracts at the prime and subcontract levels. This opportunity will allow the Agency to achieve greater synergy for all small business contracting and certification programs within the federal acquisition community. It will also streamline current certification processes through www.Certify.SBA.gov,

better leverage SBA's existing field structure and resources, and create greater economies of scale for SBA's current certification processes through improved efficiencies and lower unit costs.

The SBA will continue working with the VA to determine next steps, including potential legislation, and resource requirements to transition VA small business contracting activities to the SBA. The SBA and VA's certification programs support a myriad of interrelated activities, including providing outreach and training to assist potential program participants with applying to the program, processing applications and determining eligibility prior to certification, and providing oversight of continuing eligibility for program participants and their eligibility for contracts. The certification program lifecycle also includes periodic recertifications, program examinations, status protests, and appeals. The SBA and VA will identify one-time and ongoing resources necessary for these and other program support activities including training and outreach to the contracting community and information technology infrastructure development, integration, and maintenance.

Accordingly, the SBA estimates processing 33,500 initial applications each year from its certification programs (i.e., the existing HUBZone and 8(a) programs, the expanded WOSB certification pursuant to the 2015 NDAA, and the additional SDVOSBC volume assumed from the VA), and providing ongoing oversight to a pool of more than 100,000 combined program participants. The Agency's 8(a) program processes over 2,000 applications per year and provides eligibility oversight for 5,000 firms per year. The SBA's processes approximately 1,500 HUBZone applications per year and provides continuing eligibility oversight for a portfolio of approximately 5,000 HUBZone firms. The VA currently processes 12,000 SDVOSBC applications per year. This number only includes firms wishing to contract directly with VA through its VETS First Program. There are currently more than 32,000 self-certified firms for SBA's government-wide SDVOSBC Program; the SBA expects to process approximately 1,250 SDVOSBC applications per month (15,000 per year) and provide oversight for a larger pool of certified firms.

The SBA expects to continue covering and leveraging Agency field staff (Business Opportunity Specialists) to educate and promote the certification programs to Federal agencies and encourage Federal acquisition staff to use SDVOSBC, WOSB, 8(a), and HUBZone certified firms for their agency procurements.

The SBA currently has 11,000 firms in the www.Certify.SBA.gov repository for the WOSB Program, but www.Sam.gov has more than 70,000 self-certified WOSBs. The Agency's four approved third-party certifiers (TPCs) processed 3,000 applications. It is likely that the WOSB Program will see a monthly and yearly application number similar to that of the SDVOSBC Program. The Agency will continue oversight for the pool of certified firms.

Strategy 3: Educate the federal contracting workforce on ways to increase awards

The SBA promotes education and training for federal contracting officers and program managers, as well as for entrepreneurs seeking to enter the federal marketplace. With a greater understanding of small business contracting, acquisition staff at other agencies know the requirements to implement strong contract competitions, better assist with contracting payments, understand changes in small business size standard criteria, and protect against fraud. This SBA strategy uses a variety of sources, including online training, marketing, and outreach. The SBA promotes federal contracting officials to participate in other

Agency-sponsored procurement events that business opportunity specialists, PCRs, and commercial market representatives deliver and support.

FY 2018 Accomplishments and Challenges

The Agency continued to improve operations and enhance procurement opportunities for small businesses located in emerging markets. As part of this process, the Agency briefed the federal contracting force via the OSDBU on implications of the proposed revisions.

The SBA also completed a centralized training for its Business Opportunity Specialists to educate them on processes and strengthen customer service for 8(a) small businesses. The training focused on core principles and demonstrated continued improvements in program performance.

The SBA First Wednesday Webinars and Government Contracting Classroom continued to grow. They offered free, self-paced, online learning to help small businesses and other stakeholders better understand the federal contracting marketplace. The Classroom launched new modules that focused on preparing small businesses to acquire Federal Government contracts. The First Wednesday Webinars invited contracting officers from across the country to scheduled monthly training on programs and policies to help them improve contracting opportunities for small business concerns.

The Agency has collaborated with stakeholders to participate in outreach events to small businesses to increase awareness of the 8(a) Program. The SBA presented numerous trainings to promote the program and its proper use. It participated in a joint DoD small business training conference to train, educate, and develop productive working relationships that benefit small businesses. The conference brought together more than 600 DoD small business professionals.

FY 2019 and FY 2020 Planned Performance

The SBA will increase awareness of contracting opportunities through a variety of forums. The Agency will help small businesses find the right opportunities for federal assistance from wherever they engage to improve online offerings. The SBA will continue to hold meetings with agency OSDBUs to provide training and share best practices. The Agency will continue participating in a joint effort with the DoD to provide training to SBA PCRs, business opportunity specialists, and other agency small business professionals and contracting officers. The training will focus on small business contracting program regulatory changes and review the SBA and DoD collaborative responsibilities.

The SBA will continue to develop and deliver BOS training and enhance the role with staff in the field, including the PCRs. Through learning modules and other forum, the SBA will provide enhanced communication for staff located across the country to support small businesses seeking to enter the federal contracting market.

The SBA will conduct outreach through the 8(a) program to promote streamlined procedures to resource partners. This approach will help increase participation in the 8(a) Program and encourage more disadvantaged small businesses to participate in federal contracting opportunities. The Agency will provide 8(a) training to the federal contracting force. These sessions are vital for creating 8(a) contract opportunities. Additionally, the SBA will engage staff in a joint small business training conference. Future training topics include non-manufacturer rule waivers, the protest process, limitations on subcontracting, and additional updates on changing rules.

Strategy 4: Increase surety agents issuing guaranty bond products

The SBA supports small and emerging contractors to compete and receive construction, service, and supply projects through the **Surety Bond Guarantee Program**. Many federal, state, local, and private projects require a contractor to obtain bonding. This can be difficult in conventional commercial channels for small businesses without extensive credit histories. The SBA provides a service that is not widely supported in the private market.

Table 1.3e displays the cost to administer the program. It includes direct costs from the operating budget, including contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications, and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 1.3e: Surety Bond Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| \$ 4,615 | \$ 4,927 | \$ 4,594 | \$ 4,136 | \$ 3,947 | \$ 7,007 | \$ 7,161 | \$ 7,206 |

Table 1.3f provides the targets and results for the surety bond guarantee performance indicators.

Table 1.3f: Surety Bond Guarantee (SBG) Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Contract Value (Billions) of Bid and Final Bonds | Target | 3.70 | 5.70 | 6.50 | 6.75 | 7.10 | 7.00 | 7.10 | 7.25 |
| | Actual | 6.15 | 6.41 | 6.35 | 5.72 | 6.03 | 6.59 | | |
| | Variance | 66% | 12% | -2% | -15% | -15% | -6% | | |
| Additional Information: This measure tracks the contract value of bids and bonds to surety companies. Program fees, regulations, and procedures are being revised to encourage increased bond activity. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Bid and Final Bonds Guaranteed | Target | 8,850 | 13,500 | 13,750 | 14,000 | 14,700 | 12,000 | 12,000 | 12,000 |
| | Actual | 12,866 | 12,384 | 11,480 | 10,435 | 10,397 | 10,866 | | |
| | Variance | 45% | -8% | -17% | -25% | -29% | -9% | | |
| Additional Information: This measure tracks the bid and bonds guaranteed. Program fees, regulations, and procedures are being revised to encourage increased bond activity. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported by SBG | Target | 14,900 | 23,000 | 24,000 | 32,000 | 34,000 | 26,000 | 33,000 | 35,000 |
| | Actual | 32,000 | 28,887 | 27,300 | 23,940 | 26,223 | 31,837 | | |
| | Variance | 115% | 26% | 14% | -25% | -23% | 22% | | |
| Additional Information: This measure tracks the number of jobs created/retained as a result of bid and final bond guarantees approved. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SBA guaranteed more than 10,800 bid and final (payment and performance) bonds for a combined contract value of nearly \$6.6 billion, which in turn supported more than 31,800 jobs. The Agency focused its outreach strategies on both strengthening its relationships with existing surety

companies and agents as well as ensuring that more small businesses had access to a surety agent located conveniently to their geographical location. The SBA partnered with 5 new sureties for a total of 35 sureties and 450 active authorized agents.

The SBA introduced multiple system improvements for greater program oversight and application processing. As program beneficiaries and partners now have the capability to submit all forms and communications electronically, the program has reduced application processing times.

The SBA partnered with the National Association of Surety Bond Producers (NASBP) to conduct training sessions for small business contractors and prepare them to successfully enter and compete in the contracting marketplace. The Agency provided training in Maryland, Wisconsin, North Carolina, and Nevada. In addition, the SBA entered into a MOU agreement with the District of Columbia government to improve small and resident-owned business opportunities in local government construction projects.

FY 2019 and FY 2020 Planned Performance

The SBA will not request an appropriation for the revolving fund and will support up to \$6 billion in surety bond guarantees, which will result in 33,000 and 35,000 supported jobs in FY 2019 and FY 2020, respectively.

The SBA will continue to focus its marketing and outreach strategies on participating sureties and agents, as well as with potential new participants. The Agency will sustain its partnership agreement with the National Association of Surety Bond Producers in targeting new geographical areas, in California, Georgia, Texas and Virginia. The SBA will use its internal resources to work with the surety industry to provide training to small businesses and agents to expand program activity and awareness in all geographical areas, especially in emerging markets.

The SBA has announced a temporary initiative to lower fees effective for one year beginning October 1, 2018. As part of a program evaluation, the Agency will assess outcomes and risk from changes in the surety bond fee structure. In addition, SBA will pilot the eXtensible Business Reporting Language (XBRL) framework to streamline system reporting requirements.

Strategy 5: Coordinate with agencies to ensure they meet research set-asides for innovative entrepreneurship

The **Small Business Innovation Research Program (SBIR)** and the **Small Business Technology Transfer Program (STTR)** help small businesses commercialize their innovations and meet federal research/research and development (R/R&D) needs. The SBA serves as the coordinating agency for the 11 participating federal agencies. In this role, the SBA issues policy guidance, tracks metrics, manages the business intelligence data platform, and submits reports to Congress. Furthermore, the SBA assists small businesses interested in pursuing SBIR/STTR opportunities through outreach, training, and local ecosystem building.

To increase access to federal R/R&D funds, the SBA conducts outreach events, makes program information available on www.SBIR.gov, and works with external stakeholders to build SBIR knowledge and awareness. To strengthen assistance to small technology firms, the SBA developed online training tools for small businesses, as well as a program called “Train the Trainer,” which assists resource

partners. Furthermore, the SBA engages with other local technology-based entrepreneurial ecosystems and organizations to build the support system for those firms. To provide oversight over the participating agencies, the SBA ensures programmatic compliance; runs interagency meetings and working groups; produces annual reports; monitors fraud, waste, and abuse, and coordinates with agencies and small businesses to address violations. Moreover, the SBA manages and maintains a database for public and agency users. This platform houses information related to over 45,000 SBIR and STTR awards and data records. The SBA will continue to emphasize enhancements to improve data validation and integrity.

Table 1.3g displays the cost to administer the program. The table includes direct costs from the operating budget, including contracts; compensation and benefits; and Agency-wide costs, such as rent and telecommunications; and indirect costs. Actual amounts also include resources provided by other agencies. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only. The SBA did not request funding for the FAST Program in FY 2019 and is requesting no funding for FY 2020.

Table 1.3g: SBIR/STTR Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| \$ 2,430 | \$ 9,258 | \$ 9,650 | \$ 6,999 | \$ 8,522 | \$ 5,920 | \$ 5,991 | \$ 3,004 |

Table 1.3h shows performance indicators for the SBIR/STTR Programs.

Table 1.3h: SBIR/STTR Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|----------|---------|---------|
| SBIR/STTR Dollars (Billions) Obligated Each Fiscal Year | Target | N/A | N/A | N/A | N/A | N/A | 2.30 | 2.25 | 2.50 |
| | Actual | 2.36 | 2.51 | 2.55 | 2.27 | 3.00 | Data Lag | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: Participating federal agencies have until March of the following fiscal year to submit their data. The reduced FY 2018 and FY 2019 targets reflect anticipated reductions in agency research and development budgets. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of SBIR/STTR Phase I and Phase II Awards | Target | N/A | N/A | N/A | N/A | N/A | 4,750 | 4,500 | 4,500 |
| | Actual | 5,154 | 5,380 | 5,058 | 4,750 | 5,527 | Data Lag | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: Participating federal agencies have until March of the following fiscal year to submit data. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Federal Government Dollars Awarded to SBIR Proposals | Target | 2.7 | 2.8 | 2.9 | 3.0 | 3.2 | 3.2 | 3.2 | 3.2 |
| | Actual | 2.8 | 3.1 | 2.9 | 3.1 | 3.2 | Data Lag | | |
| | Variance | 4% | 11% | 0% | 3% | 0% | N/A | | |
| Additional Information: Participating federal agencies have until March of the following fiscal year to submit their data. Numbers are based on the agency-reported total extramural federal R&D budget. | | | | | | | | | |

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|----------|---------|---------|
| Percent of Federal Government Dollars Awarded to STTR Proposals | Target | 0.35 | 0.40 | 0.40 | 0.45 | 0.45 | 0.45 | 0.45 | 0.45 |
| | Actual | 0.35 | 0.32 | 0.40 | 0.38 | 0.47 | Data Lag | | |
| | Variance | 0% | -20% | 0% | -16% | 4% | N/A | | |
| Additional Information: Federal agencies with extramural budgets for research or research and development in excess of \$1 billion must spend at least the targeted amount on small business innovation. Participating federal agencies have until March of the following fiscal year to submit their data. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SBA improved its oversight of the SBIR/STTR in FY 2018 and continued to improve accurate and timely reporting to Congress. The Agency published the FY 2015 Annual Report and is completing the FY 2016 Annual Report. Persistent late data submissions and ongoing data quality issues from select participating federal agencies delayed these reports. The SBA continued to steadily increase the number and rigor of data quality and validity checks when compared to prior year activities. The SBA conducted a data quality audit, adding new data quality automated controls, and substantially increased analysis and reporting of participating federal agency compliance with the minimum spending requirement. The SBA migrated the SBIR/STTR database to the cloud, which enabled additional information technology tools and increased security.

The SBA has historically issued SBIR and STTR programmatic guidance through separate Policy Directives for each program. In FY 2018, the SBA led discussions with OMB and the 11 participating federal SBIR/STTR agencies to revise and combine that guidance into a consolidated SBIR/STTR Policy Directive. The Agency intends for the revised Policy Directive to strengthen several key elements within both programs, such as data rights protection and the preference for Phase III awards.

The SBA expanded access and awareness of the SBIR/STTR programs, including to underrepresented states and individuals. FY 2018 marked the fourth year of the SBIR Road Tour. During the Road Tour, the SBA and the 11 SBIR funding agencies visited 18 locations, including 10 new states. The Agency also participated in events to connect ecosystem partners with information to better support high tech entrepreneurs from the proposal stage through commercialization. Furthermore, the SBA coordinated regional SBIR conferences in Anaheim, California and Tampa, Florida.

The SBA managed the annual Growth Accelerator Fund Competition (GAFC), which made awards to 20 entities to help SBIR/STTR-focused companies scale up and grow. The SBA also managed the FAST program, awarding 21 grants to support organizations for providing guidance and technical assistance to aspiring SBIR and STTR program participants. The Agency also announced 24 organizations as FAST awardees for activities in the FY 2019 cycle.

FY 2019 and FY 2020 Planned Performance

The SBA plans to publish the FY 2016, FY 2017, and FY 2018 Annual Reports. However, timely submission of the FY 2017 and FY 2018 Annual Reports is contingent upon receiving accurate and timely data from all participating federal agencies. Data submission delays and data accuracy issues have presented challenges as the SBA increases the level of transparency and analysis in SBIR/STTR Annual Reports. The SBA will continue to work with the 11 participating federal agencies to ensure high quality data reporting and analysis.

The SBA will continue partnering with the 11 participating federal agencies to share best practices and to expand new program applicant participation, including the participation of entities owned and controlled by women and minorities, and firms located in historically underrepresented states. Additionally, the SBA will work with the participating agencies to improve core efficiencies, such as reducing the paperwork burden on applicants, streamlining the award evaluation, and decreasing funding timelines. Finally, SBA will complete a program evaluation of the FAST program to assess program effectiveness.

In FY 2019, SBA will develop a customer experience measure to survey the 11 participating agencies on overall satisfaction and confidence in the services provided by the SBA. This information will better inform how the SBA deploys services for its key stakeholders.

In FY 2020, the SBA does not request funds for the FAST Program and the Growth Accelerator Fund Competition (GAFC) Program because these services are duplicative of other resources.

Strategic Goal Two—Build Healthy Entrepreneurial Ecosystems and Create Business Friendly Environments

Strategic Objective 2.1: Develop Small Businesses through Technical Assistance

Performance Goal: Increase the number of small businesses assisted through business development programs to 26,000 in FY 2020

FY 2018–2019 Agency Priority Goal: By September 30, 2019, increase by 10 percent from the FY 2017 baseline the number of 8(a)-certified firms awarded federal contracts (FY 2017 baseline of 3,421 small businesses)

Objective Lead: Associate Administrator for Government Contracting and Business Development

Objective Support: Office of Field Operations

Programs/Activities: 8(a) Business Development, 7(j) Management and Technical Assistance, HUBZone, Small Business Procurement Set-aside, Women-owned Small Business (WOSB) Contracting Set-aside, Service-disabled Veteran-owned Small Business Contracting Set-aside, All Small Mentor-Protégé

Most Serious Management and Performance Challenge 5: SBA Needs to Ensure that the Section 8(a) Business Development Program Identifies and Addresses the Needs of Program Participants, Only Eligible Firms Are Admitted in the Program, and Standards for Determining Economic Disadvantage Are Justifiable

Strategies:

1. Strengthen business development opportunities in emerging market communities
2. Provide individual, specialized support to small businesses to increase growth and build infrastructure
3. Expand Mentor-Protégé Program support to connect businesses

Small businesses owned by economically and socially disadvantaged individuals often have difficulty accessing services that provide opportunities for federal contracts. As noted in Strategic Objective 1.3, the Federal Government sets aside billions of dollars each year in contracts to such businesses. Congress also established small business contracting set-aside preferences for other entrepreneurial populations with a disadvantage in federal contract competition, such as women-owned small businesses and service-disabled veteran-owned small businesses.

The SBA helps to ensure inclusive entrepreneurship through products and services that offer a clear business development technical assistance path. Through the 8(a) Business Development Program, the Agency provides business development support to socially and economically disadvantaged small business owners. Similarly, the HUBZone Program encourages economic development in economically distressed communities across the country by providing federal contracting preferences to firms located in areas designated as Historically Underutilized Business Zones. HUBZone firms operating in these areas invest in their buildings and in the training of HUBZone residents to help improve the economic conditions of these areas. In addition, the SBA has established the All-Small Mentor-Protégé Program (ASMPP) to support small business growth through partnerships with larger firms. Finally, through the 7(j) Management and Technical Assistance Program, the SBA delivers technical assistance to eligible enterprises to prepare small businesses for contract opportunities.

Progress Update: Through the 8(a), HUBZone, and 7(j) technical assistance programs, the Agency supported more than 27,000 small businesses in FY 2018. In FY 2018 it instituted several process

improvements for the 8(a) Business Development Program and completed an evaluation of the HUBZone Program. The SBA continued to streamline the 8(a) application and annual review processes and updated the online portal through the development of www.Certify.SBA.gov. In addition, the ASMPP has continued to support more small businesses seeking to enter the federal contracting market.

Most Serious Management and Performance Challenges: The SBA Inspector General annually reports on the top management and performance challenges that pose significant risks to the programs and activities that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The challenges are not presented in order of priority. Within each management challenge is a series of recommended actions to resolve the challenge.¹⁵ The SBA annually responds to each action. The completion date represents when the SBA completes the action. In March 2018, the Agency implemented an Annual Review module in Certify.SBA.gov assisting SBA’s Business Opportunity Specialists (BOS) in more accurately measuring participants’ business development needs. The OIG also acknowledged and accepted SBA’s Standard Operating Procedures (SOP) updates through a revision that reflected regulation changes made in 2011.

Figure 2.1: Most Serious Management and Performance Challenge 5

| Challenge 5: SBA Needs to Ensure That the Section 8(a) Business Development Program Identifies and Addresses the Needs of Program Participants, Only Eligible Firms Are Admitted into the Program, and Standards for Determining Economic Disadvantage Are Justifiable | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Recommended Actions | Completion Date |
| <p>1. Establish objective and reasonable criteria that effectively measure “economic disadvantage” and implement the new criteria.</p> <p>2018 Achievement: The SBA reviewed and rejected a prior study that stratified the economic disadvantage status based on individual industries. The Agency determined this approach to be harmful to current and prospective 8(a) participants and applicants. In coordination with the Inspector General, the SBA is considering revised criteria for a new study. The Agency is reviewing a draft report establishing the methodology of the personal net worth threshold for continuing 8(a) eligibility.</p> | September 30, 2019 |
| <p>2. Augment and Implement controls that ensure only eligible firms are admitted into the 8(a) Program.</p> <p>2018 Achievement: The SBA implemented www.Certify.SBA.gov, which improved the federal contracting application process. Applicants can apply, monitor, and renew for multiple programs.</p> | September 30, 2019 |
| <p>3. Develop and implement a system to assist program officials in monitoring participants’ progress in the 8(a) Business Development Program and providing business development needs on an individualized basis.</p> <p>2018 Achievement: The SBA implemented modules within www.Certify.SBA.gov providing an increased ability to monitor participants progress in the 8(a) Business Development Program.</p> | September 30, 2019 |

For more information on the OIG Management Challenges, visit www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges.

| Challenge 5: SBA Needs to Ensure That the Section 8(a) Business Development Program Identifies and Addresses the Needs of Program Participants, Only Eligible Firms Are Admitted into the Program, and Standards for Determining Economic Disadvantage Are Justifiable | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Recommended Actions | Completion Date |
| 4. Measure 8(a) Business Development Program participant’s progress on achieving its individualized business development goals and assess program effectiveness 2018 Achievement: This action was established in 2018. | September 30, 2019 |
| 5. Implement controls to detect ineligible firms in the 8(a) Program during the continuing eligibility reviews, effectively address complaints received regarding 8(a) firms, and timely remove ineligible firms from the 8(a) Program 2018 Achievement: This action was established in 2018. | September 30, 2019 |

Table 2.1a shows progress toward the FY 2018–2019 Agency Priority Goal focused on increasing the number of 8(a) firms winning federal contracts by 10 percent by FY 2019.

Table 2.1a: 8(a) Business Development Priority Goal

| FY 2018–2019 Priority Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|----------|---------|---------|---------|
| 8(a) Firms Awarded Federal Contracts | Target | N/A | N/A | N/A | N/A | Baseline | 3,590 | 3,760 | N/A |
| | Actual | N/A | N/A | N/A | N/A | 3,421 | 3,709 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 3% | | |
| Additional Information: The SBA added this Agency Priority Goal to focus on increasing the number of 8(a) firms that win federal contracts. Given that more firms are part of the 8(a) Program, business development should spur more contract opportunities. | | | | | | | | | |

Table 2.1b shows the performance goal tracking the number of small businesses that 8(a), 7(j), and HUBZone Programs assisted.

Table 2.1b: Small Businesses Assisted Performance Goal

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Small Businesses Assisted by 8(a), 7(j), and HUBZone Programs | Target | 18,325 | 18,025 | 18,025 | 18,050 | 16,000 | 19,000 | 24,500 | 26,000 |
| | Actual | 17,071 | 17,163 | 20,324 | 19,686 | 17,318 | 27,314 | | |
| | Variance | -7% | -5% | 13% | 9% | 8% | 44% | | |
| Additional Information: The SBA tracks the summation of small businesses assisted from 8(a), 7(j), and HUBZone Programs. | | | | | | | | | |

Strategy 1: Strengthen business development opportunities in emerging market communities

The Federal Government’s goal to award at least 5 percent of all federal contracting dollars to small disadvantaged business is implemented through SBA’s business development activities. The Agency

collaborates with Offices of Small and Disadvantaged Business Utilization (OSDBU) of other agencies to provide training and share best practices for small businesses to navigate the federal acquisition process.

Through the **8(a) Business Development Program**, the SBA limits competition for certain contracts to small businesses owned by socially and economically disadvantaged individuals or entities certified with the SBA. The SBA established an FY 2018–2019 Agency Priority Goal that seeks to increase the number of certified 8(a) firms with at least one federal contract.

Through the **7(j) Management and Technical Assistance Program**, the SBA provides eligible disadvantaged small businesses with assistance such as training, executive education, and one-on-one consulting in a wide range of business activities, including marketing, accounting, opportunity development and capture, contract management, compliance, and financial analysis.

The **HUBZone Program** promotes job growth, capital investment, and economic development in economically distressed areas designated as HUBZones by providing contracting assistance to small businesses located in these areas. HUBZone-certified businesses also receive a 10 percent price evaluation preference in full and open contract competitions.

Table 2.1c displays the cost to administer the programs. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 2.1c: 8(a), 7(j), and HUBZone Program Budgets – Total Administrative Resources (Thousands)

| Program | FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|---------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| 8(a) | \$ 51,649 | \$ 53,824 | \$ 55,600 | \$ 47,281 | \$ 54,099 | \$ 71,456 | \$ 71,482 | \$ 73,397 |
| 7(j) | \$5,793 | \$ 5,614 | \$ 4,444 | \$ 2,422 | \$ 3,081 | \$ 4,098 | \$ 3,805 | \$ 1,540 |
| HUBZone | \$ 9,930 | \$ 10,262 | \$ 15,225 | \$ 8,409 | \$ 9,967 | \$ 9,772 | \$ 10,165 | \$ 9,952 |

Table 2.1d shows progress toward the performance indicators tracking the number of small businesses assisted by 8(a), 7(j), and HUBZone Programs.

Table 2.1d: 8(a), 7(j), and HUBZone Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Small Businesses Assisted by 8(a) | Target | 8,300 | 8,000 | 8,000 | 8,000 | 5,500 | 8,000 | 8,000 | 8,000 |
| | Actual | 6,661 | 6,660 | 6,948 | 8,010 | 6,655 | 6,789 | | |
| | Variance | -20% | -17% | -13% | 0% | 21% | -15% | | |
| Additional Information: The SBA tracks the number of 8(a) firms the Agency assists through its business opportunity specialists located in SBA district offices. The initial incoming 8(a) applications numbers were impacted due to the deployment of SBA's unified contracting certification portal, www.certify.sba.gov . | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Annual 8(a) Reviews Completed | Target | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| | Actual | 100% | 100% | 100% | 100% | 100% | 100% | | |
| | Variance | 0% | 0% | 0% | 0% | 0% | 0% | | |

| | | | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Additional Information: Each active 8(a) Program participant is reviewed on an annual basis to ensure continued compliance with program's requirements. Reviews are completed on a rolling basis and must occur within 60 days of the one-year anniversary date from a firm's acceptance into the 8(a) Program. For example, a firm certified on January 1 of a given year would need the review completed by March 1 of the following calendar year. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Assisted by 7(j) | Target | 3,550 | 3,550 | 3,550 | 3,550 | 4,000 | 4,500 | 10,000 | 10,000 |
| | Actual | 3,913 | 4,104 | 5,360 | 5,245 | 4,100 | 6,483 | | |
| | Variance | 10% | 16% | 51% | 48% | 3% | 44% | | |
| Additional Information: Due to the increased marketing efforts with internal and external stakeholders, the number of businesses that the 7(j) Program assisted exceeded the FY 2018 target. The marketing efforts included development of a one-page 7(j) fact sheet on the program and engagement with agency small business and procurement officials. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Assisted by HUBZone | Target | 6,475 | 6,475 | 6,475 | 6,500 | 6,500 | 6,500 | 6,500 | 8,000 |
| | Actual | 6,497 | 6,339 | 8,106 | 6,431 | 6,563 | 14,042 | | |
| | Variance | 0% | -2% | 25% | -1% | 1% | 116% | | |
| Additional Information: The data includes initial applications received, protests, decertifications, recertifications, program exams, HUBZone office hours, participants, and emails responded to through the Helpdesk. The significant increase in FY 2018 is attributable to increased participation in outreach and training events, including webinars. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of HUBZone Sites Visited | Target | 517 | 518 | 500 | 475 | 492 | 508 | 508 | 508 |
| | Actual | 511 | 569 | 518 | 515 | 505 | 529 | | |
| | Variance | -1% | 10% | 4% | 8% | 3% | 4% | | |
| Additional Information: The SBA visits 10 percent of HUBZone sites in the portfolio from the previous fiscal year. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The 7(j) and 8(a) Programs assisted more than 6,400 and 6,700 small businesses, respectively. The SBA identified and implemented improvements in the 8(a) Program for better execution and shared best practices with the OSDBUs of other agencies.

The SBA also continued to offer 8(a) Program contracting officer flexibilities, allowing contract awards using competitive procedures for actions less than \$4 million and offering streamlined processes when agencies requested release of acquisitions from the program. This resulted in a significant increase in the total contract dollars obligated to 8(a) firms.

In recent years, the use of 7(j) Program training expertise to assist small disadvantaged businesses increased 8(a) Program success. Increased 7(j) Program marketing allowed the SBA to train more than 6,400 8(a) Program participants and other small disadvantaged businesses. The 7(j) training helped participating small businesses better prepare themselves for federal contracting opportunities.

The Agency continued recruiting and conducting outreach events that increased the number of firms in the HUBZone portfolio. The SBA maintained more than 5,000 HUBZone firms in the portfolio and assisted more than 14,000 small businesses. The SBA conducted 30 training events and webinars to educate small businesses about HUBZone requirements. The Agency trained more than 4,600 small business leaders, prime contractors, acquisition personnel, and small business counselors. The SBA implemented the National Defense Authorization Act (NDAA) 2018 requirements, which included

maintaining HUBZone status for re-designated areas until the release of 2020 Census data (mid-late 2021) and subsequent impacts to the HUBZone Program. The SBA anticipates that stabilization of the geographical area requirements will increase applications from small businesses investing in these areas.

The SBA completed an evaluation of the HUBZone Program to identify the factors and barriers in the contracting process that keep federal agencies from achieving their 3 percent statutory goal. The SBA has used the findings to support improvements to HUBZone processes and service delivery.

The SBA provided field alignment training for its BOSs, who received focused attention on customer experience and ways to shift from low- to high- value work.

FY 2019 and FY 2020 Planned Performance

For FY 2020, the SBA requests \$0.5 million for the 7(j) Program to support business development through educational modules for delivery in the 68 district offices. The SBA will deploy an enhanced network of webinar education and online training in its transition from “one-to-one” individual counseling to a “one-to-many” method. This assistance is designed to reach more than 10,000 small businesses via the 7(j) Program each year. The SBA will also use its broad network of district offices to raise awareness of the 8(a) Program and continue using the 7(j) Program in innovative ways to provide critical training for disadvantaged firms.

The SBA will continue promoting outreach to resource partners in an effort to help increase participation in the 8(a) Program and encourage more disadvantaged small businesses to participate in federal contracting opportunities. The Agency will provide 8(a) Program training to the federal contracting force, with sessions that are vital for creating contract opportunities for 8(a) participants.

In addition, the SBA plans to establish criteria for releasing participatory agency requirements from the 8(a) Program. The current regulation requires that the follow-on or renewable acquisition of an 8(a) Program procurement award must remain in the 8(a) Program unless the SBA agrees to release the requirement for non-8(a) competition. Agencies have indicated that this regulation discourages them from using the 8(a) Program for a new requirement because the requirements restrict their acquisition options.

For FY 2020, the SBA requests \$2.5 million for the HUBZone Program to modernize its certification system, increase assistance to HUBZone small businesses, and help mitigate fraud, waste, and abuse. This initiative will improve processes for application, recertification, program examination, protests, material changes, and decertification. The HUBZone maps will have additional functionality enabling the user to view locations of HUBZone small business concerns, places of performance for HUBZone contracts, and commercial and residential real estate in HUBZones.

The Agency recognizes that the lack of federal contracts awarded to HUBZone firms is a challenge. The SBA will develop and implement a plan to increase contract awards to HUBZone small businesses. This includes implementing the proposed regulatory changes to clarify firm eligibility requirements. In addition, the SBA will implement other lessons learned from the HUBZone evaluation recommendations.

In FY 2019, the SBA will publish HUBZone regulations to implement the provisions in the National Defense Authorization Act of 2018 to be effective in January 2020. In FY 2020, the HUBZone Program will gather data for its first annual Congressional report on program impacts due in January 2021.

The SBA will continue to provide training to its BOSs to ensure that they have the resources to help small businesses succeed. As the SBA continues to enhance www.SBA.Certify.gov, BOSs will receive updates and training on the platform and identify ways to enhance interactions with small businesses applying for certification.

Strategy 2: Provide individual, specialized support to small businesses to increase growth and build infrastructure

The SBA ensures that qualified HUBZone firms, service-disabled veteran-owned businesses, and women-owned businesses seeking to create, develop, and expand their business have full access to business development and expansion tools available through the Agency's entrepreneurial development, training, and federal contracting programs. The SBA coordinates the development of policies through field staff specific for HUBZone firms, veteran-owned, and women-owned small businesses through outreach, technical assistance, and counseling.

FY 2018 Accomplishments and Challenges

The SBA hosted an all-day meeting with the Women-Owned Small Business (WOSB) Program special focus groups and third-party certifiers to gather feedback on the draft proposed rule for WOSB certification that the Agency will be developing. The SBA partnered with Women Impacting Public Policy (WIPPP) to host outreach events focused solely on assisting women entrepreneurs; these events have garnered tremendous interest. The events are hosted in various locations across the country and have led to training thousands of women-owned businesses. The SBA also provided training at several veteran-focused business initiatives, to include Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE) and the Veteran Institute for Procurement (VIP).

The SBA completed centralized training for all BOSs to educate these front-line customer facing employees, share and align processes across districts, and strengthen customer service for 8(a) small businesses. The training focused on core principles and demonstrated continued improvements in program performance.

The SBA First Wednesday Webinars and Government Contracting Classroom continued to grow, and offered free, self-paced, online learning to help small businesses and other stakeholders better understand the federal contracting marketplace. The Classroom launched new modules that focused on preparing small businesses to acquire Federal Government contracts. The First Wednesday Webinars invited contracting officers from across the country to scheduled monthly training on programs and policies to help them improve contracting opportunities for small business concerns.

The Agency collaborated with stakeholders to participate in outreach events to small businesses to increase awareness of the 8(a) Program. The SBA presented numerous trainings to diverse audiences to promote the program and its proper use. The SBA participated in a joint Department of Defense (DOD) small business training conference to train, educate, and develop productive working relationships that benefit small businesses. The conference brought together more than 600 DOD small business professionals.

FY 2019 and FY 2020 Planned Performance

The SBA requests \$2.5 million for further systems development needed to implement the WOSB certification program. The 7(j) Program will continue to provide management and technical assistance to 8(a), women-owned small businesses, economically-disadvantaged women-owned small businesses, and veteran-owned small businesses. The SBA will also develop targeted programs to better address growth and infrastructure for small businesses. SBA's targeted programs will deliver services to firms that are in developmental and transitional stages.

The SBA will increase awareness of contracting opportunities through a variety of forums. In order to improve online offerings, the Agency enables small businesses to access opportunities for federal assistance from wherever they engage with the SBA and its partners. The Agency will continue regular engagement with the OSDBUs of other agencies to provide training and share best practices. The SBA continues to participate in a joint effort with the DOD to provide training to Procurement Center Representatives (PCRs), BOSs, and DOD small business professionals and contracting officers. The training will focus on small business contracting program regulatory changes and reviews the SBA and DOD collaborative responsibilities.

The SBA will continue developing and delivering BOS training and enhance the role with staff in the field, including the PCRs. Through learning modules and other forums, the SBA will provide enhanced communication for staff located across the country to continue supporting small businesses seeking to enter the federal contracting market.

Strategy 3: Expand Mentor-Protégé Program support to connect businesses

Through the **All-Small Mentor Protégé Program**, the SBA encourages small businesses to gain valuable experience in and access to the federal acquisition marketplace by allowing them to enter into formal partnerships with experienced firms through approved Mentor-Protégé Agreements. The SBA also collaborates with federal agencies and other partners to promote 8(a), HUBZone, service-disabled veteran-owned, and women-owned small businesses interested in establishing mentor-protégé partnerships.

Table 2.1e displays the cost to administer the programs. It includes direct costs from the operating budget, including contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 2.1e: All Small Mentor Protegee Program Budgets – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| N/A | N/A | N/A | N/A | N/A | \$ 2,178 | \$ 2,150 | \$ 2,231 |

Table 2.1f shows progress toward the performance indicators for the All-Small Mentor Protegee program.

Table 2.1f: All Small Mentor-Protégé Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|----------|----------|---------|---------|
| Number of Approved Mentor-Protégé Agreements | Target | N/A | N/A | N/A | N/A | Baseline | 345 | 345 | 345 |
| | Actual | N/A | N/A | N/A | N/A | 348 | 333 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | -3% | | |
| Additional Information: This measure tracks the number of approved Mentor-Protégé Agreements submitted in a given fiscal year. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Full Time Equivalents in Protégé Firms | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 6,000 | 6,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | 6,559 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This metric reports data from the annual reports submitted from protégés. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Success Rate of Protégés Winning Bids | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 32% | 40% |
| | Actual | N/A | N/A | N/A | N/A | N/A | 32% | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This metric reports data from the annual reports submitted from protégés. The percent is calculated as the number of independent offers submitted compared to the number of independent offers won by protégés, reported through the submission of annual reports. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The All-Small Mentor Protégé Program (ASMPP) allowed small businesses to team with more experienced firms to enhance small business capabilities, assist small businesses in meeting their goals, and improve the ability of the protégés to compete for contracts. The Mentor-Protégé program leveraged small business set-aside goals for service-disabled veterans, HUBZone, and women-owned small businesses. In FY 2018, applications increased by 6 percent from FY2017 with 648 partnerships. Information received from the first cohort indicates the program has supported more than 945 jobs and generated more than \$280 million in government contracts through Mentor-Protégé relationships. Significantly, protégé firms won 32 percent of contracts offered independently from their mentor and increased by 17 percent increase Full-Time Equivalent (FTE) employees.

The SBA established a government-wide Federal Mentor Protégé Program Council (FMPPC) to build a community of practice for Mentor-Protégé Program providers, to share best practices, and to provide a forum for program innovation and problem solving. The Agency hosted a mentor-protégé conference, drawing more than 400 participants, which increased mentor-protégé knowledge of joint ventures, as well as rules and compliance requirements for agreements. It provided a high-demand forum for businesses to meet potential partners and learn from best-practice panels of successful pairs, and to hear various federal agency small business advocates discuss how to be successful in their respective agency acquisitions.

The SBA conducted outreach to the acquisition community for ASMPP. The Agency also identified a significant need for education and training to mentor-protégé teams about security clearance requirements for each buying activity. These activities supported the federal acquisition community, increased the participation of 8(a), women-owned, veteran-owned, and HUBZone certified firms in the marketplace, and increased the number of set-aside awards.

FY 2019 and FY 2020 Planned Performance

The Agency will continue to conduct marketing outreach and encourage federal acquisition professionals to learn more about how the ASMPP Program helps agencies meet their set-aside small business goals. The SBA will host a Mentor-Protégé Conference that will bring together more than 400 protégés, mentors, federal small business contracting professionals, and small business program managers.

The SBA will continue updating processes and gathering public comments on the proposal to consolidate the 8(a) Business Development Mentor-Protégé Program and the ASMPP to support greater efficiencies. The SBA will convene the FMPPC and the ASMPP Community of Practice to further expand the reach and education of the program into various stakeholder markets.

Strategic Goal Two—Build Healthy Entrepreneurial Ecosystems and Create Business Friendly Environments

Strategic Objective 2.2: Build Healthy Entrepreneurial Ecosystems

Performance Goal: Increase the number of entrepreneurs assisted through partnerships, virtual resources, and targeted outreach to 820,100 in FY 2020

Objective Leads: Associate Administrator for Entrepreneurial Development, Associate Administrator for Veterans Business Development, and Assistant Administrator for Native American Affairs

Objective Support: Office of Field Operations, and Office of Capital Access

Programs/Activities: Small Business Development Centers (SBDC), Women’s Business Centers (WBC), SCORE, SBA Learning Center, Veterans Business Outreach Centers (VBOC), Boots to Business (B2B), Native American Outreach

Strategies:

1. Deliver entrepreneurial services in collaboration with resource partners
2. Provide entrepreneurs with in-person and virtual resources
3. Empower veterans and military families who want to start or grow their business
4. Support Native American entrepreneurs through outreach

A healthy entrepreneurial ecosystem offers entrepreneurs access to a wide range of resources to help them succeed. Entrepreneurs and small business owners who receive training and mentoring increase sales, create more jobs, and have a greater economic impact on their communities. Research shows a direct positive correlation between the hours of business advising, and related assistance a client receives, to the amount of improvement in the longevity, profitability, and growth of their business. The evidence also shows that small businesses that receive more than three hours of counseling have higher one-year survival rates than firms that receive less counseling.¹⁶ These findings demonstrate that counseling and training provide effective resources to entrepreneurs.

The SBA, through its resource partners and innovative programs, helps entrepreneurs seeking to start or grow their business. SBA strategies to build healthy entrepreneurial ecosystems provide a foundation for nationwide access to high-quality business assistance and resources for future entrepreneurs and current small business owners, particularly in communities where resources do not exist. Reducing duplicative services, coordinating best practices, and encouraging innovative partnerships to more efficiently and effectively serve small business entrepreneurs across the country strengthens these ecosystems.

Progress Update: The SBA provided mentoring, business advice, and training assistance to more than 1.2 million entrepreneurs and small business owners in FY 2018. Of note is the progress of the SCORE and Women’s Business Center (WBC) programs. The number of SCORE clients trained increased by 8 percent over the same point last year. The number of WBC clients trained also increased by 8 percent. The SBA made significant progress to support entrepreneurs through several key initiatives. First, the SBA provided comprehensive training to its Economic Development Specialists (EDS) in the district offices, with training focused on increased support for SBA resource partners and entrepreneurs. In addition, the SBA clarified roles and responsibilities for resource partners through updated guidance and newly developed performance metrics. The SBA’s veteran’s support programs continued to grow in partnership

¹⁶ *Impact Study of Entrepreneurial Dynamics: Office of Entrepreneurial Development Resource Partners Face-to-Face Counseling.* Concentrance Consulting Group, LLC, September 2013.

with the DOD’s Transition Assistance Program (TAP), and the Boots to Business (B2B) entrepreneurship training track, nearly 17,200 veterans, service members, and military spouses benefited from the Introduction to Entrepreneurship Program. From FY 2017 to FY 2018, Veterans Business Outreach Center (VBOC) participation increased by 52 percent. The SBA leveraged public-private partnerships in order to deliver veteran entrepreneurship training programs.

Current statutory restrictions prevent the Agency from collecting descriptive data on small businesses receiving training and mentoring. To better assess its programs’ effectiveness and understand how they could be more impactful in local communities, the Agency continues to request authority to collect limited grantee data for internal program evaluation purposes. This data would help the SBA make evidence-based recommendations to improve its services and assist more entrepreneurs.

The SBA, in order to improve accountability and align with the Administrator’s priorities, established new performance metrics. Specifically, the SBA reviewed program office and field metrics, received feedback from resource partners, and created a single set of metrics that balance outcomes and outputs. These metrics create a direct line of sight between resource partners’ activities and the Agency’s strategic direction. The new performance metrics include a focus on emerging markets and consistency in resource partner oversight and communication and constitute more relevant measures for gauging progress towards collective outcomes. In addition, due to changes in measure methodology, historical data for fiscal years 2013-2017 are not available for comparison.

Table 2.2a displays a new metric tracking the number of clients served.

Table 2.2a: Entrepreneurial Ecosystems Performance Goal

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|---------|----------|---------|
| Number of Unique Clients Served through Partnerships, Virtual Resources, and Targeted Outreach | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 820,100 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, to improve accountability and encourage coordination, the SBA established a new entrepreneurial ecosystem performance goal aligning the efforts of field and headquarters offices and resource partners. The new performance goal tracks the number of unique clients served, trained, advised, and mentored through in-person and virtual resources by resource partners (e.g. SBDC, WBC, SCORE, B2B, and VBOC). The number of unique clients has decreased as resource partners focus on repeat consultations to better meet the evolving business needs of the clients. “Unique” clients can be identified by the programmatic resource partner but clients using services between different resource partners (e.g., SBDC and SCORE) cannot be identified. With authority to collect this information, the SBA would be able to more efficiently manage entrepreneurial development programs. | | | | | | | | | |

Table 2.2b displays the retiring entrepreneurial ecosystem performance goal. The SBA is adopting new metrics common to the Small Business Development Centers (SBDC), WBC and SCORE programs that mitigate collection methodology issues and reflect new resource partner agreements. Refer to Table 2.2a for the current goal.

Table 2.2b: Retiring Entrepreneurial Ecosystems Performance Goal

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|
| Number of Entrepreneurs Assisted through Partnerships, Virtual Resources, and Targeted Outreach | Target | N/A | Baseline | 1,353,000 | 1,378,700 | 1,304,200 | 1,467,000 | N/A | N/A |
| | Actual | 1,235,411 | 1,296,377 | 1,099,285 | 1,284,706 | 1,500,461 | 1,333,390 | | |
| | Variance | N/A | N/A | -19% | -7% | 15% | -9% | | |
| Additional Information: This performance goal is retiring in FY 2019 because the SBA tracks the number of unique clients served in a combined goal as part of new resource partner agreements and better alignment between the field, headquarters and the Agency’s strategic direction. “Unique” clients can be identified by the programmatic resource partner but clients using services between different resource partners (e.g., SBDC and SCORE) cannot be identified. With authority to collect this information, the SBA would be able to more efficiently manage entrepreneurial development programs. | | | | | | | | | |

Strategy 1: Deliver entrepreneurial services in collaboration with resource partners

The SBA delivers core counseling and training services in communities across the country through its resource partners: SBDCs, WBCs, SCORE, and VBOCs. Through SBA cooperative agreements, resource partners will train, counsel, advise, and mentor entrepreneurs interested in starting or expanding a small business. SBA’s resource partners will place more emphasis on training and counseling in key areas related to rural entrepreneurship, disaster recovery, women’s business ownership, federal government contracting, emerging markets, and cybersecurity.

The **Small Business Development Centers**, hosted by higher education institutions or state economic development organizations, are a vital part of the entrepreneurial ecosystem. SBDCs deliver counseling and training focused on strategic and financial planning, business development, and cash flow management to entrepreneurs across the country. They continuously assess counseling and training materials to meet client needs based on client requests, business trends, and individual business requirements.

Table 2.2c displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in 2018. Fiscal years prior to 2018 are not comparable and are provided here for presentation purposes only.

Table 2.2c: SBDC Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| \$ 113,484 | \$ 120,507 | \$ 121,627 | \$ 170,466 | \$ 180,143 | \$ 141,725 | \$ 141,719 | \$ 111,778 |

The SBA established new performance metrics for resource partners to improve efficiency, accountability, and improve alignment with the Administrator’s priorities. The Agency reviewed program office and field metrics, received feedback from resource partners, and created a standardized set of metrics that balance outcomes and outputs to create a direct line of sight between resource partners’ activities and the Agency’s strategic direction. The new performance metrics include a focus on emerging markets, consistency in resource partner oversight and communication, and constitute more relevant measures to gauge progress towards collective outcomes. In addition, due to changes in measurement methodology,

historical data for fiscal years 2013-2017 are not available for comparison.

Table 2.2d displays the SBDC performance indicators.

Table 2.2d: SBDC Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|----------|---------|
| Number of Unique SBDC Clients Served | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 214,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, the SBA established a new aggregated output metric that improves accountability and encourages coordination. The metric tracks both the number of clients trained and advised. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of New Business Starts from SBDCs | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 14,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, the SBA established a new outcome-based goal that improves accountability and encourages coordination. The SBA will track the number of new businesses started as a result of SBDC training and counseling. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported from SBDCs | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 772,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, the SBA established a new outcome-based goal that improves accountability and encourages coordination. The SBA will track the number of jobs supported as a result of SBDC training and counseling. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Billions of Dollars of Capital Infusion from SBDCs | Target | 3.4 | 4.0 | 4.0 | 4.0 | 4.0 | 5.0 | 5.0 | 5.0 |
| | Actual | 4.5 | 4.7 | 4.7 | 5.1 | 5.6 | 5.0 | | |
| | Variance | 32% | 18% | 18% | 28% | 40% | 0% | | |
| Additional Information: This measure tracks financing provided to small business from various lenders, including the SBA. | | | | | | | | | |

Table 2.2e: The SBA is retiring the following SBDC performance measures as it adopts new metrics common to the SBDC, WBC and SCORE programs that mitigate collection methodology issues and reflect new resource partner agreements. Refer to Table 2.2d for the current measures.

Table 2.2e: Retiring SBDC Performance Measures

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of SBDC Clients Trained | Target | 350,000 | 350,000 | 350,000 | 340,000 | 270,000 | 247,000 | N/A | N/A |
| | Actual | 330,781 | 291,366 | 267,420 | 261,255 | 245,329 | 250,926 | | |
| | Variance | -5% | -17% | -24% | -23% | -9% | 2% | | |
| Additional Information: This measure is retiring in FY 2019 because the SBA now tracks as part of new resource partner agreements the number of SBDC clients advised in the combined “clients served” goal. | | | | | | | | | |

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of SBDC Clients Advised | Target | 200,000 | 220,000 | 220,000 | 220,000 | 190,000 | 194,000 | N/A | N/A |
| | Actual | 201,596 | 194,121 | 187,478 | 192,172 | 188,225 | 192,450 | | |
| | Variance | 1% | -12% | -15% | -13% | -1% | -1% | | |
| Additional Information: This measure is retiring in FY 2019 because the SBA now tracks as part of new resource partner agreements the number of SBDC clients advised in the combined “clients served” goal. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Created by SBDCs | Target | 12,500 | 12,500 | 13,000 | 13,000 | 13,000 | 14,500 | N/A | N/A |
| | Actual | 14,201 | 13,415 | 13,123 | 14,419 | 14,491 | 14,422 | | |
| | Variance | 14% | 7% | 1% | 11% | 11% | -1% | | |
| Additional Information: The SBA is retiring this measure in FY 2019 and focusing on new business starts. For FY 2018 the SBA adopted a new data collection and calculation method that more accurately represents the performance of the SBDC Program. The metric accounts for the businesses created from the training and counseling offered, whereas previous data accounted for businesses created from counseling. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

SBDC professional business advisors helped clients start more than 14,000 new businesses, trained and advised over 443,000 entrepreneurs, and helped clients obtain \$5.0 billion in capital for their businesses. In FY 2018, the SBA completed 31 financial examinations and 35 programmatic reviews to ensure accountability. The SBA also contracted with America’s SBDC to conduct 14 accreditation reviews. The SBA annually awards the SBDC grants and added three host organizations in Louisiana, Pennsylvania, and Sacramento, California.

The Agency published a Standard Operating Procedure (SOP) to improve efficiencies and further clarify roles, responsibilities, and processes. Two new performance metrics common to all three programs will track the number of clients served and new business starts across the Agency’s resource partners. The first metric measures the number of unique clients counseled and/or trained, and the second measures the number of clients indicating that they have started a business after receiving entrepreneurial counseling or training services. The SBA will establish baseline data to develop future targets.

Three new performance metrics will support each programs’ resource partners to improve outcomes. For SBDCs, new jobs supported metric quantifies the total number of jobs created by clients after receiving entrepreneurial services; SBDCs will continue to measure capital infusion. These new metrics will strengthen the delivery of impactful entrepreneurial services in collaboration with resource partners and fulfill a critical component of SBA’s Strategic Plan.

FY 2019 and FY 2020 Planned Performance

For FY 2020, the SBA requests \$101 million for the SBDC Program to continue to support more than 214,000 entrepreneurs who help create and retain more than 772,000 jobs. The program will help more than 14,000 entrepreneurs start new businesses and will assist clients obtain more than \$5 billion in capital annually for their businesses. For FY 2019, the SBDC network will continue to train resource partners and deliver export assistance.

Furthermore, the SBA requests authority to award grants to the most qualified entities and to increase accountability through effective performance management criteria to deliver more impactful results. In particular, the SBA requests authority to competitively award 10 percent of the SBDC

appropriation to entities that meet criteria established by the Agency. Thus, the SBA will award grants through increased competition that will reflect the removal of certain eligibility limitations, revise requirements for matching funds, and include the adoption of a performance-based funding component.

The SBA requests authority to collect data on clients that the SBDC serves for program evaluation purposes. With this information, the SBA will enhance its ability to help small businesses start and grow their businesses.

In addition, the SBA will continue to provide training to its EDSs and resource partners to provide clarity on roles and responsibilities. The SBA will continue to improve collaboration and ensure accountability of its resources to provide the greatest impact for America’s entrepreneurs.

The **Women’s Business Center Program (WBC)** funds 116 nonprofit organizations that provide quality advising and training services primarily to women entrepreneurs, many of whom are socially and economically disadvantaged. Participating organizations must match the federal funding with one non-federal dollar for every two federal dollars during the first two years, and on a one-to-one basis thereafter. Many WBCs provide multilingual services, offer flexible hours (including evenings and weekends), and allow children to attend training classes with their mothers. These WBCs predominantly use long-term training courses to maximize the delivery of services to primarily emerging entrepreneurs. Many of the training courses focus on business and financial planning to help women entrepreneurs gain financial literacy. The WBCs also provide direct advising to clients and help them access loans, federal contracts, and exporting opportunities.

Table 2.2f displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to FY 2018 are not comparable and are provided for presentation purposes only.

Table 2.2f: WBC Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| \$ 18,350 | \$ 25,633 | \$ 23,143 | \$ 28,119 | \$ 26,570 | \$ 24,847 | \$ 26,334 | \$ 25,278 |

To improve efficiency, accountability, and alignment with the Administrator’s priorities, the SBA established new performance metrics. Specifically, the SBA reviewed program office and field metrics; received feedback from resource partners; and created a single set of metrics that balance outcomes and outputs, while establishing a direct line of sight between resource partners’ activities and the Agency’s strategic direction. The new performance metrics include a focus on emerging markets and consistency in resource partner oversight and communication and constitute more relevant metrics to measure collective outcomes. Due to changes in measure methodology, historical data are not available for comparison.

Table 2.2g provides the targets and results for the WBC performance indicators.

Table 2.2g: WBC Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|----------|---------|
| Number of Unique WBC Clients Served | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 35,700 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, the SBA established a new output metric that improves accountability and encourages coordination. The metric tracks both the number of clients trained and advised. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of WBC New Business Starts | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 2,900 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, the SBA established a new outcome measure that improves accountability and encourages coordination. The SBA will track the number of new businesses started as a result of WBC training and advising. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Loans to Support Capital Infusion | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 2,300 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA tracks the number of loans to support capital infusion as a part of WBC training and advising services. These loans will help entrepreneurs start and grow their business. | | | | | | | | | |

Table 2.2h. The SBA is retiring the following WBC performance measures as it adopts new metrics common to the SBDC, WBC and SCORE programs that eliminate collection methodology issues and reflect new resource partner agreements. Refer to Table 2.2g for the current measures.

Table 2.2h: Retiring WBC Performance Measures

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|---------|---------|---------|---------|---------|---------|---------|
| Number of WBC Clients Advised | Target | Baseline | 20,000 | 22,000 | 22,200 | 22,000 | 27,000 | N/A | N/A |
| | Actual | 19,455 | 20,686 | 20,375 | 22,429 | 26,318 | 28,181 | | |
| | Variance | N/A | 3% | -7% | 1% | 20% | 4% | | |
| Additional Information: The SBA is retiring this measure and now tracks the number of WBC clients advised in the combined “clients served” goal as part of new resource partner agreements. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Created by WBC | Target | 475 | 600 | 650 | 730 | 11,000 | 17,000 | N/A | N/A |
| | Actual | 637 | 708 | 766 | 17,435 | 17,438 | 11,687 | | |
| | Variance | 34% | 18% | 18% | 2,288% | 59% | -31% | | |
| Additional Information: The SBA is retiring this measure and is focusing on new business starts. The Agency adopted a new data collection and calculation method for FY 2016 that more accurately represents the performance of the WBC Program. The metric accounts for the businesses created from the training and advising offered, whereas previous data accounted for businesses created from counseling. | | | | | | | | | |

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of WBC Clients Trained | Target | 95,000 | 105,000 | 111,000 | 120,000 | 125,000 | 126,000 | N/A | N/A |
| | Actual | 114,310 | 119,351 | 120,341 | 122,986 | 114,310 | 123,680 | | |
| | Variance | 20% | 14% | 8% | 2% | -9% | -2% | | |
| Additional Information: The SBA is retiring this measure because the SBA now tracks the number of WBC clients trained in the combined “clients served” goal as part of new resource partner agreements. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

In FY 2018, WBCs advised and trained nearly 152,000 entrepreneurs while completing nearly 40 financial examinations to ensure accountability and transparency. The SBA awarded nine initial phase WBC grants, allowing seven existing awardees to expand into rural areas (New York, Connecticut, Ohio, Minnesota, Wisconsin, North Dakota, and Utah) and two new awardees to open WBCs in San Diego, California and Dallas, Texas.

The WBC Program did not meet its target for small business creation. The results, obtained through a national WBC client outcome survey, were 41 percent below target and 43 percent lower than the prior year. This decrease can be attributed to significant changes between the annual surveys. Specifically, the FY 2018 survey client size estimates were nearly 20 percent lower, and the survey sample included 19 percent fewer counseling clients. In the future the SBA will collect data directly from the WBCs to improve tracking and accountability.

In addition to the common metrics aligned across all three programs, the SBA created a new outcome metric to track capital infusion, which is the number of transactions that clients report for all forms of capital debt used to assist their business. This metric will help resource partners track capital in this critical sector in order to better understand and encourage women who have faced more difficulties raising capital in the past.

FY 2019 and FY 2020 Planned Performance

For FY 2020, the SBA requests \$17.4 million for the WBC Program. Each year, the SBA will advise and train more than 155,000 entrepreneurs and will use this funding to support a network of 116 WBCs. Additionally, the implementation of new performance indicators will improve the Agency’s ability to monitor the WBC network and ensure its effectiveness, efficiency, and impact on entrepreneurs. In addition, the SBA will track the number of loans and equity capital transactions WBC services supported, which will allow the Agency to better assess how the program is making capital more accessible to women entrepreneurs.

The Agency will further align field and headquarters activities by implementing SOPs to ensure WBCs are compliant with the conditions of their cooperative agreements and realize positive outcomes for their clients. The Agency will balance an increased emphasis on compliance and accountability with enhanced technical assistance from the SBA to the WBC network. Technical assistance is critical to ensuring that the network of WBCs has the capacity to train and advise entrepreneurs and meet the requirements of their grant awards.

The **SCORE** Program is the largest volunteer business mentoring program in the Federal Government. SCORE has a volunteer network of more than 11,000 business professionals who donate more than 1.1 million hours of service each year to America’s entrepreneurs through online training and in-person

counseling at 350 chapters in more than 800 locations nationwide. The SCORE cooperative agreement funds volunteer recruitment, training and support, marketing materials, and course development necessary for a successful volunteer provider network. Mentors in the SCORE Program provide free or low-cost mentoring and training to entrepreneurs in a wide range of settings. Training is presented in group settings or online to help an entrepreneur acquire knowledge, skills, and competencies on business-related subjects. Mentoring by means of personalized one-on-one advice or guidance helps entrepreneurs navigate through planning, starting, growing, or managing a business.

Table 2.2i displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 2.2i: SCORE Program Budget—Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| \$ 11,546 | \$ 12,110 | \$ 13,326 | \$ 17,020 | \$ 17,555 | \$ 16,650 | \$ 17,050 | \$ 14,882 |

To improve efficiency, accountability, and alignment with the Administrator’s priorities, the SBA established new performance metrics. Specifically, the SBA reviewed program office and field metrics, received feedback from resource partners, and created a single set of metrics that balance outcomes and outputs to create a direct line of sight between resource partners’ activities and the Agency’s strategic direction. The new performance metrics include a focus on emerging markets, ensure consistency in resource partner oversight and communication, and constitute more relevant metrics to measure progress towards collective outcomes. In addition, due to changes in measure methodology, historical data are not available for comparison.

Table 2.2j provides the targets and results for SCORE performance indicators.

Table 2.2j: SCORE Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|----------|---------|
| Number of Unique SCORE Clients Served | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 254,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, the SBA established a new output metric that improves accountability and encourages coordination. This metric tracks the number of clients trained and advised. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of SCORE New Business Starts | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | TBD |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, the SBA established a new outcome-based goal that improves accountability and encourages coordination. The SBA will track the number of new businesses started as a result of SCORE training and counseling. | | | | | | | | | |

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|----------|---------|
| Percentage of SCORE New Businesses Realizing Revenue Growth | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | TBD |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA tracks the percentage of SCORE new businesses realizing revenue growth as a part of SCORE counseling and training services. As more businesses start and grow, revenue of the respective businesses should increase. | | | | | | | | | |

Table 2.2k: The SBA, in order to eliminate collection methodology issues and reflect new resource partner agreements, is retiring the following SCORE performance measures as it adopts new metrics common to the SBDC, WBC and SCORE programs. Refer to Table 2.2j for the current methods used.

Table 2.2k: Retiring SCORE Performance Measures

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|----------|---------|---------|---------|----------|---------|---------|
| Number of SCORE Clients Trained | Target | 250,000 | 250,000 | 240,000 | 274,000 | 240,000 | 460,000 | N/A | N/A |
| | Actual | 218,434 | 277,971 | 212,229 | 311,164 | 519,368 | 559,805 | | |
| | Variance | -13% | 11% | -12% | 14% | 116% | 22% | | |
| Additional Information: This measure is retiring in FY 2019 because the SBA now tracks the number of SCORE clients trained in the combined “clients served” goal as part of new resource partner agreements. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of SCORE Clients Mentored | Target | N/A | Baseline | 160,000 | 182,500 | 156,000 | 140,000 | N/A | N/A |
| | Actual | 127,468 | 164,403 | 137,310 | 122,230 | 126,892 | 126,403 | | |
| | Variance | N/A | N/A | -14% | -33% | -19% | -10% | | |
| Additional Information: The SBA is retiring, as part of new resource partner agreement, this measure in FY 2019 and now tracks the number of SCORE clients mentored in the combined “clients served” goal. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Created by SCORE | Target | 700 | 700 | 5,400 | 5,400 | 5,400 | 45,000 | N/A | N/A |
| | Actual | 628 | 5,339 | 39,495 | 54,027 | 54,506 | Data Lag | | |
| | Variance | -10% | 663% | 631% | 901% | 901% | N/A | | |
| Additional Information: The SBA is retiring this measure in FY 2019 and focusing on new business starts. The SBA adopted a new data collection and calculation method for FY 2016 that more accurately represents the performance of the SCORE Program. The metric now accounts for the businesses created from the training, advising and mentoring offered, whereas previous data only accounted for businesses created from counseling. The number reported for FY 2017 reflects new business starts accomplished during the previous calendar year. The change in methodology is further explained in the Data Quality Records found at www.SBA.gov/performance . | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SCORE Program mentored and trained more than 686,000 clients. The increase in clients served is attributed to the opportunities available through virtual training conferences. Virtual conferences allow SCORE to provide mentoring and training when it is convenient to the client. The SCORE Program continued its efforts to ensure diversity among clients and mentors and maintained its focus on training for veterans and communities impacted by disasters. SCORE maintained its focus on using technology to connect to America’s entrepreneurs in an efficient and cost-effective manner.

Program digital services expanded with online mentoring, virtual training conferences, online learning, and business templates.

In addition to the common metrics aligned across all three programs, the new individualized SCORE program metric tracks the percentage of clients in businesses realizing revenue growth. The SBA developed this metric to closely track resource partner impact on business growth.

FY 2019 and FY 2020 Planned Performance

For FY 2020, the SBA requests \$9.5 million for SCORE in order to continuously serve at least 254,000 clients each year, including those in emerging markets. SCORE clients will continue to be advised by diverse and committed business mentors with industry experience who will receive additional support through its national infrastructure, continued innovation in service delivery, and constant engagement with financial, procurement, and startup communities.

The Agency will report new measures for SCORE in FY 2020 that capture the number of clients served, new businesses started, and the percent of small businesses with realized revenue growth. These metrics will be integrated into the grant agreement to ensure enhanced accountability and provide greater impact for small businesses.

SCORE will establish new chapters in specific markets of opportunity including major metropolitan areas, rural communities, and other emerging markets. The program will also continue to focus on improving the diversity of SCORE volunteers and clients.

Strategy 2: Provide entrepreneurs with in-person and virtual resources

The SBA will design and host a variety of educational online tools to promote active learning for aspiring entrepreneurs and existing small businesses. Online courses will focus on common business topics such as social media marketing, financing, and government procurement to explain business concepts to entrepreneurs. Through interactive learning worksheets, checklists, and other resources, entrepreneurs will be able to apply skills and improve the retention of core concepts. The SBA will also provide high-growth small businesses an opportunity to strengthen and enhance their local entrepreneurial ecosystem through intensive, cohort-based business education programs. Entrepreneurs will receive extensive specialized training, technical support, and other resources to develop strategic growth action plans, and to develop a local professional networking system within each community to increase business prosperity and promote local economic development.

Table 2.21 displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 2.21: Entrepreneurship Education Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| N/A | \$ 9,532 | \$ 12,811 | \$ 20,956 | \$ 13,222 | \$ 15,332 | \$ 9,768 | \$ 8,804 |

The SBA’s primary online training service, the **SBA Learning Center**, offers free online courses on business planning, marketing, government contracting, accounting, and social media. Hundreds of thousands of aspiring or current business owners use these free online courses and tools each year. Video tutorials, templates, and interactive assessments inform and equip entrepreneurs with valuable knowledge and tangible tools to assist their business planning. The SBA encourages its network of professional business mentors to use online learning for additional support.

Table 2.2m provides the targets and results for the online training performance indicator.

Table 2.2m: SBA Learning Center Performance Indicator

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|----------|----------|---------|
| Number of Clients Trained Online | Target | 500,000 | 225,000 | 250,000 | 220,000 | 200,000 | 225,000 | Baseline | TBD |
| | Actual | 150,355 | 182,002 | 154,132 | 187,162 | 206,172 | Data N/A | | |
| | Variance | -70% | -19% | -38% | -15% | 3% | N/A | | |
| Additional Information: This metric will report on the number of clients trained online. Due to changes in data collection, the SBA will revisit reporting for this measure in FY 2019. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SBA developed content to assist SBA district office staff and the resource partner network facilitators to deliver blended learning solutions using online courses. The materials included toolkits, tip sheets, worksheets, and instructor guides. In addition, the Learning Center received a design update to enhance the user experience. The use of blended learning not only provided a personalized training experience, but also offered 24/7 access to training resources, reduced training costs, as well as provided learning flexibilities.

FY 2019 and FY 2020 Planned Performance

In FY 2020, the SBA requests \$2.5 million for Entrepreneurship Education, which includes Emerging Leaders, Ascent (Women’s Digital Entrepreneurship Platform), and the SBA Learning Center. The SBA Learning Center will produce training content and deploy course-sharing partnerships. Users will have the opportunity to access entrepreneurship education resources through toolkits, fact sheets, infographic tip sheets, instructor guides, and audio content. The SBA will support 250,000 clients through the Learning Center. The Learning Center will ensure course content is current and reflects the knowledge needs of America’s small business owners.

In FY 2019, the SBA will create a digital learning and collaboration platform, known as Ascent, with an initial focus on women entrepreneurs seeking to scale their business. Through online courses, peer-to-peer collaboration, and mentoring, this digital platform will provide entrepreneurs, especially those in rural and emerging markets, with a digital education resource. The platform will be designed with a focus on scaling businesses to eventually serve start-ups. The investment will leverage cloud computing and application programming interface standards consistent with the digital government strategy. The initial investment will deliver the learning platform and learning modules for women entrepreneurs.

The SBA will also implement solutions for virtual counseling to enable an integrated and comprehensive approach for communication and interaction with customers. Virtual counseling will

provide clients with opportunities to interact with SBA counseling services to start and grow their business from the location of their home, without traveling to a resource partner or district office.

Emerging Leaders is a 7-month executive development initiative that elevates a business’s growth trajectory, creates jobs, and contributes to the economic well-being of communities. Participants of the Emerging Leaders executive series receive more than 100 hours of specialized training, technical support, access to a professional network, and other resources to strengthen their businesses and promote economic development. After the training, participants produce a three-year strategic growth action plan. Each year for three years after completing the training curriculum, participants complete an evaluation that collects key outcomes. In addition, short assessments are conducted at the end of each module throughout the training delivery period to ensure quality and continuous improvement for both the instructors and curriculum. Approximately 65 percent of Emerging Leaders participants are from communities in emerging markets, which include women and minorities. Emerging Leaders is highly regarded among its alumni; 95 percent of participants would recommend the program to another business owner.

Table 2.2n shows Emerging Leaders performance indicators.

Table 2.2n: Emerging Leaders Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|----------|---------|---------|---------|---------|---------|
| Percent of Emerging Leaders Creating or Retaining Jobs | Target | N/A | N/A | Baseline | 81% | 81% | 81% | 81% | 81% |
| | Actual | 69% | 81% | 81% | 81% | 81% | 69% | | |
| | Variance | N/A | N/A | N/A | 0% | 0% | -14% | | |
| Additional Information: The SBA introduced this metric in FY 2016. Due to the nature of the initiative, the SBA surveys participants each year, for three years, following the completion of the initiative's curriculum. The SBA did not meet the target in FY 2018. Low unemployment may be a factor in creating and retaining employees through this program. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Emerging Leaders Obtaining Revenue Growth | Target | N/A | N/A | Baseline | 65% | 67% | 67% | 67% | 67% |
| | Actual | 68% | 66% | 68% | 70% | 68% | 69% | | |
| | Variance | N/A | N/A | N/A | 8% | 1% | 3% | | |
| Additional Information: The SBA introduced this metric in FY 2016. Due to the nature of the initiative, for three years the SBA surveys participants each year following completion of the initiative's curriculum. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SBA delivered the Emerging Leaders executive training series to 60 communities serving more than 800 mid-stage business owners. A survey conducted after the program’s completion indicated that 95 percent of participants were satisfied with the training and 74 percent indicated that they were very satisfied. The graduation rate for 2018 Emerging Leaders Initiative was 81 percent. The SBA’s evaluation of the initiative found that Emerging Leaders participants achieved positive business and community outcomes.

FY 2019 and FY 2020 Planned Performance

In FY 2019, the SBA will explore options to continue to improve the program and upgrade the experience for participants. In FY 2019 and FY 2020, the Emerging Leaders initiative will continue to

work with local partners and the alumni network while delivering an intensive education curriculum. The SBA will increase opportunities for collaboration between Emerging Leaders and SBA's resource partners and further integrate SBA's resources, such as the SBA Learning Center, into the initiative.

Regional Innovation Clusters (RICs) are geographic concentrations with a specific industry focus of interconnected companies, specialized suppliers, academic institutions, service providers, and associated organizations.

FY 2018 Accomplishments and Challenges

The SBA oversaw seven regional innovation clusters which continued to provide resources to businesses in high potential sectors across the country, ranging from marine science and technology in Mississippi to wood products in Appalachian Ohio. Two of the SBA-funded clusters, Biosciences in St. Louis and Water Technology in Wisconsin, were identified in a recent national study as successful cluster initiatives. As part of the report by the Task Force on Agriculture and Rural Prosperity and the Memorandum of Understanding (MOU) between the SBA and USDA, the SBA completed review of applications for additional cluster funding with an emphasis on support in rural areas.

FY 2019 and FY 2020 Planned Performance

In FY 2019, consistent with the Task Force Report on Agriculture and Rural Prosperity and the MOU between the SBA and USDA, the Agency will complete the award of seven additional clusters, using available cluster funding. The Regional Innovation Clusters Program duplicates other federal programs, and the SBA does not request funds for FY 2020.

Strategy 3: Empower veterans and military families who want to start or grow their business

The SBA is dedicated to serving aspiring and existing veteran business owners. Veterans are majority owners of approximately 2.5 million businesses, nearly all of which are small businesses.¹⁷ Many veteran business owners have gained important skills and leadership abilities from their active duty, Reserve, and/or National Guard services that are often directly relevant to business ownership. The SBA administers programs, formulates policies, and administers grants to Veterans' Business Outreach Centers (VBOC) and other partners to promote and support veteran small business ownership. The Agency ensures resources are accessible and available to active duty, National Guard, and Reserve service members, veterans, and veteran or military spouses.

Table 2.2o displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

¹⁷ 2012 Survey of Business Owners. U.S. Census Bureau.

Table 2.2o: Veteran’s Business Development Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| \$ 9,101 | \$ 19,439 | \$ 23,366 | \$ 26,011 | \$ 26,161 | \$ 22,680 | \$ 23,141 | \$ 21,755 |

To improve efficiency, accountability, and alignment with the Administrator’s priorities, the SBA established new performance metrics. The SBA reviewed program office and field metrics, received feedback from resource partners, and created a single set of metrics that balance outcomes and outputs to create a direct line of sight between resource partners’ activities and the Agency’s strategic direction. The new performance metrics include a focus on emerging markets and consistency in resource partner oversight and communication and constitute more relevant metrics to measure collective outcomes. In addition, due to changes in measurement methodology, historical data for fiscal years 2013-2017 are not available for comparison.

Table 2.2p shows VBOC performance indicators.

Table 2.2p: Veterans Business Outreach Center Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|----------|---------|---------|---------|---------|---------|---------|
| Number of VBOC Clients Served | Target | N/A | Baseline | 64,000 | 79,000 | 81,000 | 48,000 | 48,000 | 48,000 |
| | Actual | 73,062 | 78,124 | 62,117 | 47,342 | 48,839 | 51,945 | | |
| | Variance | N/A | N/A | -3% | -40% | -40% | 8% | | |
| Additional Information: In FY 2019, the SBA established a new outcome metric that improves accountability and aligns entrepreneurial ecosystem program metrics. Historical numbers are provided as a reference. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of B2B Participants Trained | Target | N/A | 15,000 | 15,500 | 17,500 | 20,000 | 18,000 | 18,000 | 18,000 |
| | Actual | 4,514 | 14,684 | 14,457 | 17,966 | 17,320 | 17,167 | | |
| | Variance | N/A | -2% | -7% | 3% | -13% | -5% | | |
| Additional Information: The SBA introduced this performance indicator in FY 2015, and historical data are provided for context. In FY 2017, the methodology calculation was revised to ensure consistency among the SBA’s other entrepreneurial development programs. In addition to the B2B entrepreneurship training track taught through TAP, SBA offers entrepreneurship training, also known as Reboot, to veterans of all eras. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Formed by B2B Graduates | Target | N/A | N/A | N/A | N/A | 255 | 255 | 255 | N/A |
| | Actual | N/A | N/A | N/A | 250 | 425 | 490 | | |
| | Variance | N/A | N/A | N/A | N/A | 67% | 92% | | |
| Additional Information: The SBA introduced this performance indicator in FY 2017. Baseline data is available via survey. The survey is conducted annually on a rolling basis, based on participants’ B2B graduation rate. The reported number is cumulative. The SBA is retiring this measure in FY 2019 and focusing on B2B participants using follow-on SBA resources. | | | | | | | | | |

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|----------|---------|---------|---------|----------|---------|---------|
| Rate of B2B Participants Using Follow-on SBA Resources | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 5% | 5% |
| | Actual | N/A | N/A | N/A | N/A | N/A | 4.2% | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: Information is used to establish goals and monitor performance. The SBA is a member of an interagency initiative (along with DOD, DOL, and VA) that administers the DOD Veteran TAP. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of VBOC Programmatic and Financial Reviews | Target | N/A | Baseline | 5 | 5 | 5 | 5 | 5 | 5 |
| | Actual | N/A | N/A | N/A | 0 | 3 | 5 | | |
| | Variance | N/A | N/A | N/A | -100% | -40% | 0% | | |
| Additional Information: A VBOC Partner Review involves an analysis of internal procedures using SBDC procedures. The SBA plans to review five of the 22 VBOCs each annual period of performance (not fiscal year). | | | | | | | | | |

Table 2.2q: The SBA is retiring the following VBOC performance measures as it adopts a new metric that aligns with the entrepreneurial ecosystem performance goals. Refer to Table 2.2p for the current measures.

Table 2.2q: Retiring VBOC Performance Measures

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|----------|---------|---------|---------|---------|---------|---------|
| Number of Veterans Trained by VBOCs | Target | N/A | Baseline | 33,000 | 48,000 | 50,000 | 32,000 | N/A | N/A |
| | Actual | 23,271 | 39,201 | 46,629 | 27,938 | 28,407 | 32,122 | | |
| | Variance | N/A | N/A | 41% | -42% | 43% | <1% | | |
| Additional Information: This measure is retiring because the SBA now tracks the number of VBOC clients trained in the combined “clients served” goal as part of a program-aligned entrepreneurial ecosystems performance goal. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Veterans Counseled through VBOCs | Target | N/A | Baseline | 31,000 | 31,000 | 31,000 | 16,000 | N/A | N/A |
| | Actual | 49,791 | 38,923 | 15,488 | 19,404 | 20,432 | 19,823 | | |
| | Variance | N/A | N/A | -50% | -37% | -34% | 24% | | |
| Additional Information: This measure is retiring because the SBA now tracks the number of VBOC clients counseled in the combined “clients served” goal as part of a program-aligned entrepreneurial ecosystems performance objective. | | | | | | | | | |

The **Veterans Business Outreach Center Program** is designed to provide entrepreneurial development services such as business training, counseling, and resource partner referrals to transitioning service members, veterans, National Guard and Reserve service members, and military spouses interested in starting or growing a small business. The SBA has 22 VBOCs participating in this cooperative agreement.

FY 2018 Accomplishments and Challenges

The VBOCs provided counseling and training to nearly 52,000 veteran small business owners and entrepreneurs. The centers are unique in their ability to address veteran-specific challenges while integrating SBA services and referring clients to other organizations that provide specialized and needed offerings. The VBOCs brought together local and regional service networks that were effective in creating small business ecosystems and helping augment SBA district office support.

The SBA recompleted VBOC grants in FY 2018, which expanded the existing VBOC network from 20 to 22 centers nationwide. The new awards brought five new VBOCs into the network, expanding coverage to Arizona, Tennessee (also covering Kentucky), Georgia (also covering South Carolina), North Dakota (also covering South Dakota), and Wisconsin (also covering Illinois and Minnesota). The SBA, through its VBOCs, provided Boots to Business (B2B) training at more than 165 military installations with approximately 17,200 students.

The VBOCs participated in more than 950 B2B classes and instituted local initiatives, such as VBOC on the Reservation (Native American Outreach), Commercial Supply Chain training, and VBOC on the Road (rural communities). The SBA provided transitioning service members consistent, meaningful services over vast geographic areas. The SBA formalized the VBOC 2.0 initiative, offering to assist VBOCs by providing virtual counseling and navigation for SBA programs and resources.

FY 2019 and FY 2020 Planned Performance

In FY 2020, the SBA requests \$11.25 million for veteran outreach initiatives, which include VBOCs, B2B, and other training programs. The SBA will improve current virtual offerings and deliver counseling and training assistance via VBOCs. In FY 2020, the SBA will conduct comprehensive outreach to veterans (including National Guard and Reserve component members of the U.S. Military as well as military spouses) and will formulate, execute, and promote policies and programs that aid veteran-owned small businesses. The SBA continues using multiple outreach channels and methods to sustain national awareness for its programs, policies, and services, and to generate feedback from its beneficiaries and stakeholders.

The SBA will coordinate and conduct the B2B Program as an entrepreneurial training program within the DOD Transition Assistance Program (TAP). The curriculum will provide veterans with knowledge to explore business ownership and other self-employment opportunities, to evaluate business concepts, and to understand the market and where to go for start-up capital resources, technical assistance, and contracting opportunities.

The SBA implements **Boots to Business (B2B)** as an entrepreneurial training program within the DOD's Transition Assistance Program (TAP). The SBA collaborates with resource partners, the DOD, other federal agencies, and local military installations to deliver introductory training for starting a business. The curriculum provides veterans with knowledge to explore business ownership and other self-employment opportunities, to evaluate business concepts, and understand the market and where to go for start-up capital resources, technical assistance, and contracting opportunities.

FY 2018 Accomplishments and Challenges

In FY 2018, nearly 17,200 veterans, service members, and military spouses stationed at military installations worldwide participated in the two-day B2B "Introduction to Entrepreneurship" course. The SBA completed an evaluation of the B2B Program, which provided a better understanding of the factors influencing program participation by transitioning service members. The formal evaluation report includes actionable recommendations for operational program improvements.

The SBA launched a revised B2B curriculum, in accordance with a TAP MOU. The curriculum included information from the U.S. Department of Agriculture on rural business opportunities, and resources available to support rural businesses. Workgroup members representing SCORE, SBDCs, VBOCs, and WBCs, along with SBA field and headquarters program office personnel, provided direct input and revised the curriculum.

Challenges remain with data sharing between SBA resource partners, other federal agencies, and with the longitudinal tracking required to measure outcomes in the entrepreneurship programs. The SBA continued to work with the DOD to refine a data-sharing business case with the Defense Manpower Data Center, seeking a unique identifier for individuals participating in SBA programs.

FY 2019 and FY 2020 Planned Performance

The B2B Program will build upon the critical technology and data-sharing infrastructure necessary to meet MOU requirements to share data with interagency and external partners. Data sharing helps demonstrate the program's impact, informs outreach strategies, leads to more robust marketing and engagement in the field offices, and provides better access for National Guard and Reserve component members.

The SBA forecasts that by the end of FY 2019 B2B participation will grow to 18,000 service members, veterans, and military spouses annually; however, the actual number depends on the total number of service members separating or retiring from military service.¹⁸ In FY 2019, the SBA and its resource partners will provide B2B instruction to military personnel and their spouses in more than 165 installations across the United States. The B2B Program is available online at the DOD Joint Knowledge Online platform for service members who cannot attend an in-person B2B session.

In FY 2019, to improve veterans' overall access to SBA's programs and services, the SBA will begin measuring the rate of B2B participants using follow-on resources. Follow-on resources refer to a variety of entrepreneurial development services the SBA provides to customers, such as courses and resource partner counseling, mentoring, and training.

Veterans play an important role in stimulating economic growth in local communities. The SBA offers a variety of entrepreneurship-training programs designed to assist service-disabled veterans, veterans, transitioning service members, Reserve and National Guard members, and military spouses with developing the skills and knowledge needed to start, grow, or succeed in business. The SBA manages three grant programs serving these designated population segments. The **Service-Disabled Veteran Entrepreneurship Training Program (SDVETP)** provides service-disabled veterans, military spouses, and caregivers, with entrepreneurial training, business development assistance, counseling, and management assistance. There are currently four grantees fulfilling the SDVETP grant. The **Veteran Federal Procurement Entrepreneurship Training Program (VFPETP)** is a vital component of the Agency's efforts to assist veteran and service-disabled veteran small business owners and entrepreneurs in getting "contract ready" and securing Federal Government contracts. One grantee provides federal procurement entrepreneurship training to veterans. The **Women Veteran Entrepreneurship Training Program (WVETP)** offers entrepreneurship training to women veterans, women service members, as well as women spouses of service members and veterans interested in starting, growing, and diversifying new and established small businesses. There are currently three WVETP grantees filling a niche to develop veteran women-owned small businesses.

FY 2018 Accomplishments and Challenges

¹⁸ 2015 Demographics, Profiles of the Military Community, U.S. Department of Defense. Available at: <http://download.militaryonesource.mil/12038/MOS/Reports/2015-Demographics-Report.pdf>.

The SBA Veteran Entrepreneurship Training Program (VETP) grants were re-competed during FY 2018, which resulted in eight grantees extending services to the veteran community. More than 1,270 participants received entrepreneurship training from SBA's veteran-focused ETP grants.

National Veterans Small Business Week reached 6.7 million people via social media channels. More than 6,600 veterans, service members, and military spouses participated in entrepreneurial training via live events, Facebook Live sessions, and other events led by SBA's district offices and resource partners. During the week, the SBA employed a stakeholder outreach strategy that fostered productive engagements with targeted stakeholders, including interagency partners, veteran service organizations, and the U.S. Chamber of Commerce Foundation.

In FY 2018, the SDVETP grantees provided training to more than 339 service-disabled veterans. The SBA also re-competed and awarded the VFPETP grant. More than 190 veterans participated in Veteran Institute for Procurement (VIP). On average, VIP graduates attain a 60 percent increase in revenue post-graduation from VIP GROW (whose core curriculum assists companies in developing strategies to expand and operate within the federal marketplace) and, on average, VIP GROW graduates remain in business eight or more years after graduating. The WVETP grantees trained 768 women veterans.

FY 2019 and FY 2020 Planned Performance

In FY 2019 and FY 2020, the SBA will continue to support entrepreneurship training programs designed to assist service-disabled veterans, veterans, transitioning service members, Reserve and National Guard members, and military spouses in developing the skills and knowledge needed to start, grow, or succeed in business. The SBA anticipates more than 2,000 clients receiving services each year through the ETP grants in FY 2019 and FY 2020. The SBA will continue to engage with the U.S. Chamber of Commerce Foundation and participate in Hiring Our Heroes events nationwide. Veteran participation options in NVSBW will broaden through robust social media engagement.

Strategy 4: Support Native American entrepreneurs through outreach

The SBA aids Native American communities that often do not have the same access to resources due to their remote locations through the **Native American Outreach Program**. The SBA ensures that American Indians, Alaska Natives, and Native Hawaiians can start, grow, and expand their small businesses through business development and expansion tools available through the Agency's programs. The SBA follows the guidelines, operational policies, and statutory requirements established by the National Policy of Self-Determination for Indian Tribes, Consultation and Coordination with Indian Tribal Governments, and American Indian and Alaska Native Education.

Table 2.2s displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 2.2r: Native American Assistance Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| \$ 2,385 | \$ 3,387 | \$ 4,787 | \$ 2,963 | \$ 2,623 | \$ 1,139 | \$ 2,454 | \$ 1,956 |

Table 2.2s reflects the number of Native Americans assisted through the Office of Native American Affairs. This performance indicator mirrors other SBA assistance programs.

Table 2.2s: Native American Assistance Performance Indicator

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|----------|---------|---------|---------|---------|
| Number of Small Businesses Assisted in Native American Communities | Target | N/A | N/A | N/A | Baseline | 2,000 | 3,000 | 3,000 | 3,000 |
| | Actual | 1,943 | 2,107 | 2,209 | 1,817 | 3,192 | 1,549 | | |
| | Variance | N/A | N/A | N/A | N/A | 60% | -50% | | |
| Additional Information: This measure tracks the number of small businesses assisted through training and technical assistance workshops. The SBA established this performance indicator in FY 2016 and has provided historical data for context. In FY 2018, the program underwent leadership changes that resulted in decreased participation. In FY 2019, this program anticipates returning to its prior level of services and will reach the target in the performance indicator. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SBA provided training and educational outreach through business development workshops, and entrepreneurial classes to individual and tribally-owned businesses. The Agency conducted 18 Native American entrepreneurial empowerment and enterprise workshops attended by new and established firms and business development trainers. This training provided operational and leadership strategies to build capacity, foster growth and expansion, and ensure sustainability of Native American community-based businesses nationwide.

The SBA also held Tribal Consultations in accordance with Executive Order 13175 to solicit input and provide interested parties an opportunity to discuss views on potential modifications to the 8(a) Business Development Program and HUBZone regulations. The SBA seeks to reduce unnecessary or excessive regulatory burdens in these programs and to make them more attractive to procuring agencies and small businesses. Testimony during these tribal consultations are a part of the administrative record. Program management retirements combined with the transition of incoming leadership resulted in significantly lower Native American businesses assisted in 2018.

FY 2019 and FY 2020 Planned Performance

For FY 2020, the SBA requests \$1.5 million for outreach to Native American communities to implement economic and business development strategies and actions to improve entrepreneurship and long-term job growth. The SBA will also continue providing business tools and resources to Native American entrepreneurs, tribally-owned corporations, Alaska Native Corporations (ANCs), and Native Hawaiian Organizations (NHOs). Additionally, the Agency will continue to focus on leadership development, economic development, job creation, and the delivery of 7(j) technical assistance programs in Native American communities. The SBA will work on business development by educating Native American small businesses about the Agency’s counseling, contracting and lending programs, and providing technical assistance to individually and tribally-owned corporations, ANCs, and NHOs.

The SBA will continue ongoing interagency collaboration across Native American communities to develop world-class resources and tools to tribal entrepreneurs, tribal businesses, tribal enterprises and interested individuals aiding them in creating growth and sustainable markets. The Agency will continue providing strategic short-term and long-term community economic development planning and sector growth to offer customized support to enhance economic growth and development. Assistance will focus on international trade, manufacturing, business development training (enhanced business sector productivity), entrepreneurship development, innovative project financing, and community economic development strategies.

Strategic Goal Two—Build Healthy Entrepreneurial Ecosystems and Create Business Friendly Environments

Strategic Objective 2.3: Create a Small Business Friendly Environment

Performance Goal: Increase the number of outreach events to 100 through partnerships with federal agencies, trade associations, and resource partners to reduce regulatory burdens on small businesses in FY 2020

Objective Lead: National Ombudsman and Assistant Administrator for Regulatory Fairness,

Objective Support: Office of Advocacy, National Women’s Business Council, and Office of Communications and Public Liaison

Programs/Activities: Regulatory Fairness Boards, Case Management, Communications and Outreach, Regulatory Advocacy, Economic Research, National Women’s Business Council

Strategies:

1. Maintain a confidential, user-friendly ombudsman process to receive complaints from small businesses and advocate on behalf of small businesses to federal agencies to create a level playing field
2. Recommend policy and advocate for small businesses through research and engagement

Small business owners can face many obstacles when starting or growing their business. The type of industry, location, and other factors can shape the environment for determining small business success. Small businesses in the United States have consistently ranked health insurance costs, regulations, and taxes as key issues that impact their growth.¹⁹ These factors are also critical in determining whether an entrepreneur starts a business.

At the SBA, small businesses have their voices heard and are represented through the Office of the National Ombudsman, the Office of Communications and Public Liaison, the Office of Advocacy, and the National Women’s Business Council (NWBC). The SBA, through its National Ombudsman, works with federal agencies to mitigate excessive fines, penalties, or unfair federal regulatory enforcement actions that hinder the growth and threaten the survival of small businesses. NWBC is a non-partisan federal advisory council created to serve as an independent source of advice and counsel to the President, the Congress, and the SBA Administrator on issues of impact and importance to women business owners, leaders, and entrepreneurs.

The Office of Advocacy is an independent office within the SBA. It represents the interests of small businesses within the Federal Government by advancing their views and concerns before Congress, the White House, agencies, the courts, and state and local policymakers as appropriate. The Office of Advocacy is assisted in identifying issues of concern through economic research, policy analyses, and small business outreach. These are reflected in a separate annual performance plan and annual performance report produced by the office, which is included as an appendix in this document.

The Office of Communications and Public Liaison works with media outlets, develops social media content, creates user-friendly online resources, crafts high quality marketing materials, organizes events to gain feedback from small businesses, and coordinates strategic partnerships in order to link the Agency’s programs and priorities to small businesses and the public at large. It leads National Small

¹⁹ *Small Business Problems and Priorities*. NFIB Research Foundation, August 2016.

Business Week (NSBW) and coordinated the Administrator’s “Ignite Tour” to better identify the needs of business owners and demonstrate how the SBA can help create a small business-friendly environment.

Progress Update: In FY 2018, the SBA helped reduce regulatory burdens on small businesses and removed roadblocks that threaten their survival and ability to thrive. The SBA raised awareness of its products and services to direct outreach to small business owners and entrepreneurs, and established relationships with trade association leaders, resource partners, and federal agencies. As the voice for small businesses, it brought attention to the adverse impact of regulatory enforcement actions on small businesses. Federal agencies have become more conscious of the need to balance regulations that protect the health and safety of American workers and consumers with the importance of creating a regulatory environment in which small businesses may grow and prosper.

Table 2.3a displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The Agency updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 2.3a: Ombudsman Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| \$ 1,270 | \$ 1,804 | \$ 1,804 | \$ 1,309 | \$ 967 | \$ 1,313 | \$ 1,431 | \$ 1,438 |

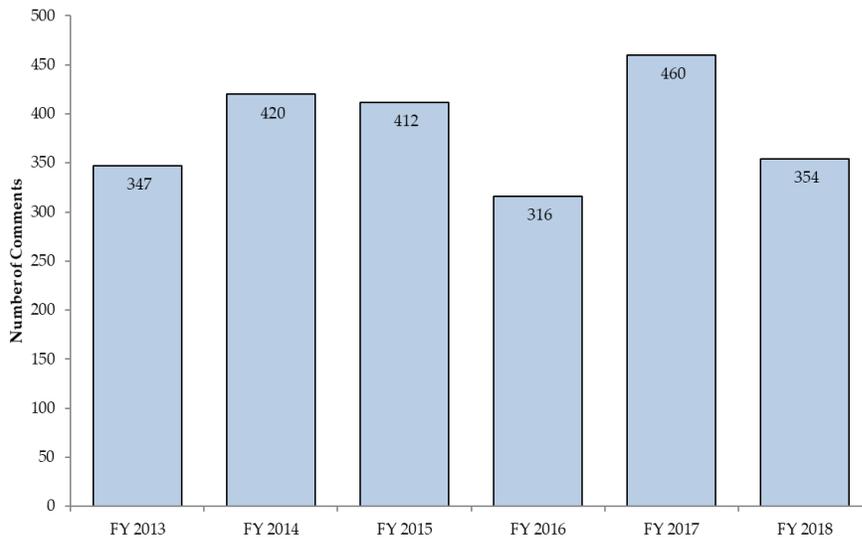
Table 2.3b shows the results and targets of the performance goal to increase the number of outreach events through federal agencies, trade associations, and SBA resource partners to reduce regulatory burdens on small businesses.

Table 2.3b: Ombudsman Performance Goal

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Outreach Events through Federal Agencies, Trade Associations, and Resource Partners | Target | 46 | 52 | 58 | 58 | 60 | 100 | 100 | 100 |
| | Actual | 48 | 64 | 66 | 102 | 134 | 118 | | |
| | Variance | 4% | 23% | 14% | 76% | 123% | 18% | | |
| Additional Information: The SBA, through its National Ombudsman, works steadily to establish new, and strengthen existing, relationships with federal agencies, trade associations, and SBA resource partners. In FY 2018, the number of invitations for the National Ombudsman to speak before large audiences of small businesses continued to increase. This strengthened awareness of SBA services as well as provided regulatory relief for many small businesses. | | | | | | | | | |

Chart 2.3a shows the number of comments received from small businesses.

Chart 2.3a: SBA National Ombudsman Comments Received from Small Businesses



Strategy 1: Maintain a confidential, user-friendly ombudsman process to receive complaints from small businesses and advocate on behalf of small businesses to federal agencies to create a level playing field

The SBA, through the **Office of the National Ombudsman**, helps small businesses seek relief from unfair regulatory enforcement through sustained outreach in the community by engagements with trade associations, field offices, and SBA resource partners. The SBA leverages its Regional Regulatory Fairness Board by connecting its members with small businesses across the country. In addition, the SBA maintains an effective, efficient, and user-friendly process for small businesses to file complaints and work with federal agencies to resolve specific regulatory compliance and enforcement issues.

Table 2.3c shows the results and targets of the performance indicator tracking the number of board membership rates and the number of rules identified that burden small businesses.

Table 2.3c: Ombudsman Performance Indicator

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Board Membership Rate | Target | 78% | 85% | 85% | 90% | 85% | 80% | 80% | 85% |
| | Actual | 74% | 80% | 74% | 76% | 46% | 50% | | |
| | Variance | -5% | -6% | -13% | -16% | -46% | -38% | | |
| Additional Information: The board membership rate includes SBA's 10 regions. In the FY 2018, the number of nominations submitted from qualified applicants did not allow SBA to reach the target. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Regulatory Compliance Concerns Impacted by National Ombudsman Interventions | Target | N/A | 2 | 5 | 6 | 8 | 7 | 7 | 6 |
| | Actual | N/A | 6 | 7 | 6 | 23 | 0 | | |
| | Variance | N/A | 200% | 40% | 0% | 188% | -100% | | |
| Additional Information: This measure tracks rules issues identified, escalated, and successfully resolved in collaboration with federal agency partners. Few cases were received requesting regulation change in FY 2018. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

In FY 2018, SBA's outreach strategies centered around three areas: 1) innovation hubs that represent the sources of job creation; 2) economically distressed regions; and 3) mid-tier cities with a high concentration of small businesses facing regulatory challenges. The SBA completed 118 outreach events and heard from small business owners, entrepreneurs, and lenders representing industries in a variety of forums. The SBA conducted 10 Regional Regulatory Fairness Roundtables across five of SBA's 10 regions. The SBA initiated contact with senior representatives of 100 trade associations representing more than 2 million small business owners and SBA resource partners. The Office of the National Ombudsman met with senior officials representing 27 federal agencies. The increased levels of engagement resulted in 11 invitations from federal agencies for an ONO representative to serve as a keynote speaker and panelist at Industry Day events or for the SBA to have a presence at these events as an exhibitor. These forums enabled the SBA to raise awareness of its mission by outreach to approximately 5,300 small business owners (e.g., federal contractors, innovators, and inventors).

The SBA established new relationships with trade association leaders at the national and local levels and leveraged SBA's resource partners to communicate to small business owners with whom they interface. On average, the SBA has received nearly 400 complaints each year over the past five years. In FY 2018, the SBA intervened on behalf of 342 small businesses that had formally filed complaints.

Regional Regulatory Fairness Boards have been established in each of SBA's 10 regions. Board members have remained keenly attuned to regulatory concerns that are unique to their specific industry and region. They listen to small business owner concerns, ask probing questions to identify the underlying issues and their root causes, and bring these issues to the attention of the National Ombudsman, who in turn, raised them to federal regulators. SBA's board members also monitored trends associated with systemic issues that span across regional boundaries and impact small businesses across multiple states and industries. SBA's board members joined the National Ombudsman to facilitate dialogue with small businesses and trade association leaders at regional roundtables. The SBA is working to build a pipeline of candidates to fill current and projected board member vacancies.

In support of creating a small business-friendly environment, the SBA's Office of Communications and Public Liaison hosted more than 200 events nationwide during National Small Business Week. Media coverage helped small business owners understand what the SBA can do to help them succeed. The Administrator attended National Small Business Week events in Washington, DC, Florida, Georgia, South Carolina, and North Carolina with approximately 1,200 people in attendance. More than 22,000 small business owners registered for the first-ever virtual conference. Over 8,000 small business owners attended the event, and the average time spent in the conference was 5.35 hours. Social media reach for the week topped 207 million viewers, representing a 109 percent increase from 2017 (99 million viewers). According to Google News Analytics, more than 19,800 stories covered National Small Business Week 2018 on the Internet. Aggregate readership among online news, blogs and television has totaled more than 2.1 billion.

In FY 2018, the SBA prioritized its social media strategy to further align with strategic goals through outreach efforts on social media for the district offices. This support helped approximately 480,000 followers better understand the SBA and its mission. With these accounts, the SBA further developed localized digital content, increased outreach, and engaged customers with the small business community.

To enhance the SBA's relationships with its key intermediary audiences, the SBA embarked on an effort to raise awareness of the Agency's brand. The effort began with a three-pronged research effort to 1) gauge employee awareness of the Agency's mission and brand; 2) assess intermediary audience communication needs and SBA brand awareness and promotion; and 3) establish small business community baseline awareness and perceptions of the SBA and its services. Research findings indicated the need for a new customer-centric approach to communications, rather than the current Agency-centric approach. In response, the SBA developed new brochures, videos, factsheets, and infographic materials.

The SBA developed a Lender Toolkit for its lender relations specialists to promote the benefits of SBA lending programs as a means of recruiting new SBA Lenders, and to increase business with existing lenders. The packet also includes field office and SBA lender promotional materials for entrepreneurs and small business owners.

FY 2019 and FY 2020 Planned Performance

In FY 2019 and FY 2020, the SBA will target outreach activities to entrepreneurs in greatest need of assistance. The Agency will also leverage technology to expand its reach to otherwise out-of-reach small business communities and to cultivate relationships with trade association leaders and SBA resource partners. Additionally, the Agency will deploy Regional Regulatory Fairness Board members to reach small businesses within their respective networks.

The SBA will remedy issues between small businesses and federal agencies at the preliminary stages of conflict. The SBA will continue bringing small businesses' regulatory enforcement concerns to the attention of federal agencies. The SBA will inform these agencies of systemic issues that adversely impact small businesses. This service will reduce the likelihood of costly litigation and settlements.

The SBA will underscore the need for federal agencies to provide compliance assistance to small businesses, and for the compliance education materials to be informative, accessible, and user-friendly. Federal agencies self-certify that they are compliant with Congressional reporting requirements in accordance with Section 212 of the Small Business Regulatory Enforcement Fairness Act. The SBA will assess the extent to which agencies are complying with these reporting requirements in forthcoming editions of its *Annual Report to Congress*.

The SBA will continue to leverage its Regional Regulatory Fairness Board members to expand to a greater number of small businesses. To fill the remaining board member vacancies, the SBA will continue to canvass for high-caliber candidates from the widest possible number of sources. The Agency will examine the nominee vetting process, identify ways to streamline and expedite the process to fill the vacancies, and accelerate the onboarding of selectees.

In FY 2019, the SBA will continue expanding awareness of SBA's offerings through the development of new materials for the public and intermediary audiences. This will also be done through the creation of in-depth online training of SBA employees working in areas of lending, government contracting, and entrepreneurial development. Additionally, a lender survey is planned for early FY 2019 to establish baseline awareness and perceptions of SBA lending programs. In FY 2020, the Agency will incorporate the latest communication and marketing methods to reach stakeholders and targeted audiences.

Strategy 2: Recommend policy and advocate for small businesses through research and engagement

The **National Women’s Business Council (NWBC)** is a nonpartisan federal advisory council established to provide advice and policy recommendations to the President, Congress, and the SBA Administrator. The NWBC engages with women business owners and entrepreneurs across the country to convene panel sessions, workshops, and roundtables on practices, policies, and programs that have successfully aided women business owners and entrepreneurs. Through its annual report to Congress and the White House, the NWBC seeks to connect the voices of women entrepreneurs to federal policymakers.

Women-owned businesses comprise nearly one out of every three businesses in the United States. They generate over \$1.4 trillion in sales and sustain nearly eight million jobs each year; however, only two percent of women-owned businesses have more than 10 employees, with many disparities in the market still apparent.²⁰ NWBC is committed to providing advice and policy recommendations that support the growing success of women business owners.

FY 2018 Accomplishments

In FY 2018, NWBC produced six research reports. The topics of these reports spanned the four foundational pillars of the Council’s research—data, access to capital, access to markets, and job creation and growth—and included topics such as drivers of women’s entrepreneurship, veteran women and businesses, crowdfunding as a capital source, and literature reviews on access to capital and markets for women entrepreneurs.

The NWBC partnered with women entrepreneurs across the country to convene panel sessions, workshops, and roundtables on practices, policies, and programs that have successfully aided women business owners. To distribute research findings to a broad cross-section of stakeholders, and connect women business owners on policy issues, the NWBC held three public meetings. The first public meeting highlighted the most relevant research activities completed—policy recommendations and the FY 2017 Annual Report—in order to focus on accelerating the future of women entrepreneurs. The second public meeting focused on crowdfunding as a capital tool for women business owners. The third public meeting celebrated the 30th anniversary of the passage of the Women’s Business Ownership Act, which established the Council. The meeting provided more than 100 attendees with insight into NWBC’s mission, its 30-year history, and the future of women’s entrepreneurship.

FY 2019 and FY 2020 Planned Performance

For FY 2020, the SBA requests \$1.5 million for the NWBC. In FY 2019, under the leadership of a newly appointed Chair, the NWBC will unveil new strategic policy initiatives and priorities. It will strategically aim to communicate research findings and data to audiences across the nation, to connect a wide-range network of women’s business organizations and women entrepreneurs from across the country by means of holding public meetings, roundtables, panels and workshops, and by convening the business community and policymakers for the exchange of relevant, actionable policy ideas. Through its annual report to Congress and the White House, the NWBC will continue to connect and elevate the voices of women entrepreneurs to federal policymakers.

²⁰ 2012 *Survey of Business Owners*. U.S. Census Bureau.

Strategic Goal Three—Restore Small Businesses and Communities after Disasters

Strategic Objective 3.1: Deploy Disaster Assistance Effectively and Efficiently

Performance Goal: Increase the customer satisfaction rate for disaster loan approvals to 77 percent in FY 2020

FY 2018–2019 Agency Priority Goal: By September 30, 2019, increase the average number of disaster loan applications processed from three to six applications per loan specialist per day

Objective Lead: Associate Administrator for Disaster Assistance

Objective Support: Office of Field Operations, Office of Capital Access, Office of Government Contracting and Business Development, Office of Entrepreneurial Development, and Office of Veterans Business Development

Programs/Activities: Disaster Preparedness, Disaster Response and Recovery

Most Serious Management and Performance Challenge 7: Disaster Assistance Must Balance Competing Priorities to Deliver Timely Assistance and Reduce Improper Payments

Strategies:

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

Returning small businesses to normal operations, preserving jobs, and helping families rebuild their homes after a disaster are critical to ensuring that local economies recover as quickly as possible. The SBA deploys disaster assistance resources immediately, effectively, and efficiently to disaster survivors to preserve jobs and help return small businesses to operation. In coordination with the Federal Emergency Management Agency (FEMA), other federal agencies, and state and local entities, the SBA helps small businesses prepare for disasters and provides affordable, timely, and accessible financial assistance to businesses of all sizes, nonprofit organizations, homeowners, and renters following a disaster. Revitalized communities and strong customer bases help small businesses recover quickly. In addition to providing loans for physical damage, the SBA provides small businesses, including small agricultural cooperatives, small businesses engaged in aquaculture, and certain private nonprofit organizations, with working capital in the form of economic injury disaster loans (EIDLs).

Progress Update: The SBA, in consultation with the Office of Management and Budget, has determined that performance toward this objective is making noteworthy progress. In FY 2018, the SBA processed over 355,100 loan applications, of which more than 305,000 were home loan applications and 49,300 were business disaster loan applications. The average processing time was 17 days for home loans and 24 days for business loans. Additionally, in FY 2018, 96 percent of all disaster loan applications accepted were submitted using SBA's electronic loan application (ELA), which represented a one percent decrease from the number of disaster loans electronically submitted in FY 2017.

In FY 2018, the SBA approved more than 140,200 disaster loans for a total of nearly \$7 billion, which included activity from Hurricanes Harvey, Irma and Maria, the second largest disaster season in SBA's history. The FY 2018 total includes 128,093 home disaster loans for a total of \$5.86 billion and 12,147 business disaster loans for a total of \$1.14 billion. In less than 45 days, the SBA approved over \$1 billion for Hurricanes Harvey, Irma, and Maria, and processed applications in nearly half the time it took to approve \$1 billion from the previous three largest disasters: Hurricane Sandy in 2012 (90 days); Hurricanes Katrina, Rita, and Wilma in 2005 (94 days); and the Northridge Earthquake in 1994 (90 days).

Most Serious Management and Performance Challenges: The SBA Inspector General annually reports on the top management and performance challenges that pose significant risks to the programs and activities that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The challenges are not presented in order of priority. Within each management challenge is a series of recommended actions to resolve the challenge.²¹ The SBA annually responds to each action. The completion date represents when the SBA completes the action.

Figure 3.1: Most Serious Management and Performance Challenge 7

| Challenge 7: Disaster Assistance Must Balance Competing Priorities to Deliver Timely Assistance and Reduce Improper Payments | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Recommended Actions | Completion Date |
| <p>1. Promulgate regulations for the new guaranteed disaster loan programs mandated by Congress in 2008.</p> <p>2018 Achievement: Congress rescinded the funds appropriated for the IDAP, EDAP, and PDAP loan programs in the Consolidated Appropriations Act of 2018. In the SBA’s FY 2019 Congressional Budget Justification, the Agency requested repeal of these programs due to lack of interest by lenders. Through the FY 2020 Congressional Budget Justification, the SBA will again request repeal of these loan programs.</p> | <p>March 31, 2019</p> |
| <p>2. Promulgate regulations for the Express Recovery Opportunity loan program provided by the RISE After Disaster Act.</p> <p>2018 Achievement: The SBA has studied the subsidy impact of the Recovery Opportunity Loan Program mandated by the RISE After Disaster Act and concluded that it would be duplicative of SBA Express Loans. In addition, the SBA will not be able to offer a meaningfully higher guarantee than the existing SBA Express loans due to the subsidy neutral requirement. As a result, the SBA requested repeal of the Recovery Opportunity Loan Program in the FY 2019 Congressional Budget Justification and will again request repeal in the FY 2020 Congressional Budget Justification. This would negate the need to issue regulations for the program.</p> | <p>March 31, 2019</p> |

²¹ For more information on the OIG Management Challenges, visit <http://www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges>.

| Challenge 7: Disaster Assistance Must Balance Competing Priorities to Deliver Timely Assistance and Reduce Improper Payments | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Recommended Actions | Completion Date |
| <p>3. Demonstrate that the Agency has adequately trained loan processing resources that can be quickly mobilized in the event of a disaster.</p> <p>2018 Achievement: In response to Hurricanes Harvey, Irma, and Maria, the SBA increased trained staff from 800 to its peak of 5,094 on December 13, 2017. This included the Processing and Disbursement Center, which increased staff by more than 700, Field Operations Centers East and West combined increased by more than 360, the Damage Verification Center increased by more than 200, and the Customer Service Center increased by more than 130. The SBA trained over 1,000 loan processing staff and 600 loss verifiers to mobilize in response to the hurricanes. In addition, the SBA deployed 1,500 field personnel and staffed more than 443 disaster centers in response to the three hurricanes.</p> | September 30, 2019 |
| <p>4. Strengthen internal controls to minimize the risk of charge-offs associated with the increased MAFD (monthly allowable fixed debt) threshold.</p> <p>2018 Achievement: On September 6, 2017, the SBA issued Memo 17-22, New Credit Model Pilot, effective for all disasters declared on or after August 25, 2017. The memo provides for increasing MAFD to 75 percent for all income levels without the need to provide justification, changing the thresholds for rapid loan processing to a credit score of 670 or higher and income of at least \$50,000, and increasing the auto-decline threshold from a credit score of 539 to 569. The SBA asserted in the FY 2017 Agency Financial Report that the increase in MAFD was warranted based on 24 months of working closely with a third-party consulting firm. According to the SBA, the firm validated that increased MAFD percentage limits will have an insignificant impact on the loan portfolio's loss rate. On May 31, 2018, the SBA issued SOP 50 30 9, which has incorporated the provisions of Memo 17-22. The OIG closed a prior recommendation that required justifications on loans approved above the previous standard MAFD of 40 percent because the loans could not be adequately assessed near the MAFD up to 75 percent. The OIG plans to conduct a future audit after loans approved under the new MAFD standard have sufficient time to perform in repayment status after the initial deferment period.</p> | September 30, 2019 |
| <p>5. Reduce the improper payment rate to meet the reduction targets in FY 2018, in accordance with the FY 2017 Agency Financial Report to comply with the Improper Payments Elimination and Recovery Improvement Act of 2012.</p> <p>2018 Achievement: The SBA decreased the improper payment rate from 13.65 percent, in FY 2017, to 8.91 percent, which exceeded the 10 percent threshold for compliance established in the Improper Payments Elimination and Recovery Improvement Act. The FY 2019 target is 8.91 percent, and the SBA will continue to implement process improvements, review internal controls, and address quality control in order to achieve its improper payment targets.</p> | September 30, 2019 |

Table 3.1a displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts; compensation and benefits; Agency-wide costs, such as rent and telecommunications; and indirect costs. The SBA updated its Total Administrative Resources calculation methodology in FY 2018. Fiscal years prior to 2018 are not comparable and are provided for presentation purposes only.

Table 3.1a: Disaster Assistance Program Budget – Total Administrative Resources (Thousands)

| FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| \$ 253,629 | \$ 337,144 | \$ 246,358 | \$ 218,406 | \$ 237,171 | \$ 562,521 | \$ 298,624 | \$ 217,401 |

Table 3.1b shows progress on the FY 2018–2019 Agency Priority Goal that tracks the number of cases that a disaster loan specialist processes per day.

Table 3.1b: Disaster Assistance Priority Goal

| FY 2018–2019 Priority Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Average Number of Disaster Loan Applications Processed per Loan Specialist per Day | Target | N/A | N/A | N/A | N/A | 3 | 4 | 6 | N/A |
| | Actual | N/A | N/A | N/A | N/A | 3 | 4 | | |
| | Variance | N/A | N/A | N/A | N/A | 0% | 0% | | |
| Additional Information: This Agency Priority Goal ends in FY 2019 and seeks to increase the number of applications that loan specialists can process. Because SBA deployed new disaster loan system modernization technology, the Agency will better respond to large-scale disasters through more efficient loan processing. | | | | | | | | | |

Table 3.1c shows progress on the performance goal that tracks customer satisfaction of disaster loan approvals. This goal aligns with the President’s Management Agenda for improving customer experience with federal services.

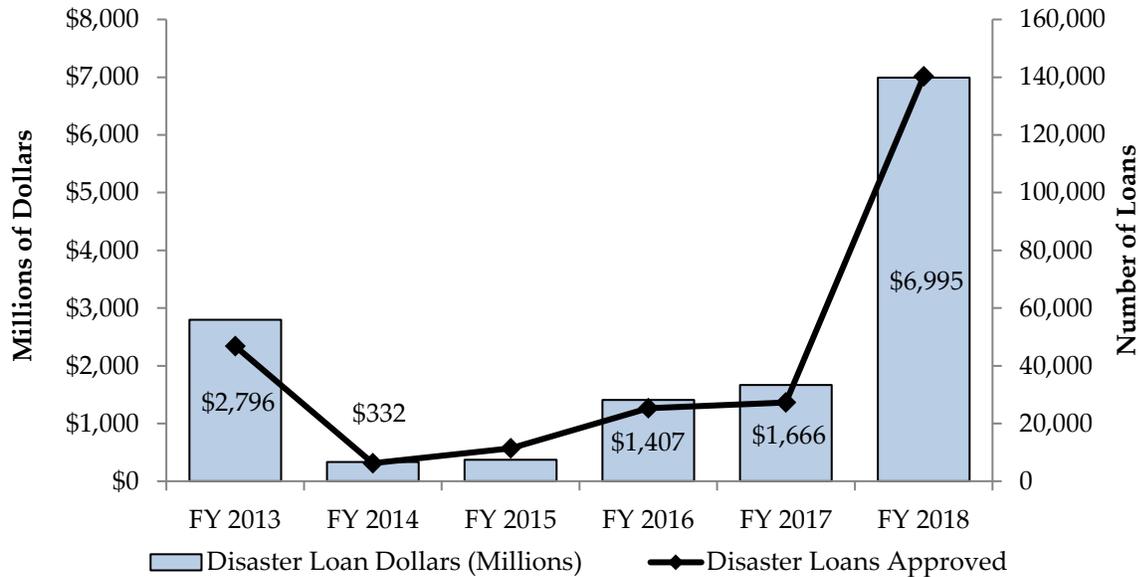
Table 3.1c: Disaster Assistance Performance Goal

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Customer Satisfaction Rate for Disaster Loan Approvals | Target | 71% | 71% | 71% | 71% | 71% | 71% | 77% | 77% |
| | Actual | 81% | 80% | 80% | 84% | 85% | 78% | | |
| | Variance | 14% | 13% | 13% | 18% | 20% | 10% | | |
| Additional Information: The SBA conducts an annual customer satisfaction study on its Disaster Assistance Program using the American Customer Satisfaction Index (ACSI) methodology. The Agency uses the survey data to identify and target areas for improvement that have the greatest impact on customer satisfaction scores. The SBA improved its score by 10 percent due to continued process improvements for accepting applications from disaster survivors (e.g., electronic loan applications, in-person in disaster recovery centers, and by mail upon request), greater use of electronic loan applications, enhanced features of the disaster loan assistance portal and other technology tools, and the program’s high employee engagement rate. | | | | | | | | | |

Chart 3.1 shows the total dollar (millions) and number of disaster assistance loans approved. Hurricane Sandy devastation caused the spike in the dollar amount and number of loans in FY 2013. Because Hurricanes Harvey, Irma, and Maria struck land in August and September 2017, applications surged in

the final two months of FY 2017. However, most of the approved loan activity for Hurricanes Harvey, Irma, and Maria are reflected in FY 2018 because the disasters occurred near the close of FY 2017.

Chart 3.1: Disaster Loans Approved (Dollars in Millions and Number of Loans)



Strategy 1: Promote disaster preparedness through pre-disaster outreach by region and type of disaster

Small business owners invest time and money to make their ventures successful, but many of them do not prepare for disasters. Countless small businesses never reopen their doors following a disaster, but planning and preparedness can help prevent this risk. The SBA partners with a nationwide network of resource partners and business counseling services in coordination with the SBA field offices to prepare businesses for disasters and assist them with recovery needs after a disaster occurs.

Table 3.1d displays a new performance indicator that will help the Agency monitor the speed with which SBA opens disaster centers (i.e., disaster loan outreach centers and business recovery centers) in the field.

Table 3.1d: Disaster Assistance Performance Indicator

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Percent of Disasters Having a Disaster Loan Outreach Center (DLOC) or Business Recovery Center (BRC) Open Within 7 Days | Target | N/A | N/A | N/A | N/A | N/A | 95% | 95% | 95% |
| | Actual | N/A | N/A | N/A | N/A | N/A | 100% | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 5% | | |
| Additional Information: Center opening is defined as opening at least one SBA disaster loan outreach center or business recovery center within seven days of all major Presidential disaster declarations for individual assistance and Agency disaster declarations. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SBA recognizes that preparedness is a shared responsibility and continued to encourage and support emergency readiness both at home and at work. Since FY 2013, the SBA has continually exceeded the customer satisfaction rate for disaster loan approvals. This success is attributed to committed disaster relief staff and volunteers, improved technology in loan processing, and customer friendly loan portal enhancements.

Ensuring consistent messaging for disasters across the country is challenging. The SBA tailored key messages on disaster preparation to different regions of the country. The SBA worked to ensure that every part of the country was prepared for various types of disasters to get small businesses and communities back to normal operations. Following declared disaster events, the SBA used its network of SBA field offices and resource partners to open new disaster business recovery centers and disaster loan outreach centers quickly and efficiently.

The SBA collaborated with interagency partners, including FEMA and the U.S. Department of Commerce, to improve national readiness in core preparedness capabilities identified for improvement in the “National Preparedness Report,” including the economic recovery core capability. Based on SBA’s Disaster Preparedness and Recovery Plan, Agency district directors, Disaster Assistance Loan Program experts, and SBA resource partners engaged with interagency teams led by the U.S. Department of Commerce’s Economic Development Administration to assist communities recovering from disasters. SBA district offices provided additional staff training and checklist tools for better disaster response locally. This includes improved communication and alignment between district offices and headquarters in support of response activities when a disaster strikes.

The SBA also attended the National Emergency Management Association’s annual and biannual forums and the National Hurricane Conference in 2018. Other disaster coordination events include the 2018 Florida Governor’s Hurricane Conference, the National Governor’s Association Long Term Recovery Roundtable Discussion, the 2018 FEMA Hazard Mitigation Workshop, the 2018 U.S. Treasury’s Financial Stakeholder Discussion on Mitigation Investments, and the 2018 National Flood Conference. These forums were critical for disaster responders at all levels to participate in disaster preparedness discussions and planning, build coalitions with disaster recovery stakeholders, and promote awareness with partners about the SBA Disaster Loan Program. In August 2018, the SBA’s Office of Disaster Assistance signed a two-year co-sponsorship agreement with the Institute for Business and Home Safety (IBHS) to work jointly on a Disaster Preparedness Campaign and distribute materials focused on disaster preparedness, business continuity, and structural mitigation resources.

In FY 2018, the SBA’s Office of Disaster Assistance completed a new Outreach and Marketing Plan for State, Local, and Tribal Leadership and Emergency Personnel. This plan provides an overview of ongoing SBA activities that will build relationships, and improve readiness and post-event coordination. The plan also outlines Agency steps to mature those relationships pre-event to help state, local, and tribal entities withstand disasters while helping the SBA seamlessly provide disaster assistance post-event.

FY 2019 and FY 2020 Planned Performance

In FY 2019 and FY 2020, the SBA will continue to encourage disaster preparedness to mitigate and minimize disaster damage for small businesses and communities. Resources on www.SBA.gov will

help small businesses plan for emergencies. Resource partners will continue to educate individuals and small businesses on disaster response and recovery best practices. The Agency will continue to improve collaboration between disaster preparedness and operations teams, supporting its district offices and resource partners to ensure clear and consistent guidance on how to access local and federal aid following a major disaster. In FY 2019, the SBA's Office of Disaster Assistance will create a new Office of Preparedness, Communication and Coordination, which will focus on implementing the new outreach plan to promote disaster preparedness and inform stakeholders about the SBA Disaster Loan Program.

The SBA recognizes the potential for resource partners to assume a larger role supporting disaster assistance and will continue to engage Small Business Development Centers, Women's Business Centers, and SCORE partners in recover efforts. Through coordinated efforts with resource partners, the SBA will provide assistance to businesses seeking reconsideration or reacceptance requests for declined or withdrawn disaster loan applications. SBA resource partners will provide consultations in developing or adapting a business plan, financial planning, marketing, and general business management and technical assistance.

The SBA will continue supporting local stakeholder outreach efforts through workshops and other events to encourage disaster preparedness. The Agency will continue emphasizing the SBA Disaster Loan Assistance Portal at www.SBA.gov and other direct links to high-risk regions to market the Disaster Assistance Loan Program. The SBA will continue supporting regional, district, and area offices to enhance messaging to disaster survivors and strengthen disaster assistance preparation.

In FY 2019, the SBA will implement the Outreach and Marketing Plan for State, Local, and Tribal Leadership and Emergency Personnel to build relationships to improve readiness and post-event coordination and increase awareness of disaster risk, the need to be prepared, and SBA's role in disaster recovery. Targeted outreach will continue in FY 2020 to focus on specific disaster risks based on region (i.e., hurricanes and storm surge, seismic activity, wildfires, tornadoes, severe storms, and flooding). The SBA will continue to partner with IBHS on co-branded preparedness materials and a joint Disaster Preparedness Campaign.

Strategy 2: Strengthen disaster operations to enhance effectiveness and efficiency

The SBA continually reviews and implements process improvements to enhance program delivery. The development of www.Disasterassistance.gov has made disaster assistance responsive, consistent, and easy for disaster survivors to find resources. The SBA enhanced the online system for disaster survivors to check the status of their disaster loan applications. To further support this strategy, the SBA established the FY 2018-2019 Agency Priority Goal focusing on disaster loan application processing. With new technology, SBA loan specialists can process more applications faster, which will improve the SBA's ability to respond more quickly to large scale disasters.

Table 3.1e shows progress toward the disaster assistance efficiency performance indicators, including the initial disbursement rates and time to process business, home, and economic injury disaster loans.

Table 3.1e: Disaster Assistance Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Percent of Loans With Initial Disbursements Within 5 Days of Loan Closing | Target | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% |
| | Actual | 100% | 100% | 98% | 96% | 99% | 97% | | |
| | Variance | 5% | 5% | 3% | 1% | 4% | 2% | | |
| Additional Information: Disbursement refers to the last step of a three-step disaster loan process where a loan is closed and funds are disbursed to the customer for an approved loan amount. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Disaster Loans Processed Within Standard | Target | 85% | 85% | 85% | 85% | 85% | 85% | 85% | 85% |
| | Actual | 55% | 100% | 100% | 99% | 99% | 96% | | |
| | Variance | -35% | 18% | 18% | 16% | 16% | 13% | | |
| Additional Information: A streamlined approval process and digital service improvements have allowed the SBA to process a higher volume of loans in a more efficient and timely manner. The standard number of days corresponds to the volume of disaster loan activity received in that fiscal year, i.e. Level I – up to 50,000 applications; Level II – 50,000 to 250,000 applications; Level III – 250,000 to 500,000 applications; and Level IV – more than 500,000 applications. In FY18, ODA received over 278,000 applications and processed over 355,145 actions, which rose to a Level III. The standard number of days for Level III activity in FY18 was 45 days; and 96 percent of disaster loans were processed within the standard – 45 days. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SBA closed 97 percent of loans with initial disbursements within five days of SBA receiving the signed loan closing documents, and 96 percent of the loans were processed within standard in FY 2018. The SBA processed more than 337,000 loan actions and approved more than 140,000 disaster loans for nearly \$7 billion following the hurricane season, which represented the second largest disaster season in SBA’s history. The average processing time was 17 days for home loans and 24 days for business loans. In less than 45 days, the SBA approved over \$1 billion for Hurricanes Harvey, Irma, and Maria. The SBA processed these applications in nearly half the time it took to approve \$1 billion from the previous three largest disasters: Hurricane Sandy in 2012 (90 days); Hurricanes Katrina, Rita, and Wilma in 2005 (94 days); and the Northridge Earthquake in 1994 (90 days).

The SBA implemented desktop verification (damage estimates) for all home disaster loan applications and business disaster loan applications for 1-4 residential unit properties. The Agency expanded the use of desktop verifications to include all business disaster loan applications except for the most complex applications such as businesses with multiple damaged properties (e.g., condo associations). To complete a desktop verification for damaged property, the SBA used third party data and information provided from the loan applicant through a phone interview. The SBA’s use of desktop verifications in place of onsite inspections provided multiple benefits, including convenience to the disaster survivor and improvement to the Agency’s efficiency and effectiveness.

The SBA implemented the DCMS 2.0 Modernization for loan application processes, which replaces the legacy DCMS 1.0 system. The modernization project represents significant change and will reach full operating capability in FY 2019. These improvements streamlined institutional processes that were cumbersome, maximizing the impacts of modern technology on the SBA business processes, and supporting volume processing functions such as exception processing, parallel processing, and improved workload management. Additionally, the SBA released its revised Disaster Assistance Standard Operating Procedure in coordination with the release of DCMS 2.0.

To support greater understanding of the program, the SBA has started a program evaluation to assess disaster recovery efforts. This evaluation will provide further evidence to support program improvements and help SBA leadership understand how the disaster loan program addresses market gaps.

FY 2019 and FY 2020 Planned Performance

Building on lessons learned from past disasters is a routine practice and part of the SBA's mission-driven culture. The Agency will continue to reevaluate and reengineer business processes to meet the ever-changing needs of disaster survivors. The continued implementation of process improvements is expected to result in a more efficient operation that responds to disaster declarations and enhances customer service.

The SBA plans to continue enhancing DCMS 2.0 in FY 2019 and FY 2020, which will streamline internal disaster loan application processes (e.g., average loan officer loan processing to six files per day over a two-year period). The Agency will integrate the loss verification application into DCMS 2.0, which will increase quality and value in the Federal Government's core administrative functions, enhance productivity, achieve long-term cost savings, and result in higher customer satisfaction scores in the ACSI survey. The SBA will assess policy/data activities in conjunction with DCMS 2.0 processing to manage risk effectively and to develop a plan strengthening disaster operations and enhancing effectiveness and efficiency. The Agency will also implement loan decisioning software to improve efficiency.

In addition, the SBA requests the repeal of the Immediate Disaster Assistance Program (IDAP) and the Private Disaster Assistance Program (PDAP) due to lack of interest from private sector lenders. The SBA also requests repeal of the Recovery Opportunity Loan Program because it duplicates the existing SBA Express Disaster Bridge Loan Pilot Program and cannot be delivered as designed without subsidy costs. The Expedited Disaster Assistance Program (EDAP) program was repealed in the FY 2019 appropriations act.

The SBA requests authority to permanently increase the unsecured threshold on physical damage loans in Agency declarations from \$14,000 to \$25,000 to allow the SBA to disburse the first \$25,000 more expeditiously and allow the borrower to make crucial repairs faster. The unsecured threshold for physical damage loans in Agency declarations will revert to \$14,000 for disasters declared on or after November 25, 2019, unless extended. The unsecured threshold amount determines when collateral will be required, when proof of insurance (except flood by law) will be required, and when some other loan conditions are triggered by the secured level.

The SBA will complete and present the results of its disaster loan program evaluation, which will be used to provide a greater understanding of how the program supports communities and businesses recovering from disasters.

Strategy 3: Capitalize on SBA's nationwide infrastructure for short- and long-term recovery

The SBA provides short- and long-term assistance in the aftermath of disasters. The SBA engages regularly with district offices and resource partners so they can continue aiding their communities even after the disaster declaration deadlines have closed.

The SBA will develop a new measure to track the SBA's implementation of its plan to build relationships with leadership and emergency management personnel at the state, local, and tribal levels to improve readiness and post-event coordination.

FY 2018 Accomplishments and Challenges

The SBA continued leveraging three-step communications processes that provides messaging to the public and strengthens awareness of the disaster loan application process. The disaster loan process includes: 1) applying for a loan, 2) estimating the cost of disaster damages and making credit decisions, and 3) closing and disbursing loan funds.

The coordinated effort leveraging the SBA's resources, including regional, district, and area offices, resulted in the successful response to Hurricanes Harvey, Irma, and Maria in 2017 and Hurricanes Florence and Michael in 2018. The SBA's non-disaster program offices provided staff, office space, and resources to help disaster recovery efforts in a variety of functional areas.

FY 2019 and FY 2020 Planned Performance

In FY 2019, the SBA will continue providing long-term outreach efforts with its district offices and resource partners in disaster-damaged areas. The SBA will conduct disaster media training for field office staff. Outreach efforts continue for the Outreach and Marketing Plan for State, Local, and Tribal Leadership and Recovery Personnel to support economic recovery of communities after a disaster. The SBA will provide more detailed information about disaster loan activity with its resource partners through data sharing agreements to provide disaster survivors with greater customer service, case management, and technical assistance. The SBA plans to update its disaster assistance loan program training materials and information for SBA district offices and resource partners to better prepare for disasters, and implement a plan to build relationships with leadership and emergency management personnel at the state, local, and tribal levels to improve readiness and post-event coordination.

In FY 2020, the SBA will work with its district offices and resource partners in disaster-damaged areas to continue outreach activities and significant long-term recovery plan efforts for disaster area homeowners and businesses. The SBA will conduct timely training for newly on-boarded disaster reservists, allowing the reservists to begin work faster than previous cohorts.

Strategic Goal Four – Strengthen SBA’s Ability to Serve Small Business

Strategic Objective 4.1: Ensure Effective and Efficient Management of Agency Resources

Performance Goal: Increase the customer satisfaction rate of financial management services for SBA employees to 4.0 in FY 2020

Objective Leads: Chief Financial Officer and Associate Administrator for Performance Management and Director of Executive Management, Installation and Support Services

Programs/Activities: Financial Management, Grants Management, Performance Management, Internal Controls, Acquisition Management, Administrative Services, Facilities

Strategies:

1. Provide stewardship over financial resources and promote a robust performance management culture
2. Implement process and operational improvements to simplify and enhance service delivery

The SBA has great responsibility to taxpayers to ensure the effective and efficient use of its resources.²² The SBA works to continuously strengthen and streamline its programs to meet the needs of small businesses and continues to improve processes for managing fraud, waste, and abuse. Improved service delivery and better customer service for stakeholders are in part the fruits of these ongoing efforts.

Through the Office of Performance Management and the Office of the Chief Financial Officer, the SBA leads oversight of its financial and performance management activities. Through the Office of Executive Management, Installation and Support Services (OEMISS), the SBA manages its facilities, security, and grants management processes. The Agency provides the resources and support necessary for its employees to better serve small businesses and to be effective financial stewards of taxpayer dollars.

The SBA supports the Cross-Agency Priority Goal on data, accountability, and transparency through streamlining resource management activities, monitoring program performance, integrating risk management techniques, and sharing data. Evidence-based decision-making and learning are embedded in program evaluations and quarterly executive meetings.

Progress Update: The SBA surpassed its prime small business utilization target in FY 2018 with the highest target set in the Federal Government and exceeded each of the four subgoals for HUBZone, women-owned, service-disabled veteran-owned, and disadvantaged small businesses. In addition, the Agency successfully closed its Acquisition Management Challenge in FY 2018 through the focus of senior leadership attention. Along with these achievements, the SBA published its FY 2018–2022 Strategic Plan and began four new evaluations for the following programs: Small Business Investment Company (SBIC) examinations, 7(j) Management and Technical Assistance online training, Federal and State Technology (FAST) grants, and Surety Bond Fee adjustments. The SBA developed its first Enterprise Learning Agenda (ELA), and the SBA established a framework to implement the Program Management Improvement and Accountability Act (PMIAA). The SBA received a Certificate of Excellence in Accountability Reporting award with special recognition for “Best Overall Quality” for its FY 2017 Agency Financial Report. After completing all Digital Accountability and Transparency (DATA) Act requirements last year ahead of schedule, the SBA focused on improving data quality and analyzing submission data to help management make informed decisions. From these efforts, the SBA received the

²² FY 2018 Agency Financial Report. U.S. Small Business Administration, November 2018.

Association of Government Accountants “Government Transparency Award” for its achievements in implementing the DATA Act and data visualization via www.USASpending.gov data.

Most Serious Management and Performance Challenges: The SBA Inspector General annually reports on the most serious management and performance challenges that pose significant risks to the programs and activities that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The challenges are not presented in order of priority. Within each management challenge is a series of recommended actions to resolve it.²³ The SBA has addressed the actions for each challenge this year and the completion date represents when recommendations will be closed.

Figure 4.1: Most Serious Management and Performance Challenge 8

| Challenge 8: SBA Needs Robust Oversight of Its Grants Management | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Recommended Actions | Completion Date |
| <p>1. Conduct an overall evaluation of its grants management organizational structure with an emphasis on centralizing the oversight of these programs in order to reduce and ultimately eliminate systemic issues for maximum program success.</p> <p>2018 Achievement: New action established in 2018.</p> | September 30, 2019 |
| <p>2. Implement a system to effectively manage and monitor grant awards, to include a process for ensuring the data submitted to USASpending.gov complies with DATA Act requirements.</p> <p>2018 Achievement: New action established in 2018.</p> | September 30, 2020 |
| <p>3. Update grant management policies and procedures to ensure grant officers enforce grant recipients comply with financial and performance requirements, verify that reported information is accurate and complete, and ensure applicants’ proposals include plans to measure performance in a way that will help SBA achieve program outcomes</p> <p>2018 Achievement: New action established in 2018.</p> | September 30, 2020 |
| <p>4. Establish training requirements for all grants officers and program personnel responsible for monitoring grant recipients’ performance to enforce compliance with SBA’s established procedures for grant management and best practices for administering grant awards and monitoring performance. The training should address the systemic issues we identified in this summary report.</p> <p>2018 Achievement: New action established in 2018.</p> | September 30, 2020 |

Strategy 1: Provide stewardship over financial resources and promote a robust performance management culture

²³ For more information on the Management Challenge, visit www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges.

The SBA ensures that all employees have the tools to make effective and efficient decisions in managing resources. Through newly developed policies, the use of advanced data analytics, evidence-based decisions, and strong internal controls, SBA’s employees provide outstanding program oversight. A well-formulated and executed budget, in addition to an effective acquisition process, ensures that every employee is equipped to manage resources. Well-managed financial systems and new technology help automate processes and reduce error. The SBA strives to exceed its small business acquisition goals and reduce improper payments. Evidence is used to drive decisions and continuous learning serves as a foundation for performance management.

Table 4.1a displays the metric tracking progress toward SBA’s financial management customer service performance goal.

Table 4.1a: Financial Management Customer Service Performance Goal

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|----------|---------|---------|
| Customer Satisfaction Rate of Financial Management Services for SBA Employees | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 4.0 | 4.0 |
| | Actual | N/A | N/A | N/A | N/A | N/A | 4.0 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA developed an internal customer satisfaction baseline in FY 2018. The SBA rates customer satisfaction on a scale from one to five with five being the highest. A score of four or higher indicates superior satisfaction with financial management services. | | | | | | | | | |

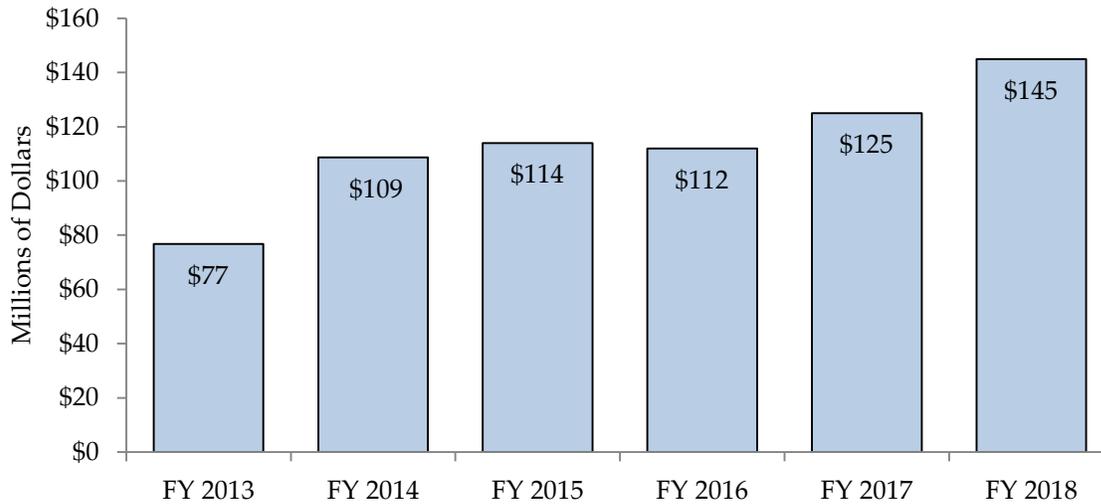
Table 4.1b shows progress toward SBA’s acquisition performance indicator.

Table 4.1b: Acquisition Performance Indicator

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| SBA Small Business Utilization Rate | Target | 67% | 68% | 69% | 72.75% | 72.75% | 73% | 71% | TBD |
| | Actual | 72% | 77% | 78% | 74% | 80% | 80% | | |
| | Variance | 7% | 14% | 13% | 1% | 9% | 8% | | |
| Additional Information: The SBA tracks small business contracts and has the highest small business contracting goal in the Federal Government. The SBA continues to provide preference to small businesses in awarding contracts. | | | | | | | | | |

Chart 4.1 shows the amount of SBA contract dollars awarded to small businesses. The number and dollar value of contracts increased substantially after FY 2013, during which time the SBA exceeded its prime small business utilization target of 73 percent.

Chart 4.1: SBA Contracts Awarded to Small Businesses (Millions of Dollars)



FY 2018 Accomplishments and Challenges

The SBA increased the number of IT-related contracts reviewed in collaboration with the Chief Information Officer (CIO) under the Federal IT Acquisition Reform Act (FITARA). All contract actions (new and option renewals) more than \$50,000 were reviewed and approved at the beginning of the fiscal year by the CIO. In addition, the CIO participated in all Advanced Acquisition Strategy planning sessions, which ensured more thorough management of IT-related projects and resources.

The SBA implemented several data quality improvement initiatives in alignment with the DATA Act. Under the guidance of the Chief Data Officer, the SBA researched, documented, and categorized each DATA Act broker warning message in order to perform a root cause analysis. The SBA also added additional data validation checks in source systems fields identified through this analysis, identified high risk data elements, and implemented quality assurance procedures throughout the data submission and reporting process. The SBA updated its Data Quality Plan to include roles and responsibilities, data element mapping from source to submission, and data quality monitoring procedures in accordance with the DATA Act playbook and Data Quality Plan guidance.

The Agency finalized its new framework for technical guidance to mature its program evaluation function. The framework governs the Agency's program evaluation activities and includes standards for each of the program offices when conducting evaluations. The SBA also developed its first Enterprise Learning Agenda (ELA) and completed three centralized program evaluations to support program improvements in the following areas: Community Advantage, HUBZone, and Boots to Business (B2B).

The Agency continued to evaluate business processes impacting financial operations to comply with OMB Circular A-123, Appendix A. In addition, OCFO tested contracts for improper payment

remittances and coordinated reporting of 7(a) and 504 loan guaranty and disaster direct loan improper payments in compliance with *OMB Circular A-123, Appendix C*. These accomplishments helped address Management Challenge Six identified by the SBA Inspector General, which focuses on accurately reporting, significantly reducing, and strengthening efforts to recover improper payments in the 7(a) Loan Program.

As a key success, the SBA received its final FY 2017 Procurement Scorecard grade of “A+” and met its prime and subgoal contracting targets for small disadvantaged, women-owned, HUBZone, and service-disabled veteran-owned small businesses. The SBA has implemented the recommendations received during an independent assessment of the acquisition function according to *OMB’s A-123 Circular*, to address Management Challenge Eight, which is now closed. The Agency issued a revised Acquisition Procedure SOP, updated the templates and information available on SBA’s internal acquisition homepage, and developed training plans to enhance the acquisition workforce’s skills.

FY 2019 and FY 2020 Planned Performance

With new authority, the SBA will establish and operate an Information Technology (IT) Working Capital Fund to finance a long-term cycle of IT modernization projects including centralized management of systems, equipment, services and maintenance. This authority will enhance SBA management of systems. SBA financial management processes will be conducted according to strictly observed time schedules in compliance with federal guidelines for budget, acquisition, accounting, and reporting activities. Action on audit findings will be taken on each item and completed as soon as possible. Improvements to the financial systems will continue as the OCFO, in collaboration with OCIO, creates a roadmap for transitioning the financial system to the cloud.

While building on improvements in financial management, performance management, and data quality, the SBA will pursue activities to improve efficiency. The SOP for financial management related to budget processes, loan accounting, internal controls, and financial systems will be finalized, and published. The SBA will also conduct an internal skills assessment and develop a plan that addresses identified skills gaps in the workforce.

The SBA will implement the Program Management Improvement and Accountability Act (PMIAA) in accordance with OMB guidance. The Agency will update its Program Management Improvement Plan and collaborate with the Chief Human Capital Officer to establish training and mentoring for program and project management. In alignment with the FY 2019 SBA annual strategic objective review, it will conduct its first assessment of program portfolios as they contribute to the progress of SBA’s strategic objectives in the *FY 2018-2022 Strategic Plan*.

The SBA places a high priority on providing high-quality, transparent, federal spending information to the public and using this data to achieve more effective and efficient allocation of resources to improve Agency performance. The SBA plans to use newly acquired enterprise-wide data visualization and analytics software to augment the Agency’s reporting capabilities and make federal spending, as well as SBA program performance data, more accessible.

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. The SBA will incorporate evaluations of data integrity while implementing the revised *OMB Circular A-123, Appendix A*. 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. The SBA will implement the revised *OMB Circular A-123, Appendix C*, to enhance its payment integrity program. As part of the implementation of the Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017, the program will include testing and reporting of disaster administrative expenses, such as travel, payroll, and purchase cards.

The SBA will continue to champion additional program evaluations to better assess and modernize operations to ensure that small businesses are receiving effective and efficient services from the SBA. In FY 2019, the SBA will complete four new program evaluations for the following programs and activities: SBIC examinations, 7(j) Management and Technical Assistance online training, FAST grants, and Surety Bond Fee adjustments. The Agency will update its ELA with new evidence to support senior leadership decision making.

Strategy 2: Implement process and operational improvements to simplify and enhance service delivery

The SBA is optimizing core administrative functions—its real estate portfolio, improving space utilization, and ensuring physical security and grants management operations—to contribute to effective federal-wide resource management. By doing so, the SBA is improving service delivery to its internal customers to ensure a high-performing organization.

Table 4.1c displays the metric tracking progress towards the total amount of square feet of real estate eliminated from the Agency's inventory.

Table 4.1c: Real Estate Footprint Reduction Performance Goal

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|----------|---------|---------|----------|---------|---------|
| SBA Real Estate Footprint Reduction Rate | Target | N/A | N/A | Baseline | 2% | 1% | 1% | 1% | 1% |
| | Actual | 2% | 2% | 2% | 5% | 4% | Data Lag | | |
| | Variance | N/A | N/A | N/A | 150% | 300% | N/A | | |
| Additional Information: The SBA tracks the square footage of its facilities and continues to reduce the amount of space for operations through consolidations, co-locating, and returns of excess space in accordance with the <i>OMB Memorandum M-12-12, Section 3: Reduce the Footprint</i> . The SBA will not receive actual FY 2018 results for Real Estate Footprint Reduction from GSA until February 2019. Future targets reflect a 1 percent reduction based on the SBA Real Property Efficiency Plan submitted to GSA through FY 2022. | | | | | | | | | |

Table 4.1d displays a new measure that tracks the rate to close grant agreements.

Table 4.1d Financial Assistance (Grants) Management Closeout Rate Performance Indicator

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|---------|----------|---------|
| SBA Financial Assistance Closure Rate | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | TBD |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This new measure supports both the GONE and DATA Acts. The closure rate is calculated by dividing the number of grants closed by the number awarded. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SBA continued to reduce its real estate footprint in FY 2018 relative to its FY 2017 total. The Agency reduced space by eliminating leases for unused, alternative worksites and parking locations around the country, and by downsizing some offices. The U.S. General Services Administration (GSA) has not released the final updated reduced FY 2018 total square footage; however, the SBA made progress reducing its footprint and recording storage needs. Ongoing disaster operations remain a challenge to the footprint reduction goal. Due to unprecedented disaster activity in 2017, the SBA opened new disaster offices in Florida and Texas. Records management staff proactively worked with field offices to implement policies to reduce paper records maintained in the new office spaces.

The Agency procured an automated space-management software system to aid in accurate space data management and the identification of underutilized facilities throughout the Agency's real estate portfolio. Reporting occupancy and vacancy data will provide senior leadership with information to make strategic footprint reductions and other space-saving opportunities to reduce rent costs. Space data management is a manual process with data stored in and managed with spreadsheets and emails. The Agency embarked on a rigorous on-site records management training program for field offices scheduled for lease renewals. The training assisted these offices with archiving permanent records and disposing of records past the required retention period.

The SBA established a senior advisory committee for facility management. The Agency also developed the Facilities Management Advisory Board (FMAB) to enable the Agency to improve effective management and budgeting of its lease holdings across the country. The FMAB helps the Administrator standardize office configurations, footprint, and the lease renewal for the Agency's Headquarters. Since SBA's present lease is scheduled to expire in November 2020, the Agency is actively engaged with GSA on the lease renewal process.

The SBA made 765 federal assistance awards, which includes award modifications. Regulation requires the timely closeout of financial assistance awards, and proper closeout functions reflect efficient management of the program. The SBA established a new metric to track the closeout of grants in alignment with the Grants Oversight and New Efficiency (GONE) Act. The SBA's Office of Grants Management conducted agency-wide training on program office financial assistance management, designed to update grant staff on financial assistance compliance and the new grants management policy, the Federal Assistance Policy Directive (formally known as the *Management of Grants and Cooperative Agreements Policy*).

The SBA collaborated in several OMB federal assistance inter-agency working groups to define standard data elements as part of the Federal Integrated Business Framework (FIBF) effort; the federal assistance pre-awarding system; and the Financial Assistance Committee for E-Government (FACE) interagency working group. The FACE working group derived data taxonomy and grants reporting.

FY 2019 and FY 2020 Planned Performance

The SBA will baseline a new measure to track financial assistance closeouts and host agency-wide grants management training for all the SBA stakeholders and certification for Grants Officer Technical Representatives (GOTR). In FY 2019, the SBA will submit a statement of work business case to acquire the OMB Grant Center of Excellence solution system to ensure compliance with federal

reporting and grant management protocols. The SBA incorporates grants management processes, procedures, standard terms and conditions, as well as forms on the SBA website for compliance with OMB regulations and external audit recommendations. Through FY 2019, the SBA will implement corrective actions for the external audit recommendations of the Office of Inspector General (OIG) and Government Accountability Office (GAO).

The SBA requests \$6 million in FY 2020 to upgrade its existing headquarters space pursuant to the OMB-approved prospectus for the GSA replacement of the current headquarter lease. As leases expire for various field offices, the SBA will pursue opportunities to further reduce the real estate footprint to meet stated objectives. The Agency will develop office space standards for both headquarters and field operations. The SBA will use the GSA standards as a model to implement all new office space plans and continue to encourage programs to use open-office floor plans and hoteling/telework for even greater space savings. The vehicle fleet will not exceed the 2011 baseline of 170 vehicles. The Agency currently manages 162 vehicles and will continue to procure new vehicles when necessary. Also, the Agency will replace all retiring gas-powered vehicles with alternative fuel vehicles when available.

The SBA plans to consolidate technical support help-desk functions within a public-facing call center. One help desk at the enterprise level will streamline and standardize functions throughout the Agency. A single intake portal allows for greater accountability and increases efficiency and effectiveness.

In FY 2019, the SBA plans to establish an enterprise solution that provides SBA program offices with a consolidated workflow management environment with integrated data, thereby enabling business process automation. This action will establish a unified data model to reduce duplication and increase data integrity across the organization.

To ensure that grant office stakeholders receive competent, efficient, and responsive services, SBA's Office of Grants Management (OGM) will create and use customer service surveys as a means to assess outward services and performance in order to evaluate performance. The SBA will develop a survey to address key customer service elements important to satisfaction. The survey will identify whether customer needs are both met and exceeded, areas for improvement, and learning opportunities from external customers' changing needs.

Strategic Goal Four – Strengthen SBA’s Ability to Serve Small Business

Strategic Objective 4.2: Build a High-performing Workforce

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| <p>Performance Goal: Increase SBA employee satisfaction scores through the Federal Employee Viewpoint Survey to 68 percent by FY 2020</p> <p>Objective Lead: Chief Human Capital Officer</p> <p>Objective Support: Office of Diversity, Inclusion, and Civil Rights</p> <p>Programs/Activities: Recruitment, Training, Diversity and Inclusion, Workplace Conflict Resolution, Disability Employment</p> <p>Most Serious Management and Performance Challenge 3: The SBA Needs Effective Human Capital Strategies to Carry Out Its Mission Successfully and Become a High-Performing Organization</p> <p>Strategies:</p> <ol style="list-style-type: none">1. Recruit and retain an inclusive workforce2. Deliver a comprehensive, mission-focused, talent development strategy to foster professional development and continuous learning3. Build a high-performing culture that maximizes workforce performance and drives accountability |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The SBA recognizes that employees are critical to achieving its mission and continues to make investments in its workforce a top priority. An engaged, high-performing workforce is vital to meeting organizational goals and preparing for the future.²⁴ The President’s initiative to create a lean, accountable, and more efficient government is achieved through changes in strategies on hiring, training, employee engagement, communication, and performance management. In addition, the SBA uses U.S. Office of Personnel Management (OPM) guidelines on human capital management practices. Implementation of this SBA strategy ensures that the Agency is poised to deliver on the President’s Management Agenda (PMA), civil service reforms, and government-wide reorganization. This objective supports the Cross-Agency Priority Goal in realigning human capital to serve America’s priorities by using strategic workforce management in identifying and training SBA mission-critical occupations and actively managing the workforce with leading human capital practices that assess capabilities, reinforce results and accountability, and improve performance of the SBA workforce.

The SBA has defined specific and measurable human capital management strategies that address efforts to build an inclusive workforce; proactively respond to current and anticipated skills gaps, and changes in Agency priorities; and transform human resource service delivery to provide employees with the tools they need to increase efficiency, effectiveness, and accountability.

Progress Update: The SBA’s Office of Human Resources Solutions (OHRS) continued to provide strategic guidance and operational support to ensure that it recruits and maintains an engaged and skilled workforce. The SBA filled critical executive leadership positions, submitted its Human Capital Operating Plan (HCOP) to OPM, and leveraged technology and partnerships to expand its pool of high-quality applicants. The Agency met the 100-day average time to hire target with an FY 2018 average hiring cycle of 98 days, two days fewer than the Agency’s FY 2018 target. The SBA also increased the Federal Employee Viewpoint Survey (FEVS) employee engagement index score from 67 percent in FY 2017 to 69 percent in FY 2018 (+9 percent over the last three years). In FY 2018, the Partnership for Public Service presented the SBA with an award for the “Most Improved Midsize Federal Agency” in the Global

²⁴ U.S. Federal Employee Viewpoint Survey. U.S. Office of Personnel Management, October 2018.

Satisfaction Index. This is the second year in a row SBA has been recognized for outsized improvements in FEVS global satisfaction survey scores.

Most Serious Management and Performance Challenges: The SBA Inspector General annually reports on the most serious management and performance challenges that pose significant risks to programs and activities that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The challenges are not presented in order of priority. Within each management challenge is a series of recommended actions to resolve it.²⁵ The SBA has addressed the actions for each challenge this year and the completion date represents when recommendations will be closed.

Figure 4.2: Most Serious Management and Performance Challenge 3

| Challenge 3: SBA Needs Effective Human Capital Strategies to Carry Out Its Mission Successfully and Become a High-Performing Organization | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Recommended Actions | Completion Date |
| <p>1. Ensure that human capital management SOPs are updated and appropriately structured to support the Agency’s long-term goals and objectives and government-wide human capital management initiatives.</p> <p>2018 Achievement: The SBA has published several critically important human resource policies, including Employee Talent Development, Employee Recognition Program, Senior-Level (SL) Management, Senior Executive Service Management, Personnel Security and Suitability, and Creditable Service for Annual Leave Accrual for Non-Federal and Active Duty Uniform Work Experience. It is also on track to complete several others during FY 2019.</p> | September 30, 2019 |

Table 4.2a shows progress toward the performance goal which tracks the results of FEVS Job Satisfaction index.

Table 4.2a: Employee Performance Goal

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Federal Employee Viewpoint Survey Job Satisfaction Rate | Target | 71% | 71% | 71% | 64% | 67% | 67% | 67% | 68% |
| | Actual | 66% | 65% | 62% | 64% | 67% | 68% | | |
| | Variance | -7% | -8% | -13% | 0% | 0% | 2% | | |
| Additional Information: The satisfaction rate is the Human Capital Assessment and Accountability Framework (HCAAF) Trends – Job Satisfaction Index, which indicates the extent to which employees are satisfied with their jobs. | | | | | | | | | |

Strategy 1: Recruit and retain an inclusive workforce

The SBA continues to build an inclusive organization valuing and leveraging the backgrounds, life experiences, and attributes of all employees. In addition to internal partners, the SBA collaborates with the OPM’s Office of Diversity and Inclusion to identify and implement government-wide best practices. By deploying reforms that ensure the efficiency and effectiveness of the Agency’s hiring process, SBA

²⁵ For more information on the Management Challenge, visit www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges.

program offices are able to access a high-quality workforce that have the capabilities required to set conditions for small businesses to grow and thrive.

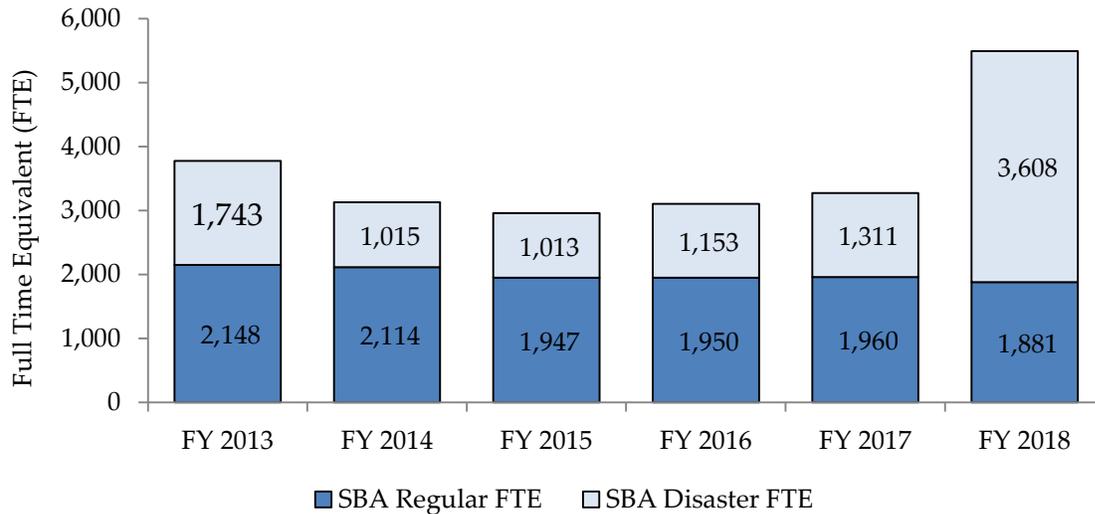
Table 4.2b displays the metrics on the retention rate of new hires and the average number of days to hire.

Table 4.2b Retention Rate for New Hires and Average Number of Days to Hire Performance Indicators

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Retention Rate for New Hires | Target | 85% | 88% | 93% | 93% | 93% | 93% | 80% | 80% |
| | Actual | 77% | 74% | 79% | 92% | 89% | 80% | | |
| | Variance | 9% | -16% | -15% | -1% | -4% | -14% | | |
| Additional Information: The retention rate is defined as an employee remaining in a position for a minimum of two years within the Agency. The SBA has examined its methodology and recalculated the retention rates from FY 2013 to FY 2016, resulting in an increase of the retention rate target to 93 percent. The retention rate has lowered due to increased performance expectations. Further planning and analysis will support program managers retain staff. | | | | | | | | | |
| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Average Number of Days to Hire | Target | 80 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| | Actual | 154 | 85 | 97 | 98 | 76 | 98 | | |
| | Variance | 93% | -15% | -3% | -2% | -24% | -2% | | |
| Additional Information: Time to hire includes the time a completed recruit action is received until the job offer is accepted. In FY 2013, sequestration adversely impacted the time-to-hire goal. The Agency had to manage the onboarding of new hires to support adjustments in the full time equivalent (FTE) ceilings for budget requirements related to the Continuing Resolution constraints. The FY 2014 figures actually decreased as a result of changes in the measure calculation methodology. In FY 2017 and FY 2018, OHRS collaborated with SBA's executives and hiring managers in use of expanded federal hiring flexibilities. The SBA provided targeted job analyses training to hiring managers to enhance their effectiveness and efficiency in assessing and selecting the best candidates. | | | | | | | | | |

Chart 4.2 displays the number of regular SBA full-time employees: non-disaster funds and disaster funds. The SBA disaster staffing increased in FY 2018 in response to Hurricanes Harvey, Irma, and Maria.

Chart 4.2: SBA Regular (Non-Disaster) Full-Time and SBA Disaster Full-Time Employees



FY 2018 Accomplishments and Challenges

The SBA continued to meet its performance targets for this strategy. The average days-to-hire was 98 days to ensure talented candidates were recruited in a timely manner. The Agency educated hiring managers on hiring flexibilities and the use of USAJobs assessment tools to qualitatively improve the job applicant pools and candidates referred to hiring managers. The SBA refined HRstat metrics to track progress towards achieving time-to-hire efficiencies and generated high-quality, diverse applicant pools.

For SBA’s Senior Executive Service (SES) and Senior Level (SL) employees, Agency pay limits were tied to a certified performance appraisal system. The Agency expanded use of SL positions with provisional OPM certification through October 22, 2019. Provisional certification authorizes the same pay and aggregate limits available to SBA SES employees.

The SBA conducted outreach to diverse groups to broaden candidate pools. The Agency increased veteran recruitment and retention through a variety of strategies, such as the Operations Warfighters’ Program and the Veterans Affairs (VA) Non-paid Work Experience programs; targeted recruitment fairs, established relationships among the SBA, universities, and student veteran organizations. In addition, the Agency met its 2 percent goal for hiring employees with targeted disabilities, and nearly met the 12 percent goal for hiring employees with disabilities.

The SBA successfully used direct hire authority and recruitment incentives for cyber security professionals to accelerate its information technology hiring opportunities. The SBA also completed an effort to identify and code its positions with cybersecurity functions in support of OPM’s special Cybersecurity Workforce Project, and identified cyber work roles of critical need. The latter will assist the Agency identify future recruitment and retention strategies for the Information Technology workforce.

The Agency continued to actively participate in the Pathways Program, encouraging new talent to enter SBA operations as interns, recent college graduates, or Presidential Management Fellows

(PMFs). The Agency also used its designation as an Employer of National Service to maintain its access to a pool of highly-qualified, mission-focused candidates who have developed unique skills because of their service in AmeriCorps or the Peace Corps. The use of hiring authorities and existing flexibilities offers opportunities to further streamline SBA's hiring process. To ensure the incorporation of these programs, the SBA held a seminar and individualized consultations in the field and at headquarters to educate hiring officials on the use of hiring flexibilities.

In FY 2018, the SBA hired a Work-Life Coordinator, who led efforts to increase employees' awareness of work-life and wellness programs across the Agency. The SBA established the Work-Life Engagement Network with advocates throughout the SBA.

FY 2019 and FY 2020 Planned Performance

The use of hiring authorities and existing flexibilities offers opportunities to further streamline SBA's hiring processes. The SBA will continue to educate hiring managers about the use of these authorities and flexibilities.

The Agency will execute a National Strategic Recruitment Plan to promote hiring authorities and flexibilities in order to build a diverse, qualified, and inclusive workforce. The recruitment plan is an approach that addresses heightened marketplace competition for business, industry, administrative, human resources, and technology personnel. In addition, the SBA will implement procedures to use the Business Professional Distinguished Fellowships through the Schedule A hiring authority.

To modernize HR practices and procedures, the SBA will provide consultative services to hiring managers to assist them in the preparation of position descriptions. In addition, the SBA will build a database of position descriptions meant to support the hiring and recruitment process.

The SBA will aim to retain 80 percent of its employees within two years of hire, and will hire new employees within a 100-day cycle in both FY 2019 and FY 2020.

The Agency will analyze time to hire to identify areas of improvement in the recruitment cycle timeline and further reduce the overall number of days in the time to hire metric. The SBA will perform an in-depth analysis of new hire retention rates and review results of the Mission Critical Occupation (MCO) root cause analyses to define strategies to address recruitment and retention. In addition, the SBA will monitor new hire retention rates, focusing on MCOs where retention has been challenging for the Agency. The SBA will support government-wide efforts and OPM guidance to strengthen the cybersecurity workforce by developing action plans with metrics and targets to address and mitigate root causes identified for its critical cybersecurity work roles.

To build an inclusive environment, the SBA will use the Barrier Analysis Workgroup to address challenges as identified in the FY 2017 Management Directive (MD-715) report to the Equal Employment Opportunity Commission and work to implement solutions to address barriers at each stage of the hiring process. In accordance with the management directive, the Office of Diversity, Inclusion and Civil Rights reports to OPM on employee and applicant equality of opportunity in the federal workplace.

To further improve employee engagement, human resource staff will partner with program offices to define key areas to address their specific FEVS findings and will engage with program offices who

scored in the bottom 20 percent of the lowest scoring work units to develop action plans to improve their scores by 20 percent in FY 2020.

The SBA will expand the Work-Life Program by increasing marketing and education on the benefits of telework; conducting activities to institutionalize the Women Entrepreneurs Network (WEN); increasing work-life program participation through briefings to local field offices, and marketing the Employee Assistance Programs to increase usage.

The SBA will use the Action Planning Committee (APC) as a resource to drive Agency engagement initiatives. The APC promotes employee engagement by surveying, recommending, and implementing employee ideas; strengthening communication between senior leadership and employees; and empowering the workforce to be accountable for results. APC strategies for FY 2019 and FY 2020 include hosting various mentoring sessions for career development and succession planning, promoting brown bag lunches with SBA's senior executives, and delivering annual Employee Engagement Training Summits for the SBA workforce to learn about challenges and opportunities identified in annual FEVS reports.

Strategy 2: Deliver a comprehensive, mission-focused, talent development strategy to foster professional development and continuous learning

The SBA uses its talent development plan to support professional and technical development needs for mission-critical occupations so that it can equip its workforce with the knowledge and skills needed for success. Mission critical occupations account for approximately 68 percent of the workforce. The SBA continues to expand educational offerings and increase training, certification, cross-training, rotational opportunities, and mentoring, thereby providing opportunities for employees to enhance their learning and development goals.

FY 2018 Accomplishments and Challenges

The SBA conducted an agency-wide talent development needs survey and used the results from more than 1,300 employee responses to build talent development initiatives addressing identified gaps in training offerings for major target groups. Target groups included supervisors and managers, and specific mission critical occupation series, such as business opportunity specialists, economic development specialists, and lender relations specialists.

The SBA launched a training series focused on leadership, customer service, and project management to employees in grades GS 3-13. More than 100 employees participated in the training, and offerings will be expanded based on the feedback received.

The SBA offered 360-degree assessments at the executive and senior leadership levels. The assessments identified leadership strengths and development opportunities. The Agency used the results to help create a meaningful Individual Development Plans targeting developmental needs. Two cohorts, totaling 38 executives and managers participated in the FY 2018 assessments.

The Agency recognized the importance of having a strong knowledge management program. The OPM's 2018 Federal Workforce Priorities Report recognized SBA's Peer-to-Peer Power Hour sessions as an initiative designed to foster a continuous learning environment, promote knowledge sharing, succession planning, and advance professional growth.

To meet the needs of supervisors, the Agency created a supervisory-level community of practice and conducted peer-to-peer sessions. The Agency's supervisory development team implemented a skills assessment to determine program and individual supervisory development needs to expand their strategy. During FY 2018, more than 50 supervisors participated in the Agency's supervisory training.

The SBA implemented advanced learning modules as follow-on training to the existing supervisory training and ensured the ongoing development of the supervisory corps. Approximately 60 supervisors completed basic supervisory skills training. More than 200 supervisors participated in performance management town halls to receive targeted, skills building related to establishing performance plans, documenting performance, writing appraisals, and providing feedback.

The SBA leveraged the President's Management Council Interagency Rotation Program, Excellence in Government Fellows Program, Treasury Executive Institute, CXO Fellows, and the White House Leadership Development Program to provide developmental opportunities to more than 60 future leaders as a means to execute the priorities and goals detailed in the SBA *FY 2018-2022 Strategic Plan*.

The SBA implemented a mentor pilot program in support of the PMIAA. This pilot program has paired senior program managers with project managers to review key areas like acquisition management, financial management, and human capital management. More than 30 employees have participated in the pilot program.

FY 2019 and FY 2020 Planned Performance

The SBA will expand OPM's 360-Degree Assessments to support a pipeline of candidates for leadership positions. This tool will help target and address developmental areas aligned to the Executive Core Qualifications to address anticipated future gaps in mission-critical leadership and technical bench strength.

The SBA will implement succession planning workshops for its supervisory/managerial workforce in FY 2019. These workshops will begin in FY 2019.

To promote employee development opportunities, the SBA will continue to employ leader development resources, such as the Treasury Executive Institute for SES, GS-15, and GS-14 employees. The SBA will also increase the Franklin Covey training offerings for GS 3-13 employees to ensure the Agency's ability to develop leaders at all levels.

The Agency's PMIAA Implementation Plan has defined strategies to build a capable project and program management workforce. Throughout FY 2019 and 2020, the SBA will conduct activities to promote the workforce strategies identified in the implementation plan.

The SBA began creating learning roadmaps for its MCOs in FY 2018, which will continue into FY 2019 for all mission critical occupations supported by the Agency Mentoring Program. Competency modeling will continue for the Agency's mission critical occupations and will establish the framework of demonstrated MCO knowledge and skills based on established proficiency levels.

Strategy 3: Build a high-performing culture that maximizes workforce performance and drives accountability

The SBA will implement its plan for maximizing employee performance to promote a high-performing culture. Implementation of this plan will improve performance processes; ensure managers, human resource staff, and the workforce are appropriately trained; ensure accountability in manager performance plans; and provide real-time manager support through the implementation of performance management liaisons within each program office.

Table 4.2c displays the metric tracking progress on SBA’s employee engagement index score.

Table 4.2c Federal Employee Viewpoint Engagement Index Performance Indicator

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|----------|---------|---------|---------|---------|---------|
| Federal Employee Viewpoint Survey Engagement Index | Target | N/A | N/A | Baseline | 64% | 67% | 67% | 68% | 68% |
| | Actual | 65% | 62% | 60% | 63% | 67% | 69% | | |
| | Variance | N/A | N/A | N/A | -2% | 0% | 3% | | |
| Additional Information: The index is comprised of three sub-categories: Leaders Lead, Supervisors, and Intrinsic Work Experience. The SBA established this measure in FY 2016. Historical data are provided for context. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The SBA continued reviewing and updating policies and offering additional training to support employee performance accountability. The SBA completed its review in alignment with OMB Memo M-17-22 and Executive Order 13839, “Promoting Accountability and Streamlining Removal Procedures Consistent with Merit System Principles.”

The Agency aligned SES and employee performance plans to the priorities in the *SBA FY 2018 - FY 2022 Strategic Plan* and the Administrator’s initiatives. Performance plan elements of SBA Executives cascade to Agency employee performance plans to ensure employees have visibility within, and are working towards, Agency goals.

In support of the appraisal systems, the SBA implemented a new automated SES performance management system. The USA Performance (USA-P) is an automated, web-based tool that assists in the implementation of SES management programs and systems. USA-P enables the SBA to automate the performance appraisal process of the performance rating cycle. The tool develops performance plans, tracks and monitors employees’ performance, provides feedback and ratings, and allows electronic signatures.

FY 2019 and FY 2020 Planned Performance

The SBA has incorporated a number of strategies to promote performance management excellence and accountability across the Agency. To support SBA’s emphasis on performance management, the Agency will engage its supervisors and managers in quarterly performance management town halls to provide skills building and promote accountability among the Agency’s supervisory corps regarding the quality, consistency, and timeliness of performance management activities.

Additionally, performance management liaisons imbedded within each of the program offices will work with human resources to provide regular reporting and quality assurance auditing of program office performance management activities.

The SBA will launch initiatives to address gaps and support outcomes of root-cause analysis and multiple strategic initiatives (Agency Reform, PMIAA, Closing Skills Gaps, etc.). These efforts include Performance Management Training, Leadership Journeys, Formal Mentoring Program, IGNITE job rotation program, and Modern Government Management Traits.

The SBA will continue to exceed employee engagement targets to ensure that the SBA builds a high-performance culture. The SBA, through Executive Order 13839, will continue to revise and refine discipline and unacceptable performance policies to comply with the principles and requirements of Executive Order. The Agency will comply with the provisions of the Executive Orders 13836 “Developing Efficient, Effective, and Cost- Reducing Approaches to Federal Sector Collective Bargaining,” and 13837, “Ensuring Transparency, Accountability, and Efficiency in Taxpayer Funded Union Time Use.”

In FY 2019, the SBA will implement an Employee Relations/Labor Relations Case Management System to equip the Agency to better track performance issues and trends and provide better reporting mechanisms. The Agency will perform market research and requirements gathering to build the business case proposal for a new integrated talent management and performance management system. The SBA will work with Unified Shared Services Management (USSM) to ensure a solution fits with government-wide requirements.

The Agency will continue to work with HRstat and the SBA Office of Performance Management to refine human resource processes based on trend and data analysis reported in agency dashboard reviews and quarterly performance deep-dives.

The SBA will implement procedures to support the government-wide framework to recognize individuals and teams within SBA whose performance and dedication support exceptional delivery of the President’s Management Agenda’s (PMA) outcome areas (mission results, customer service, and accountable stewardship), and/or the PMA’s key drivers of change (IT modernization; data, accountability, and transparency, and the workforce).

Strategic Goal Four – Strengthen SBA’s Ability to Serve Small Business

Strategic Objective 4.3: Implement Enterprise-wide Information System Modernization and Cost-effective Technology

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| <p>Performance Goal: Increase IT cost savings/avoidance through the streamlining of contracting, category management, and cloud computing to \$11.5 million in FY 2020</p> <p>Objective Lead: Chief Information Officer</p> <p>Most Serious Management and Performance Challenge 2: SBA’s IT Leadership Capabilities Need Strengthening to Address Operational Risks and Challenges</p> <p>Programs/Activities: Information Systems, Technology, Digital Services, Information Security</p> <p>Strategies:</p> <ol style="list-style-type: none">1. Provide the balance between stable, secure, well-run operations and innovative new strategic contributions2. Drive value and focus on the consistent use of information and technology as strategic business assets3. Mature SBA’s approach to information technology governance to ensure the best possible technology decisions to effectively drive results4. Improve information technology organizational and workforce functions through workforce planning and competency development |
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The use of information and technology is vital to the success of the SBA and its programs. A reliable, secure, and high-performing computing environment is necessary for ensuring that SBA’s program offices deliver on their goals both efficiently and effectively. As technology develops, organizations can modernize to become more streamlined and agile. With new platforms, the SBA leverages data to make informed decisions and achieve cost savings.

To support SBA information systems, technology, and data, the Office of the Chief Information Officer (OCIO) provides oversight of information technology (IT) and delivers cost-effective technology solutions that reduce duplication of products and services. SBA’s OCIO collaborates with business owners and stakeholders to identify enterprise-wide business objectives and priorities to jointly develop solutions that ensure an optimal return on investments. This objective supports the Cross-Agency Priority Goal for IT Modernization.

Progress Update: The SBA, in consultation with the Office of Management and Budget (OMB), highlighted this objective as a focus area for improvement. The SBA made significant progress in technology modernization through the adoption of cloud-based solutions; consolidation and the elimination of duplicative hardware, software and services; and driving innovation through pilots and prototypes. The SBA is rapidly repositioning itself from an agency significantly lagging in technological capabilities, to a leader in modernization and innovation. SBA’s backbone infrastructure upgrade is 95 percent complete, enabling new capabilities for collaboration and reduced costs. The Agency significantly upgraded its cybersecurity profile with the establishment of continuous security operations and introduced new cybersecurity services, such as penetration testing. The SBA was one of three agencies that OMB selected for a 90-day pilot for Trusted Internet Connection (TIC) Modernization. The TIC Modernization pilot demonstrated an approach and implementation that meets and/or exceeds the security requirements of situational awareness, protection of SBA’s IT assets, and incident response

without using the standard TIC architecture. The SBA’s work contributed to informing OMB’s updated TIC policy. Together with the Office of Human Resources Solutions (OHRS), OCIO completed a Strategic IT Workforce Plan. The plan identifies the Agency’s IT skill gaps, develops a holistic approach to determine IT personnel requirements, and provides key actions to implement the plan.

In addition, with its migration to the cloud, www.SBA.gov is now a digital platform capable of supporting new technologies, one that drives value for employees, customers and partners. In conjunction with the Office of the Chief Financial Officer (OCFO), the OCIO completed a Technology Business Management (TBM) pilot and defined a plan of action to implement it across the Agency. Further, OCIO completed the requirements analysis for an enterprise Customer Relationship Management (CRM) capability and recommended a solution for implementation. Lastly, the SBA filled OCIO leadership team positions in FY 2018, but many staff positions remain unfilled due to challenges in the federal hiring process.

Most Serious Management and Performance Challenges: The SBA Inspector General annually reports on the top management and performance challenges that pose significant risks to the programs and activities that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies. The challenges are not presented in order of priority. Within each management challenge is a series of recommended actions to resolve the challenge.²⁶ The SBA annually responds to each action. The completion date represents when the SBA completes the action.

Figure 4.3: Most Serious Management and Performance Challenge 2

| Challenge 2: SBA’s IT Leadership Capabilities Need Strengthening to Address Operational Risks and Challenges | |
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| Recommended Actions | Completion Date |
| <p>1. Establish an OCIO human resource planning process that allows full deployment of FITARA.</p> <p>2018 Achievements: Together with the Office of Human Resources Solutions (OHRS), OCIO completed an IT Strategic Workforce Plan, with implementation set to begin in FY 2019.</p> | <p>September 30, 2019</p> |

²⁶ For more information on the OIG Management Challenges, visit www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges.

| Challenge 2: SBA's IT Leadership Capabilities Need Strengthening to Address Operational Risks and Challenges | |
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| Recommended Actions | Completion Date |
| <p>2. The OCIO performs independent oversight of IT investments consistent with guidance.</p> <p>2018 Achievements: The SBA continued to improve its governance maturity capabilities through reviews of key investments such as www.Certify.SBA.gov, DCMS 2.0, www.SBA.gov, and Human Resources-Line of Business (HR-LOB). The SBA sunset the BDMIS legacy application. The SBA created an online system, IT Acquisition Review Tracker, where program offices submit IT acquisition requests for the Chief Information Officer (CIO) review and approval. CIO reviewed and approved (81) IT acquisitions resulting in the procurement of \$30 million for IT services and support. As co-chair of the Business Technology Investment Council (BTIC), the CIO and Chief Financial Officer (CFO) conducted more than 10 investment reviews for major projects and infrastructure investments. BTIC approved (4) new investments for inclusion into the SBA IT portfolio (Funds to Funds, Entrepreneurial Learning Initiative, Boots to Business, and Microloans).</p> | September 30, 2019 |
| <p>3. The OCIO facilitates enterprise architecture and demonstrates accountability for IT investments.</p> <p>2018 Achievements: The SBA implemented a monthly schedule for Architecture Review Board (ARB) reviews starting September 2017. The ARB reviewed all major IT investments prior to the Investment Review Board (IRB). The Agency conducted a total of 14 ARB sessions. The Data Management Community of Practice defined data standards and applicable governance across the Agency. The SBA leadership is implementing an enterprise Customer Relationship Management (CRM) solution to connect and collaborate with partners to facilitate access to data and effectively manage its relationships with customers. Additionally, the SBA defined and updated standards for laptops and printers, improved its configuration management processes, and defined and implemented an online process to request and approve software.</p> | September 30, 2019 |
| <p>4. The OCIO establishes and implements information security and continuous monitoring practices, and contractor systems policies and standards to ensure ongoing effectiveness of information systems.</p> <p>2018 Achievements: The SBA established and published the Agency's first Cybersecurity Strategy. The strategy sets the direction for cybersecurity across the Agency and introduces cybersecurity services to achieve enterprise visibility and protection. The strategy contains four strategic outcomes:</p> <ul style="list-style-type: none"> • Rapid Response to Cyber Attack • Agile and Innovative Security Architecture • Full Operational Visibility of Sensitive Assets and Data • Risk-Based Governance and Engagement Practices | September 30, 2019 |

| Challenge 2: SBA's IT Leadership Capabilities Need Strengthening to Address Operational Risks and Challenges | |
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| Recommended Actions | Completion Date |
| <p>Patch management, vulnerability scanning, 24/7 security monitoring, and incident response, along with a dedicated penetration testing team, will continue to strengthen the security protections and resilience for every IT system supporting the SBA. Infusing cyber threat intelligence into protection and response activities is another key element in addressing and reducing cyber risks. The SBA aligned training and awareness with current and known threats and regularly conducts Agency-wide phishing exercises. These exercises use email to simulate current email attack patterns to help staff identify suspicious emails and follow appropriate response guidance. Modernization efforts, including the use of cloud based tools and services, enabled the SBA to establish key cybersecurity metrics to drive continuous improvements. These efforts, along with integrated and efficient processes and procedures, resulted in an 81 percent reduction in 'Time to Detect' security incidents. Similar efforts contributed to an overall reduction of the Agency's 'Time to Respond' to security incidents by 91 percent.</p> | |
| <p>5. The OCIO maintains effective risk management, contingency planning, and incident response practices to minimize vulnerabilities.</p> <p>2018 Achievements: The Agency risk management process incorporated cybersecurity risks as an integral part of business continuity and Agency effectiveness. The Enterprise Risk Management (ERM) Board meets monthly to discuss Agency risks, ways to respond to the risks, and actions to manage risks. The CIO is a standing member of the ERM Board and can raise IT and cybersecurity risks having the potential to impact the Agency and/or SBA business goals. The Chief Information Security Officer briefed the ERM Board, as needed, on specific cybersecurity risks, as well as overall cybersecurity program progress and requirements.</p> <p>The OCIO published the cybersecurity Risk Management Framework (RMF) Implementation Procedures to formalize the Agency's implementation of the National Institute of Standards and Technology (NIST) RMF. The cybersecurity program now includes a small team of cyber threat analysts providing context and situational awareness of active and emerging cyber threats as part of the overall risk equation. Operationally, the cyber program leveraged penetration testers to actively attack SBA IT assets. This approach mimics identified techniques and methods that threat actors perform in order to validate IT system resilience to active threats. The approach also confirms that the SBA's security monitoring and incident response activities have complete and comprehensive visibility of today's most concerning attacks.</p> | <p>September 30, 2019</p> |

| Challenge 2: SBA's IT Leadership Capabilities Need Strengthening to Address Operational Risks and Challenges | |
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| Recommended Actions | Completion Date |
| <p>6. The OCIO establishes configuration management and identity and access management controls and procedures.</p> <p>2018 Achievements: The SBA made significant progress in the areas of configuration management and Identity and Access Management. The agency established a team dedicated to configuration management, patch management, vulnerability management and asset management. The SBA also implemented industry leading tools and capabilities for IT services and eliminated duplicative software. These investments substantially improved the Agency's security posture and overall configuration management. Applying business intelligence to vulnerability data helped the Agency determine the vulnerability life cycle and aging from identification to patch. Patch compliance increased and now averages between 90 – 95 percent. Visibility of IT hardware and software also improved substantially as the Agency's implementation of cloud-based tools, and cloud monitoring and management for the network, servers, and end-user devices demonstrated.</p> <p>The SBA implemented a new and modern approach to identity and access management. The approach includes a tiered and segmented model that aligns with industry best practice and aims to minimize the impact of a lost or stolen privileged account. The model requires the use of dedicated workstations for the access and administration of the most critical elements of the network.</p> | <p>June 30, 2019</p> |

Strategy 1: Provide the balance between stable, secure, well-run operations and innovative new strategic contributions

The SBA takes an enterprise approach to modernize, innovate, and test new capabilities for meeting customer business needs. The Agency's information technology infrastructure provides a foundation for SBA programs and operations. Delivering a consistent, reliable, and secure infrastructure is imperative to achieve the Agency's mission. The SBA will upgrade its core infrastructure to become current with existing technologies and will enhance the reliability and availability of services that improve the Agency's security posture.

Table 4.3a displays the metric tracking the IT cost savings and avoidance.

Table 4.3a: Information Technology Cost Savings and Avoidance Performance Goal

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| IT Cost Savings/Avoidance (Millions) | Target | N/A | N/A | N/A | N/A | N/A | 10.5 | 10.8 | 11.5 |
| | Actual | N/A | N/A | N/A | N/A | 8.3 | 11.9 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 13% | | |
| Additional Information: The metric reports the cumulative cost savings/avoidance related to OMB initiatives such as Data Center Optimization Initiative (DCOI), commodity IT, migration to the cloud, software license management, and PortfolioStat. ^[1] The OCIO exceeded its FY 2018 targets by identifying additional IT savings for commodity IT and Software Licenses. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The OCIO partnered with the Office of Disaster Assistance (ODA) to support technology requirements resulting from the addition of 5,000 surge employees during the hurricane season. The SBA configured a Virtual Desktop Cloud, avoiding approximately \$350,000 in hardware costs. The cloud technology significantly reduced end-user provisioning time and enabled employees to work from home, which further reduced the facility footprint and contributed to cost avoidance.

Significant technology modernization processes led to the adoption of cloud-based solutions; consolidation and the elimination of duplicative hardware, software and services; and innovation through pilots and prototypes. The SBA is rapidly repositioning itself from an agency significantly lagging in technology capabilities to a leader in modernization and innovation. SBA’s backbone infrastructure upgrade is 95 percent complete, enabling new capabilities to improve collaboration and reduce costs.

The SBA significantly improved its Federal IT Acquisition Reform Act (FITARA) grade from a D+ to a B+ in FY 2018. This upward revision was due to efforts such as implementing software management policies as set forth in OMB M-16-12; establishing a comprehensive regularly updated inventory of software licenses, and the CIO certifying that IT Investments are adequately implementing incremental development.

The SBA made significant upgrades to its cybersecurity profile with the establishment of continuous security operations. The Agency also introduced new penetration testing cybersecurity services. The SBA was one of three agencies that OMB selected for a 90-day pilot for Trusted Internet Connection (TIC) Modernization. The TIC Modernization pilot demonstrated an approach and implementation that meets and/or exceeds the security requirements of situational awareness, protection of the SBA’s IT assets, and incident response without using the standard TIC architecture. The SBA’s pilot informed the federal strategy.

Together with OHRS, OCIO completed a Strategic IT Workforce Plan. This effort identified the Agency’s IT skill gaps, developed a holistic approach to determine IT personnel requirements, and recommended a plan of action to satisfy these requirements. In conjunction with OCFO, the OCIO completed a TBM pilot and defined an enterprise implementation plan. The SBA completed the requirements analysis for an enterprise CRM capability and recommended a solution for implementation.

^[1] Data are reported via Integrated Data Collection (IDC) Quarterly Submission.

The OCIO closed 22 Office of Inspector General (OIG) security audit findings, one of which was five years old, six of which were two to three years old, and 15 that were one year old or less; 16 findings remain open.

FY 2019 and FY 2020 Planned Performance

In FY 2019, the SBA will begin implementing its enterprise service offerings and continue data center consolidation and migration to the SBA cloud. Cloud migration will reduce the SBA footprint, improve the cybersecurity posture, and enhance the efficiency and effectiveness of IT. Continued cybersecurity operational maturity; execution of the Cybersecurity Strategic Plan, and implementation of a data-centric approach through the implementation of enterprise data services, will reduce SBA’s exposure and improve its risk posture.

In FY 2020, the SBA will further grow and mature its enterprise service offerings, resulting in tangible cost-savings through the closure of data centers and continued migration to the cloud. Improved maturity resulting from the implementation of the Cybersecurity Strategic Plan will continue to improve SBA’s cybersecurity posture. Improvements in IT services such as SBA-wide IT service desk consolidation will improve end-user satisfaction.

Strategy 2: Drive value and focus on the consistent use of information and technology as strategic business assets

The SBA recognizes an increased need for IT functions within the organization to better collaborate and identify efficiencies. The Agency will eliminate duplicative products and services and combine multiple instances into enterprise architecture to achieve greater efficiency. Through IT management, enterprise data management, and shared government services, the SBA will achieve a greater ability to meet its customer needs. To better serve the workforce, the SBA will upgrade technology and promote agile methodologies for all software development projects. These features will allow the SBA to create greater communication, collaboration, and responsiveness to customer-driven deadlines, and provide opportunities for a greater return on investment.

Table 4.3b is a new efficiency measure tracking the percent of IT projects completed within schedule.

Table 4.3b: IT Projects Completed Within Schedule Performance Indicator

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|---------|----------|---------|
| Percent of IT Projects Completed Within Schedule | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 80% |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The metric reports the top five OCIO IT projects within schedule, including the SBA IT investment portfolio. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

In FY 2018, the SBA began actively assessing enterprise-wide technology strategies to improve its response and support to small business owner’s needs. The TBM, CRM, and Virtual Counseling pilots developed a roadmap for enterprise-wide implementation.

The new Data Community of Practice resulted in improved data sharing, cross-agency exchange of ideas and information, and standardization of business intelligence tools. The SBA began an enterprise deployment of new operating software. Monthly developer meetings facilitated an exchange of ideas among the SBA developer community. A two-week innovation call for ideas resulted in myriad of recommendations for direct business impact through technology innovation and improvements.

The SBA retired its legacy system, the Business Development Management Information System (BDMIS), and transitioned the information to www.Certify.SBA.gov. The OCIO published hardware and software standards, initiated a contract for commodity purchases, and transitioned its mobile device contract to GSA's shared service to provide up-to-date phones, greater end-user flexibility and capabilities, improved end-user services, and reduced cost. The implementation of cloud-based technologies deployed mobile device management capabilities so users can securely access their files, in addition to standard e-mail and calendar functions. However, quickly hiring IT personnel with the skills to support new technologies remains a challenge.

FY 2019 and FY 2020 Planned Performance

The SBA will exercise its new authority to establish and operate an IT Working Capital Fund to allocate resources for long-term system modernization projects such as a CRM platform, development of two cloud shared services, and an Identify, Credential, and Access Management (ICAM) solution. This fund will allow the SBA to set-aside resources to be distributed over time, which will create greater efficiencies for managing projects. The SBA requests \$2 million for the working capital fund, which is a transfer of funding from the Salaries and Expenses Appropriation Account.

A new efficiency measure for tracking the percent of IT projects completed within schedule will be used for the FY 2019 and FY 2020 planned performance. The SBA will identify five enterprise-wide technology projects and monitor scheduled performance using baseline and monthly project reviews. These reviews will identify any schedule deviations and cost indicators improving value and focus on the consistent use of information and technology.

In FY 2019, the SBA will deploy CRM and TBM enterprise solutions as well as assess and consolidate duplicative capabilities, such as IT service desks. The SBA will continue the implementation of enterprise services for security, data, and identity management, and begin planning modernizations of legacy systems such as Entrepreneurial Development Management Information System. Planned migration to GSA's login.gov shared service will eliminate legacy login services, resulting in the ability to incorporate single sign-on to SBA systems for small business owners and stakeholders.

In FY 2020, the SBA will further grow and mature its enterprise service offerings, resulting in tangible cost-savings through implementation of enterprise-wide technology solutions. Data management, cybersecurity and identity management initiatives will continue on SBA's digital platform, and www.SBA.gov will incorporate enhancements and innovative solutions. Cloud-migration and modernization will continue.

Strategy 3: Mature SBA's approach to IT governance to ensure the best possible technology decisions to effectively drive results

The SBA is maturing governance of its investments. The Agency involves all stakeholders in mission alignment, sets priorities for technology spending, and ensures integration with enterprise-wide processes. The SBA identifies cost savings and uses its investment oversight framework to demonstrate accountability. Developing and implementing an enterprise-wide customer-relationship management solution is a key initiative requiring collaboration across program offices. As a result, interactions with entrepreneurs and small businesses will greatly improve. The SBA has identified IT acquisition cost savings opportunities with the full implementation of FITARA.

Table 4.3c displays a new metric tracking the percentage of SBA’s enterprise-wide cloud applications.

Table 4.3c: SBA Enterprise-Wide Cloud Based Applications Performance Indicator

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|----------|---------|
| Percentage of SBA Enterprise-Wide Cloud Applications | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | TBD |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The metric reports the percentage of SBA’s enterprise-wide cloud applications completed compared to those applications still needing cloud migration. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

The CIO played an active role on SBA’s governance boards, specifically as the co-chair of the IRB, a member of the Enterprise Risk Management Board, co-chair of SBA’s Inter/intranet Steering Committee, and as a member of the Security Coordinating Council. The CIO reviewed 88 IT acquisition requests greater than \$50,000. This high-level review ensured alignment with Agency objectives and enterprise architecture, eliminated duplication, and reduced costs. Further, the CIO participated in FY 2018 and FY 2019 program budget reviews and identified IT gaps and overlap areas in coordination with the CFO. The Chief Technology Officer (CTO) implemented a monthly schedule for Architecture Review Board (ARB) reviews and led 14 ARB sessions. The ARB approved all major IT investments prior to presentation at the IRB.

FY 2019 and FY 2020 Planned Performance

As the SBA continues to invest in a cloud infrastructure, a new FY 2019 performance measure would track the percentage of its enterprise-wide cloud-based applications. The new measure demonstrates the Agency’s commitment to modernizing IT through cloud-based services. Using the Enterprise IT Governance process, SBA’s enterprise-wide applications included in the Enterprise Architecture repository will be assessed for migrating to SBA’s cloud environment. Migrating SBA’s key applications to a cloud infrastructure reduces operational costs while increasing IT effectiveness.

In FY 2019, the SBA will improve the strategic vision and alignment for performance monitoring. The SBA will provide guidance to programs for the development and maintenance of enterprise architecture consistent with the guidance that the Federal Enterprise Architecture Framework, OMB, and the Government Accountability Office (GAO) provides. Enterprise-wide credit risk management solutions and implementation activities will also be addressed.

In FY 2020, the SBA will continue improving portfolio strategies and the performance of related programs and will create program requirements and metrics. The SBA will focus on a subset of

business outcomes and drive actions that use enterprise architecture to deliver business value and inform the governance process.

Strategy 4: Improve IT organizational and workforce functions through workforce planning and competency development

The SBA adequately prepares IT staff (security, infrastructure, and operations) to provide solutions for the Agency’s programs. SBA’s information technology staff designs and delivers solutions leveraging cloud architecture. The CIO and the Chief Human Capital Officer (CHCO) collect capability requirements, facilitate a holistic approach to determine personnel requirements, and create a competency and workforce plan around information technology. As part of its FITARA Implementation Plan, the SBA is committed to developing a set of competency requirements, as well as developing and maintaining an IT workforce planning process.

Table 4.3d displays a new metric tracking the percent of IT staff using the formal SBA IT workforce training plan or curriculum.

Table 4.3d: IT Workforce Formal Training Performance Indicator

| | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------|---------|---------|---------|---------|---------|----------|---------|
| Percent of IT Workforce Participating in Formal IT Training Plans | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | TBD |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This metric reports the percent of IT staff utilizing the formal SBA IT workforce training plan. The IT Strategic Workforce Plan will identify a competency model for the 2210 workforce job series. OHRS and OCIO will identify the total number of staff with training gaps and monitor the number of staff using the IT workforce training plan. | | | | | | | | | |

FY 2018 Accomplishments and Challenges

Together with the OHRS, OCIO completed a gap analysis that informed the completion of the *FY 2018-2020 IT Strategic Workforce Plan*. The Plan will establish an Agency-wide approach to ensure the SBA has a high-performing IT workforce meeting the continuously changing demands of IT, the market, internal customer needs, and the nation’s small businesses. The OHRS developed a competency model for the job series 2210 workforce. The CIO provided OHRS centralized training requirements for the FY 2019 workforce planning.

FY 2019 and FY 2020 Planned Performance

A new metric, utilization of the IT Workforce Formal Training Program, will track the competencies of SBA’s IT workforce. The IT workforce plan identifies an IT competency model used to analyze technology training gaps. Once completed, SBA’s workforce will have an opportunity to use the IT training plan. Enhancing competencies allows IT resources to remain adaptable and competitive, ultimately contributing to increased productivity and able to respond to changing mission requirements.

In FY 2019, OCIO and OHRS will execute the *FY 2018-2020 IT Strategic Workforce Plan* that outlines skillsets and experience needed to perform specialized IT functions. The SBA will develop competency models to inform hiring decisions and organizational alignments. The SBA will focus on

sustaining an IT workforce that has mission-critical competencies for recruitment and professional development.

In FY 2020, the SBA will continue executing the *FY 2018-2020 IT Strategic Workforce Plan* as outlined in the Supplemental IT Workforce Implementation Plan. Key milestones and timelines provide expected implementation completion dates. The SBA will use internal social media (e.g. blogs), monthly CIO forums, and other venues to communicate with the SBA IT community.

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, \$272,157,000, of which not less than \$12,000,000 shall be available for examinations, reviews, and other lender oversight activities: *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 2020: *Provided further*, That \$6,100,000 shall be available for the Loan Modernization and Accounting System, to be available until September 30, 2021.

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, \$21,900,000.

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.), \$9,120,000, to remain available until expended.

ENTREPRENEURIAL DEVELOPMENT PROGRAM

For necessary expenses of programs supporting entrepreneurial and small business development, \$180,650,000, to remain available until September 30, 2021: *Provided*, That \$101,000,000 shall be available to fund grants for performance in fiscal year 2020 or fiscal year 2021 as authorized by section 21 of the Small Business Act: *Provided further*, That not more than 10 percent of the amounts made available in the preceding proviso shall be available for the Administration to award grants (including contracts and cooperative agreements) to entities described in 15 U.S.C. 648(a)(1) if such entities submit proposals that meet criteria established by the Administration: *Provided further*, That the grants (including contracts and cooperative agreements) described in the preceding proviso shall be exempt from the requirements of 15 U.S.C. 648(a)(4): *Provided further*, That \$25,000,000 shall be 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 to carry out export programs authorized under section 22(l) of the Small Business Act (15 U.S.C. 649(l)) to assist small business concerns.

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, \$177,136,000, to be available until expended, of which \$1,600,000 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 the appropriations for the Office of Inspector General; of which \$167,136,000 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 the appropriations for Salaries and Expenses; and of which \$8,400,000 is for indirect administrative expenses for the direct loan program, which may be transferred to and merged with the appropriations for Salaries and Expenses.

BUSINESS LOANS PROGRAM ACCOUNT (INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, \$4,000,000, 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 2020 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 2020 commitments for general business loans authorized under section 7(a) of the Small Business Act shall not exceed \$30,000,000,000 for a combination of amortizing term loans and the aggregated maximum line of credit provided by revolving loans: *Provided further*, That during fiscal year 2020 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 \$1,000,000,000: *Provided further*, That during fiscal year 2020 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 2020, 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, \$155,150,000 which may be transferred to and merged with the appropriations for Salaries and Expenses.

ADMINISTRATIVE PROVISIONS (INCLUDING TRANSFER OF FUNDS)

Sec. 520 Not to exceed 5 percent of any appropriation made available in this title for the Small Business Administration may be transferred between such appropriations upon the advance notification to the Committees on Appropriations of the House of Representatives and the Senate: Provided, That no transfer under this section may increase any such appropriation by more than 10 percent.

Sec. 521 Not to exceed 3 percent of any appropriation made available in this Act for the Small Business Administration under the headings "Salaries and Expenses" and "Business Loans Program Account" may be transferred to the "Information Technology System Modernization and Working Capital Fund" (IT WCF), authorized by Section 1077(b)(1) of title X of division A of the National Defense Authorization Act for Fiscal Year 2018, for the purposes specified in section 1077(b)(3) of such Act, upon the advance approval of the Committees on Appropriations of the House of Representatives and the

Senate: Provided, That amounts transferred to the IT WCF under this section shall remain available for obligation through September 30, 2023.

Sec. 522 BUSINESS LOAN PROGRAM FEE PROVISIONS.

- (a) Section 7(a)(18) of the Small Business Act (15 U.S.C. 636(a)(18)) is amended by—
- (1) rewriting the parenthetical in paragraph (A) to read as follows: "(other than a loan that is repayable in 1 year or less, which shall have a guarantee fee not to exceed 0.50 percent of the deferred participation of the total loan)";
 - (2) striking "\$700,000" and inserting instead "\$500,000" in paragraph (A)(ii);
 - (3) striking "\$700,000" and inserting instead "\$500,000, but not more than \$1,500,000" in paragraph (A)(iii);
 - (4) redesignating clause (iv) of paragraph (A) as clause (v); and
 - (5) adding a new clause (iv) to paragraph (A) that reads as follows: "(iv) A guarantee fee not to exceed 4 percent of the deferred participation share of a total loan amount that is more than \$1,500,00."
- (b) Section 7(a)(23) of the Small Business Act (15 U.S.C. 636(a)(23)(A)) is amended by—
- (1) rewriting paragraph (A) to read as follows: "(A) IN GENERAL. —With respect to each loan approved under this subsection, the Administration shall assess, collect, and retain a fee, not to exceed 0.55 percent per year of the outstanding balance of the deferred participation share of the loan for a total loan amount of \$1,500,000 or less, or 0.83 percent per year of the outstanding balance of the deferred participation share of the loan for a total loan amount greater than \$1,500,000. Such amount shall be established once annually by the Administration in the Administration's annual budget request to Congress, as necessary to reduce to zero (or, in the discretion of the Administration, less than zero) the cost to the Administration of making guarantees under this subsection. As used in this paragraph, the term "cost" has the meaning given that term in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)."; and
 - (2) striking the phrase "to zero" in paragraph (C), and deleting clause (ii) of such paragraph.
- (c) Section 7(a)(26) of the Small Business Act (15 U.S.C. 636(a)(26)) is amended by inserting ", at a minimum," before the word "offset".

Sec. 523 LENDING TO SMALL MANUFACTURERS. Section 502(2)(A)(iii) of the Small Business Investment Act of 1958 (15 U.S.C. 696(2)(A)(iii)) is amended by striking "\$5,500,000" and inserting "\$6,500,000".

Sec. 524 REPEAL OF CERTAIN DISASTER PROGRAM AUTHORITIES.

- (a) Section 42 of the Small Business Act (15 U.S.C. 657n) is repealed.
- (b) Section 7(c) of the Small Business Act (15 U.S.C. 636(c)) is repealed.
- (c) Section 12085 of Public Law 111–246 is repealed.
- (d) Section 7(a)(31)(H) of the Small Business Act (15 U.S.C. 636(a)(31)(H)) is repealed.
- (e) Section 2102(b) of Public Law 114–88 is repealed.

Sec. 525 AMENDMENTS TO 7(m) MICROLOAN PROGRAM. – Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended in paragraph (7) by striking subparagraph (B) in its entirety.

Sec. 526 SMALL BUSINESS DEVELOPMENT CENTER AND WOMEN’S BUSINESS CENTER PROGRAM EVALUATIONS.

- (a) Section 21(a)(7)(A) of the Small Business Act (15 U.S.C. 648(a)(7)(A)) is amended by—*
 - (1) striking the word “or” at the end of clause (i);*
 - (2) striking the period at the end of clause (ii) and inserting “; or”; and*
 - (3) adding the following new clause: “(iii) the Administrator considers such a disclosure to be necessary for the purpose of conducting a program evaluation.”*
- (b) Section 29(n)(1) of the Small Business Act (15 U.S.C. 656(n)(1)) is amended by—*
 - (1) striking the word “or” at the end of subparagraph (A);*
 - (2) striking the period at the end of subparagraph (B) and inserting “; or”; and*
 - (3) adding the following new subparagraph: “(C) the Administrator considers such a disclosure to be necessary for the purpose of conducting a program evaluation.”*

Sec. 527 INCREASED EXPRESS LOAN LIMIT. – Section 7(a)(31)(D) of the Small Business Act (15 U.S.C. 636(a)(31)(D)) is amended by striking “\$350,000” and inserting “\$1,000,000”.

Sec. 528 CHANGES TO 7(a) SECONDARY MARKET FEE PROVISIONS.

- (a) Section 5(g)(2) of the Small Business Act is amended by—*
 - (1) renumbering the current paragraph as subparagraph (A); and*
 - (2) adding a new subparagraph (B) to read as follows: “(B) With respect to the Administration’s guarantee of the timely payment of the principal and interest on the trust certificates issued under this subsection, the Administration may assess, collect, and retain an annual fee, in an amount established once annually by the Administration in the Administration’s budget request to Congress, not to exceed 0.05 percent per year of the outstanding balance of such trust certificates. The fee shall, at a minimum, offset the cost (as that term is defined in section 502 of the Federal Credit Reform Act of 1990) to the Administration of such guarantee, and any amounts received that exceed the cost of the timely payment guarantee shall be maintained in accordance with the Federal Credit Reform Act. The fee shall be payable solely by the holders of such trust certificates and shall not be charged to any borrower whose loan is represented in the secondary market. The Administration may contract with an agent to carry out, on behalf of the Administration, the assessment and collection of this fee. The fee shall be deducted from the amounts otherwise payable to such holders of the trust certificates.”*

Appendix 2 — Data Validation and Verification

Managing for results and integrating performance with budget information requires valid, reliable, and high-quality performance measures and data. The SBA conducts data validation as a means of determining if data that are being used are appropriate for the outcome that is being pursued. As a result, data collected and measured truly reflect the performance being evaluated and have a clear relationship to the mission of the organization. In accordance with the GPRA Modernization Act of 2010, the SBA aligns its annual performance measures with its mission and four strategic goals within the Agency's *FY 2018-2022 Strategic Plan*. The SBA determines the overall reliability of its processes by verification procedures that assess data accuracy, completeness, consistency, availability, and internal control practices.

The SBA framework for verifying and validating the data include the following actions:

Data Analytics

- *Responding to data limitations.* It is not enough to identify data quality problems. The SBA recognizes where there are data limitations and is working on specific steps to improve data quality.
- *Reconciling finances and performance costs.* The SBA continues to reconcile its cost-related performance data with its financial statements, which strengthens the integration of its financial and performance information.

Accountability

- *Fostering organizational commitment and capacity for data quality.* The SBA achieves data quality through 1) training managers to ensure they understand the need for quality data for developing valid performance measures, and 2) having managers attest to the quality of the data for which they are responsible.
- *Coordinating with a variety of data sources to evaluate performance.* 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.

Quality Control

- *Assessing the quality of existing data.* Audits and reviews ensure the quality of SBA's financial data systems. However, the SBA must also assess the quality of loan and program data provided by its resource partners and includes data verification in its oversight of lenders and resource partners. SBA management reviews and approves data validation and certification forms for all performance indicators. This information is published on www.sba.gov/performance.

Appendix 3 — SBA Program Offices

Office of Advocacy. The Office of Advocacy is an independent voice for small business within the Federal Government, the Regulatory Flexibility Act (RFA) watchdog, and the source of small business statistics. Advocacy advances the views and concerns of small businesses before Congress, the White House, federal agencies, the federal courts, and state policy makers.

Office of Capital Access. The Office of Capital Access (OCA) assists small businesses in obtaining capital through the 7(a) Loan, 504 Certified Development Company Loan, and Microloan programs, and obtaining bonds through the Surety Bond Guarantee Program.

Office of Chief Information Officer. The Office of Chief Information Officer (OCIO) is responsible for strategic execution and management of Agency-wide functions related to information technology as outlined in the Clinger-Cohen Act (also referred to as the Information Technology Management Reform Act); *OMB Circular A-130, "Management of Federal Information Resources,"* and the Paperwork Reduction Act of 1995 and subsequent regulatory and policy guidance.

Office of Communications and Public Liaison. The Office of Communications and Public Liaison (OCPL) communicates the Agency's programs and priorities to small businesses, resource partners, and the public at large. It works with media outlets, develops social media content, creates user-friendly online resources, crafts high-quality marketing materials, organizes events to gain feedback from small businesses, and coordinates strategic partnerships.

Office of Congressional and Legislative Affairs. The Office of Congressional and Legislative Affairs (OCLA) assists in the development of SBA legislative programs and serves as the focal point on legislation and congressional activity. OCLA monitors legislation and policies introduced by Congress and government agencies to determine their effects on the SBA and small businesses and serves as liaison with legislative personnel at the White House, the Office of Management and Budget, and other federal agencies.

Office of Continuous Operations and Risk Management. The Office of Continuous Operations and Risk Management (OCORM) is responsible for the development and production of Agency-wide safety and security protocols. OCORM ensures that all SBA employees are aware of the various safety, security, and program procedures in place which help to minimize and mitigate the risk of insider threats.

Office of Disaster Assistance. The Office of Disaster Assistance (ODA) is responsible for providing affordable, timely, and accessible financial assistance following a disaster to businesses of all sizes, private nonprofit organizations, homeowners, and renters. Financial assistance is available in the form of low-interest, long-term loans. SBA's disaster loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private-sector disaster losses.

Office of Diversity, Inclusion, and Civil Rights. The Office of Diversity, Inclusion, and Civil Rights (ODICR) champions a diverse workforce and inclusive culture throughout the SBA and its programs by ensuring equal access and equitable treatment regarding employment and entrepreneurial endeavors. The office oversees matters of equal employment opportunities, civil rights, workforce diversity, and workplace inclusion matters.

Office of Entrepreneurial Development. The Office of Entrepreneurial Development (OED) provides business advising, mentoring, and training assistance through its resource partner network composed of Small Business Development Centers, Women’s Business Centers, and SCORE, as well as Entrepreneurship Education, including the Learning Center and the Emerging Leaders programs. In addition, SBA District Offices support coordination between resource partners and small business communities.

Office of Executive Management, Installation and Support Services. The Office of Executive Management, Installation and Support Services (OEMISS) leads SBA operations to achieve Agency mission requirements. OEMISS ensures that program offices can meet their goals and are supported through transparent coordination of facilities, security, and grants management.

Office of Field Operations. The Office Field Operations (OFO) is SBA’s front-line operating team and represents the district offices at headquarters. Most SBA programs and services are executed when small businesses connect with their district offices located in each state and territory.

Office of General Counsel. The Office of General Counsel (OGC) provides comprehensive legal services to the Administrator and all Agency offices. These legal services include advising, analyzing, and interpreting statutes, regulations, and other sources of law, as well as drafting legislative, regulatory, and other types of materials.

Office of Government Contracting and Business Development. The Office of Government Contracting and Business Development (OGCBD) provides assistance to small businesses competing for federal contracting opportunities through government-wide prime and subcontracting programs. The SBA assists through HUBZone, 8(a) Business Development, 7(j) Management and Technical Assistance, and All-Small Mentor-Protégé Program, as well as programs dedicated to women-owned and veteran-owned small businesses. It also sets standards for small businesses, which determine the size a business must be to be considered eligible for assistance.

Office of Hearings and Appeals. The Office of Hearings and Appeals (OHA) provides an independent, quasi-judicial appeal of certain SBA program decisions. OHA formally adjudicates disputes in numerous jurisdictional areas.

Office of Human Resources Solutions. The Office of Human Resources Solutions (OHRS), under the leadership of the Chief Human Capital Officer, provides human capital services to meet the dynamic needs of the SBA senior leadership, program offices, and employees. OHRS works in partnership with SBA leaders to build a high-quality workforce and sustain an optimally performing organization.

Office of Inspector General. The Office of Inspector General (OIG), an independent office within the SBA, conducts and supervises audits, investigations, and other reviews relating to the Agency’s programs and supporting operations; detects and prevents waste, fraud, and abuse, and promotes economy, efficiency, and effectiveness in the administration and management of SBA programs. The Inspector General informs the SBA Administrator and Congress of any problems, recommends corrective actions, and monitors progress in the implementation of such actions.

Office of International Trade. The Office of International Trade (OIT) enhances the ability of small businesses to export and compete in the global marketplace by facilitating access to capital, providing

technical assistance, ensuring the consideration of small business interests in trade negotiations, and contributing to the U.S. Government's international commercial and economic agenda.

Office of Investment and Innovation. The Office of Investment and Innovation (OII) drives innovation and competitiveness by assisting high-growth small businesses through Small Business Investment Companies Program (SBIC), Small Business Innovation Research Program (SBIR), and Small Business Technology Transfer Program (STTR).

Office of National Ombudsman. The Office of National Ombudsman (ONO) works with all federal agencies that regulate small business to provide a means for businesses to comment on Federal Government enforcement activity. This includes support on audits, onsite inspections, compliance assistance efforts, and other enforcement efforts. ONO also maintains a 5-member Regulatory Fairness Board in each of the SBA's 10 regions to hold public hearings on small business concerns.

National Women's Business Council. The National Women's Business Council (NWBC), a federal advisory council, provides policy and program recommendations to the White House, Congress, and the SBA. It advises on issues of impact and importance to women entrepreneurs and business owners by providing insightful publicly-available data, research, engagement, media advisories, best-of-class resource information, and annual reporting.

Office of Performance Management and Chief Financial Officer. The Office of Performance Management and Chief Financial Officer, under the leadership of the Chief Financial Officer and Performance Improvement Officer, oversees Agency strategic planning and performance management, program evaluation, financial management, internal controls, and acquisition management functions.

Office of Veterans Business Development. The Office of Veterans Business Development (OVBD) ensures the availability of small business programs for veterans, service-disabled veterans, reserve component members, National Guard, military spouses, and their dependents or survivors. OVBD accomplishes its work through Veterans Business Outreach Centers (VBOCs), Boots to Business Program, Entrepreneurship Boot Camp for Veterans with Disabilities, and partnerships with federal agencies and SBA resource partners.

Appendix 4 — Acronyms

504 Loan — 504 Certified Development Company Loan Program

7(a) — 7(a) Loan Guaranty program

7(j) — 7(j) Management and Technical Assistance Program

8(a) — 8(a) Business Development Program

ACSI — American Customer Satisfaction Index

ANCs — Alaska Native Corporations

APC — Action Planning Committee

API — Application Programming Interfaces

ARB — Architecture Review Board

ASBDC — Association of Small Business Development Centers

ASEAN — Association of Southeast Asian Nations

ASMPP — All-Small Mentor-Protégé Program

B2B — Boots to Business

BD — Business Development

BDMIS — Business Development Management Information System

BOS — Business Opportunity Specialist

BTIC — Business Technology Investment Council

CA — Community Advantage pilot loan

CAP Goals — Cross-Agency Priority Goals

CJ — Congressional Justification

CDC — Certified Development Company

CDFI — Community Development Financial Institution

CHCO — Chief Human Capital Officer

CIO — Chief Information Officer

CMR — Commercial Market Representative

CRM — Customer Relationship Management

CSA — Central Servicing Agent

CVE — Center for Verification and Evaluation

CXO — Chief [E, O, F, I, M, etc.] Officer

DATA Act — Digital Accountability and Transparency Act

DCMS — Disaster Credit Management System

DLAP — Disaster Loan Application Portal

DLOC — Disaster Loan Outreach Center

DOD — U.S. Department of Defense

DSBS — Dynamic Small Business Search

EDAP — Expedited Disaster Assistance Program

EDS — Economic Development Specialists

EDWOSB — Economically-Disadvantaged, Women-Owned Small Business

EEO — Equal Employment Opportunity

EIDL — Economic Injury Disaster Loan

ELA — Enterprise Learning Agenda

ERM — Enterprise Risk Management

ESBC — Eligible Small Business Concerns

FAC-C — Federal Acquisition Certification in Contracting

FACE — Federal Assistance Committee for E-Government

FAR — Federal Acquisition Regulation

FAST — Federal and State Technology partnership grants

FEMA — U.S. Federal Emergency Management Agency

FEVS — Federal Employee Viewpoint Survey

FISMA — Federal Information Security Management Act

FITARA — Federal IT Acquisition Reform Act

FMAB — Facilities Management Activity Board

FMPPC — Federal Mentor Protégé Program Council

FTE — Full-Time Equivalent

FY — Fiscal Year

GAO — U.S. Government Accountability Office

GONE — Grants Oversight and New Efficiency Act

GOTR — Grants Officer Technical Representatives

GPRA — Government Performance and Results Act (GPRAMA- Modernization Act of 2010)

GSA — U.S. General Services Administration

HCAAF — Human Capital Assessment and Accountability Framework

HUBZone — Historically Underutilized Business Zones

IBP — International Buyer Program

IDAP — Immediate Disaster Assistance Program

ILP — Intermediary Lending Pilot

IPC — Interagency Policy Committee

IRB — Investment Review Board

ISS — Industrial Specialists for Size protests

IT — Information Technology

Jobs Act — Small Business Jobs Act of 2010

KORUS — U.S.-Korea Free Trade Agreement

LPA — Lender Profile Assessment

L/LMS — Loan and Lender Monitoring System

LRR/LPR — Lender Risk Rating/Lender Purchase Rating

LRS — Lender Relation Specialists

MAFD — Monthly Allowable Fixed Debt

MCO — Mission Critical Occupation

MOU — Memorandum of Understanding

MREIDL — Military Reservist Economic Injury Disaster Loan

NAFTA — North American Free Trade Agreement

NAGGL — National Association of Government Guaranteed Lenders

NASBITE — National Association of Small Business International Trade Educators

NASBP — National Association of Surety Bond Producers

NDAA — National Defense Authorization Act

NEI/NEXT — National Export Initiative

NHOs — Native Hawaiian Organizations

NIST — National Institute of Standards and Technology (NIST)

NIH — National Institutes of Health

NSBW — National Small Business Week

NSF — National Science Foundation

NVSBW — National Veterans Small Business Week

NWBC — National Women’s Business Council

OCA — Office of Capital Access

OCFO — Office of the Chief Financial Officer

OCIO — Office of Chief Information Officer

OCPL — Office of Communications and Public Liaison

OCORM — Office of Continuous Operations and Risk Management

OCRM — Office of Credit Risk Management

ODA — Office of Disaster Assistance

ODICR — Office of Diversity, Inclusion and Civil Rights

OED — Office of Entrepreneurial Development

OEE — Office of Entrepreneurship Education

OEMISS — Office of Executive Management, Installation and Support Services

OFPP — Office of Federal Procurement Policy

OGC — Office of General Counsel

OGCBD — Office of Government Contracting and Business Development

OGM — Office of Grants Management

OHA — Office of Hearings and Appeals

OHRS — Office of Human Resources Solutions

OIG — Office of Inspector General

OIT — Office of International Trade

OII — Office of Investment and Innovation

OMB — U.S. Office of Management and Budget

ONAA — Office of Native American Affairs

ONO — Office of National Ombudsman

OPM — U.S. Office of Personnel Management

OSDBU — Office of Small and Disadvantaged Business Utilization

OVBD — Office of Veterans Business Development

PARRiS — Portfolio, Asset, Regulatory, Risk, Special Items (risk management criteria)

PDAP — Private Disaster Assistance Program

PCR — Procurement Center Representative

PFCRA — Program Fraud Civil Remedies Act

PII — Personally Identifiable Information

PMF — Presidential Management Fellow

PMIAA — Program Management Improvement Accountability Act

POWER — Partnerships for Opportunity and Workforce and Economic Revitalization

PMA — President’s Management Agenda

PTP — SBA Partner Training Portal

R&D — Research and Development

RISE After Disaster Act of 2015 — Recovery Improvements for Small Entities After Disaster Act of 2015

RFA — Regulatory Flexibility Act

RMF — Risk Management Framework

SAM — System for Award Management

SBAExpress — SBA Express Loan Program

SBDC — Small Business Development Centers

SBDCNet — Small Business Development Centers National Information Clearinghouse

SBG — Surety Bond Guarantee Program

SBIC — Small Business Investment Company

SBIR — Small Business Innovation Research

SBO — Survey of Business Owners

SBPAC — Small Business Procurement Advisory Council

SBWG — Small Business Working Group

SCORE — Service Corps of Retired Executives

SDB — Small Disadvantaged Business

SDV — Service-Disabled Veteran

SDVETP — Service-Disabled Veteran Entrepreneurship Training Program

SDVO SB — Service-Disabled Veteran-Owned Small Business

SEC — U.S. Securities and Exchange Commission

SES — Senior Executive Service

SIDO — State International Development Organizations

SL – Senior Level

SMART – SMART Lender Risk Framework

SME – Small to Medium-size Enterprises

SNTO – Significant New Trade Opportunities

SOP – Standard Operating Procedure

STEP – State Trade Expansion Promotion

STTR – Small Business Technology Transfer program

TAP – U.S. Department of Defense Transition Assistance Program

TBM – Technology Business Management

TIC – Trusted Internet Connection

TPCC – Trade Promotion Coordinating Committee

TPSC – Trade Policy Staff Committee

T-TIP – Transatlantic Trade and Investment Partnership

USA-P – USA Performance

US-CERT – United States Computer Emergency Readiness Team

USEAC – U.S. Export Assistance Centers

USSM – Unified Shared Services Management

USTR – U.S. Trade Representative

VA – U.S. Department of Veterans Affairs

VBOC – Veterans Business Outreach Center

VPETP – Veteran Federal Procurement Entrepreneurship Training Program

VIP – Veterans Institute for Procurement Program

VOSB – Veteran Owned Small Business

V-WISE – Veteran Women Igniting the Spirit of Entrepreneurship

WBC – Women’s Business Center

WEN – Work-Life Engagement Network

WIPP – Women Impacting Public Policy

WOSB – Women-Owned Small Business

WVETP – Women Veteran Entrepreneurship Training Program

Appendix 5 – Performance Indicators Tables

The Appendix contains a list of all Agency Priority Goals, Performance Goals, and indicators by strategic objective.

Strategic Goal One – Support Small Business Revenue and Job Growth

Strategic Objective 1.1: Expand Access to Capital

| FY 2018-2019 Priority Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|----------|---------|---------|---------|
| Number of Loans to Small Businesses in Socially and Economically Disadvantaged Urban Communities and Rural Areas | Target | N/A | N/A | N/A | N/A | Baseline | 26,075 | 26,749 | 26,749 |
| | Actual | N/A | N/A | N/A | N/A | 25,475 | 23,497 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | -10% | | |
| Additional Information: The SBA established an FY 2018–2019 Agency Priority Goal that supports greater outreach to socially and economically disadvantaged urban communities and rural areas. Based on new Census data, the SBA revised its FY 2017 baseline and out year target for the Agency Priority Goal. Outreach to local lenders continues to be a challenge as fewer of them exist due to bank mergers and acquisitions. | | | | | | | | | |
| Performance Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported by 7(a) Loans, 504 Loans, Microloans, and SBICs | Target | 639,100 | 651,850 | 664,650 | 679,400 | 692,900 | 798,500 | 790,500 | 807,500 |
| | Actual | 663,454 | 699,499 | 831,269 | 789,654 | 761,954 | 725,407 | | |
| | Variance | 4% | 7% | 25% | 16% | 10% | -9% | | |
| Additional Information: This measure tracks the number of jobs created and retained from SBA capital assistance programs. As the economy continues to grow, fewer jobs are created. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Billions of Dollars of 7(a) Loans Approved | Target | 14.5 | 14.8 | 15.1 | 21.0 | 24.3 | 26.0 | 26.0 | 26.0 |
| | Actual | 17.9 | 19.2 | 23.6 | 24.1 | 25.4 | 25.4 | | |
| | Variance | 23% | 30% | 56% | 15% | 5% | -2% | | |
| Additional Information: The performance data represent the gross loan approvals at the close of the fiscal year. Improvements in 7(a) Loan Program delivery and reduced fees continue to make the program feasible for lenders and available for small business applicants. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Assisted by 7(a) Loans | Target | 38,700 | 39,500 | 39,500 | 45,000 | 55,000 | 60,000 | 62,000 | 62,500 |
| | Actual | 40,574 | 45,730 | 55,742 | 57,083 | 62,430 | 60,353 | | |
| | Variance | 5% | 16% | 41% | 27% | 14% | 1% | | |
| Additional Information: 7(a) Loan activity increased across all loan sizes, with the streamlined processing for loans under \$350,000 contributing to the increase in the number of small businesses assisted. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported by 7(a) Loans | Target | 547,200 | 558,100 | 569,300 | 580,100 | 591,000 | 600,000 | 600,000 | 610,000 |
| | Actual | 483,976 | 503,853 | 623,466 | 587,716 | 571,208 | 543,171 | | |
| | Variance | -12% | -10% | 10% | 1% | -3% | -9% | | |
| Additional Information: This metric tracks the number of jobs supported (created and retained) from SBA loan guarantees. While lending remained constant with FY 2018 compared to FY 2017, the number of jobs fell below target. With unemployment at record lows, demand for SBA lending has decreased overall. | | | | | | | | | |

| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Small Businesses Assisted by 504 Loans | Target | 6,400 | 6,500 | 6,500 | 6,700 | 6,800 | 6,000 | 6,000 | 6,200 |
| | Actual | 7,502 | 5,725 | 5,618 | 5,722 | 6,060 | 5,874 | | |
| | Variance | 17% | -12% | -14% | -15% | -11% | -2% | | |
| Additional Information: While the SBA did not meet the FY 2018 target, continued streamlining of the loan process and the elimination of unnecessary burdens on CDCs and removal of certain loan eligibility restrictions should increase future results. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Billions of Dollars of 504 Loans Approved | Target | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 5.1 | 5.1 | 5.2 |
| | Actual | 5.2 | 4.2 | 4.3 | 4.7 | 5.0 | 4.8 | | |
| | Variance | 27% | 0% | 0% | 7% | 11% | -6% | | |
| Additional Information: The FY 2013 results reflect spikes in funding levels due to the support for the 504 Loan program provided in the Small Business Jobs Act. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported by 504 Loans | Target | 79,400 | 81,000 | 82,600 | 84,300 | 86,000 | 66,000 | 58,000 | 60,000 |
| | Actual | 90,257 | 66,744 | 61,454 | 61,983 | 59,350 | 55,729 | | |
| | Variance | 14% | -18% | -26% | -26% | -31% | -16% | | |
| Additional Information: While the SBA did not meet the FY 2018 target, continued streamlining of the loan process and the elimination of unnecessary regulatory burdens on CDCs and removal of certain loan eligibility restrictions should have a positive impact on future results. Future targets are forecasted based on historical performance. With unemployment at record lows, demand for SBA lending has decreased overall. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses in Emerging Markets Assisted by 7(a) Loans | Target | 23,600 | 24,100 | 24,600 | 24,600 | 25,850 | 26,000 | 30,000 | 30,000 |
| | Actual | 24,225 | 27,778 | 29,369 | 30,574 | 26,650 | 37,346 | | |
| | Variance | 3% | 15% | 19% | 24% | 3% | 44% | | |
| Additional Information: Geo-coding data for economic empowerment zones and low-to-moderate income areas was discontinued in May 2015 and is not included in FY 2015 and FY 2016 data. HUBZone is a part of this data set but was not available to include for this same period. Since FY 2016, the definition for emerging markets includes emerging populations (i.e., veterans, women, and minorities) and places (HUBZone, rural areas). | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses in Emerging Markets Assisted by 504 Loans | Target | 3,800 | 3,800 | 4,000 | 4,000 | 4,200 | 3,300 | 3,300 | 3,300 |
| | Actual | 4,361 | 3,319 | 2,782 | 3,227 | 3,891 | 3,295 | | |
| | Variance | 15% | -13% | -30% | -19% | -7% | 0% | | |
| Additional Information: Geo-coding data for economic empowerment zones and low-to-moderate income areas was discontinued in May 2015 and is not included in FY 2015 and FY 2016 data. HUBZone is a part of this data set but was not available to include for this same period. Since FY 2016, the definition for emerging markets includes emerging populations (i.e., veterans, women, and minorities) and places (HUBZone, rural areas). | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Assisted by Microloans | Target | 3,600 | 3,650 | 3,650 | 3,650 | 4,000 | 4,500 | 4,500 | 4,725 |
| | Actual | 4,842 | 3,917 | 3,694 | 4,506 | 4,958 | 5,457 | | |
| | Variance | 35% | 7% | 1% | 23% | 24% | 21% | | |
| Additional Information: Program demand has grown with increased funding in FY 2017 and FY 2018. Microlenders must make at least 10 microloans per year to meet performance levels. New lenders are added as qualified applications are received for communities that show a need for Microloan services. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported by Microloans | Target | 12,500 | 12,750 | 12,750 | 15,000 | 15,900 | 17,500 | 17,500 | 18,500 |
| | Actual | 15,636 | 15,880 | 16,600 | 17,573 | 18,531 | 20,486 | | |



| | | | | | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Variance | 25% | 25% | 30% | 17% | 17% | 17% | | |
| Additional Information: In FY 2018, the Agency added four new lenders to the program and the number of jobs supported has increased with higher funding levels. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Thousands of Dollars in Loans Approved by SBA to Microlenders | Target | 25,000 | 25,000 | 25,000 | 35,000 | 40,000 | 40,000 | 43,000 | 43,000 |
| | Actual | 43,286 | 26,465 | 34,987 | 35,000 | 44,350 | 35,886 | | |
| | Variance | 73% | 6% | 40% | 0% | 11% | -10% | | |
| Additional Information: The SBA provides loans to microlenders who then support microborrowers. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Thousands of Dollars in Loans Approved by Lenders to Microborrowers | Target | 44,000 | 45,000 | 45,000 | 55,000 | 62,800 | 62,800 | 65,000 | 68,000 |
| | Actual | 54,850 | 55,478 | 52,080 | 61,223 | 68,518 | 76,743 | | |
| | Variance | 25% | 23% | 16% | 11% | 9% | 22% | | |
| Additional Information: Microlenders used funding from prior years and revolved funding to produce a larger quantity of microloans than projected. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Counseled by Microlenders | Target | 14,400 | 14,600 | 14,600 | 14,600 | 15,000 | 16,000 | 17,000 | 17,850 |
| | Actual | 19,368 | 15,668 | 17,200 | 17,948 | 19,600 | 21,800 | | |
| | Variance | 35% | 7% | 18% | 23% | 31% | 36% | | |
| Additional Information: Increased program funding in FY 2017 and FY 2018 has led to increased lending production. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Grant-eligible Microlenders | Target | 135 | 135 | 135 | 135 | 140 | 140 | 144 | 150 |
| | Actual | 135 | 137 | 137 | 140 | 144 | 147 | | |
| | Variance | 0% | 1% | 1% | 4% | 3% | 5% | | |
| Additional Information: The SBA tracks the number of grant-eligible microlenders to ensure geographic coverage for microlending across the country. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Financed by SBICs | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 1,130 | 1,130 |
| | Actual | 1,068 | 1,085 | 1,210 | 1,201 | 1,077 | 1,151 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA introduced this metric in FY 2018 to track the number of small businesses that the SBIC financed. Historical data are provided for context. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Underserved Small Businesses Financed by SBICs | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 310 | 310 |
| | Actual | 260 | 281 | 288 | 332 | 308 | 315 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA introduced this metric to track the number of underserved small businesses financed by SBICs. An underserved small business lacks an adequate supply of private equity capital or long-term loan funds and therefore seeks supplemental capital through the SBIC program. Underserved small businesses are business that women, veterans, or minorities own, or are located in underserved geographic areas, which include low- and moderate-income areas. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported by SBIC Financings | Target | N/A | N/A | N/A | N/A | N/A | 115,000 | 115,000 | 119,000 |
| | Actual | 73,585 | 113,022 | 129,749 | 122,382 | 112,865 | 106,021 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | -8% | | |
| Additional Information: The SBA tracks the number of jobs supported that SBICs financed during the fiscal year. Historical data which combines jobs created and jobs retained, uses the "1999 Arizona Venture Capital Impact Study." The study estimated that one job is supported for every \$36,000 (adjusted for inflation) of SBIC financings provided. | | | | | | | | | |

| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|----------|---------|
| Number of Jobs Supported by Underserved Small Businesses Financed by SBICs | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 40,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA tracks the number of jobs that underserved small businesses supported with SBIC financing during the fiscal year. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Lenders Providing 7(a) Loans | Target | 2,800 | 2,850 | 2,850 | 2,400 | 2,500 | 2,100 | 2,100 | 1,850 |
| | Actual | 2,345 | 2,244 | 2,163 | 2,045 | 1,978 | 1,810 | | |
| | Variance | -16% | -21% | -24% | -15% | -21% | -14% | | |
| Additional Information: : The SBA actively recruits lenders, but the trend toward continual bank mergers impacted the number of active lending partners providing 7(a) loans. The SBA approved transfer of more than 130 portfolio mergers in FY 2017 and FY 2018. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of CDCs Providing 504 Loans | Target | 267 | 267 | 240 | 240 | 240 | 235 | 216 | 216 |
| | Actual | 247 | 228 | 228 | 230 | 218 | 217 | | |
| | Variance | -7% | -15% | -5% | -4% | -9% | -8% | | |
| Additional Information: The SBA reviewed the activity levels of CDCs and worked diligently to address underperforming CDCs to continue improving program delivery. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Risk-based Reviews of Lenders | Target | 180 | 195 | 335 | 335 | 335 | 300 | 445 | 420 |
| | Actual | 184 | 219 | 378 | 368 | 341 | 399 | | |
| | Variance | 2% | 12% | 13% | 10% | 2% | 33% | | |
| Additional Information: The SBA reviews lenders participating in the SBA loan programs. Risk-based reviews include analytical risk-based reviews, targeted risk-based reviews, and full risk-based reviews of lenders. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Analytical Risk-based Reviews of Lenders | Target | 110 | 150 | 300 | 300 | 300 | 140 | 280 | 280 |
| | Actual | 110 | 181 | 300 | 287 | 153 | 248 | | |
| | Variance | 0% | 21% | 0% | -4% | -49% | 77% | | |
| Additional Information: Analytical (desktop and expanded) reviews are a basic diagnostic assessment and may conclude with a review report or with additional assessment activities required. Risk factors identified during analysis of the portfolio precipitated an increase in the use of this type of review in 2018. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Targeted Risk-based Reviews of Lenders | Target | 40 | 20 | 15 | 15 | 15 | 103 | 100 | 100 |
| | Actual | 41 | 13 | 32 | 32 | 123 | 105 | | |
| | Variance | 3% | -35% | 113% | 113% | 720% | 2% | | |
| Additional Information: The targeted review is the mid-level review, requiring examination of loan files as well as analysis of specific components of the loan lifecycle. Analysis of risk factors during the analytical review process identified a need to conduct additional targeted risk-based reviews in FY 2018. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Full Risk-based Reviews of Lenders | Target | 30 | 25 | 20 | 20 | 20 | 57 | 65 | 40 |
| | Actual | 33 | 25 | 46 | 49 | 65 | 46 | | |
| | Variance | 10% | 0% | 130% | 145% | 225% | -19% | | |
| Additional Information: The increased implementation of the analytical and targeted reviews in 2018 and more effective use of increased supervision and informal enforcement mitigated the need to perform more full reviews as originally planned. | | | | | | | | | |

| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|----------|---------|---------|
| Number of Supervision and Enforcement Actions | Target | 5 | 5 | 5 | 5 | 5 | 10 | 12 | 100 |
| | Actual | 24 | 9 | 6 | 13 | 21 | 156 | | |
| | Variance | 380% | 80% | 20% | 160% | 320% | 1,460% | | |
| Additional Information: The SBA implemented a more rigorous approach to monitoring lender behavior, utilizing more effective supervision, informal enforcement, and formal enforcement actions, which resulted in a higher number of reported actions: 156 increased supervision actions, 6 informal enforcement actions, and 3 formal enforcement actions. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Net Recovery Dollars from SBICs in Liquidation (Millions of Dollars) | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 165 | 170 |
| | Actual | 266 | 350 | 254 | 152 | 152 | 263 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA baselined a new metric in FY 2018 that tracks the accelerated net recoveries of outstanding SBA-guaranteed leverage associated with SBICs transferred to liquidation. The one-year increase in FY 2018 was an anomaly due to three large recoveries, each of which netted SBA in excel of \$45 million. The recoveries were associated with legacy Participating Securities SBIC investments. | | | | | | | | | |

Strategic Objective 1.2: Help Small Business Exporters Succeed in Global Markets

| Performance Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|----------|----------|----------|---------|---------|
| Value of Small Business Export Sales (Billions) | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 3.1 | 3.1 |
| | Actual | N/A | N/A | N/A | N/A | N/A | 3.1 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This metric tracks the export sales values of all small businesses receiving SBA-guaranteed export financing in the international trade finance programs (i.e. Export Express; Export Working Capital; International Trade Loan) and the reported value of small business export sales using SBA's STEP Program. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Average Dollar (Millions) Return on Investment of STEP Grants | Target | N/A | N/A | N/A | Baseline | 12 | 30 | 30 | 30 |
| | Actual | N/A | 37 | 33 | 31.41 | Data Lag | Data Lag | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: STEP grants help small businesses enter and succeed in the international marketplace. The average return on investment is calculated by dividing the reported total dollar export sales supported by the STEP funds awarded for each fiscal year. The SBA did not receive appropriations for STEP in FY 2013. The FY 2017 data lag results from the grantee reporting cycle of every two years. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Receiving Export Training | Target | 8,000 | 7,600 | 8,000 | 8,400 | 8,400 | 8,400 | 8,500 | 8,500 |
| | Actual | 8,244 | 8,273 | 8,120 | 8,274 | 8,096 | 8,615 | | |
| | Variance | 3% | 9% | 2% | -2% | -4% | 3% | | |
| Additional Information: This metric tracks the sum of all small business representatives that received export-related training from the SBA during the fiscal year. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Numbers of Lenders Receiving Export Training | Target | 4,400 | 4,000 | 4,200 | 4,500 | 4,500 | 4,500 | 4,600 | 4,600 |
| | Actual | 4,868 | 5,097 | 4,329 | 4,547 | 5,546 | 5,101 | | |
| | Variance | 11% | 27% | 3% | 1% | 23% | 13% | | |
| Additional Information: This metric tracks the sum of all lenders that have received export SBA trade finance staff training in the fiscal year. In FY 2018, the SBA exceeded its target due to increased web-based export training and newly established and aligned export outreach goals for SBA district offices. | | | | | | | | | |

Strategic Objective 1.3: Ensure Federal Contract and Set-Aside Goals are Met and/or Exceeded

| Priority Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|----------|---------|---------|
| Percent of Federal Contracts Awarded to Small Businesses | Target | 23% | 23% | 23% | 23% | 23% | 23% | 23% | 23% |
| | Actual | 23.40% | 24.99% | 25.75% | 24.34% | 23.88% | Data Lag | | |
| | Variance | 2% | 9% | 12% | 6% | 4% | N/A | | |
| Additional Information: The FY 2018 data supporting the FY 2018-2019 Priority Goals will not be finalized until the third quarter of FY 2019. The SBA works with each federal agency annually to set aside their prime and subcontracting goals. The SBA ensures that the sum total of all of the goals exceeds the 23 percent target that the law established. | | | | | | | | | |
| Performance Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported by Federal Contract Set-asides | Target | 572,000 | 501,113 | 501,113 | 500,000 | 500,000 | 500,000 | 550,000 | 585,000 |
| | Actual | 479,515 | 549,000 | 537,000 | 587,000 | 584,000 | Data Lag | | |
| | Variance | -16% | 10% | 7% | 17% | 17% | N/A | | |
| Additional Information: The data supporting the FY 2018 performance indicators will not be finalized until the third quarter of FY 2019. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Federal Government Prime Contracts Awarded to Small Disadvantaged Businesses | Target | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |
| | Actual | 8.61% | 9.46% | 10.06% | 9.53% | 9.10% | Data Lag | | |
| | Variance | 72% | 89% | 101% | 91% | 82% | N/A | | |
| Additional Information: The data supporting the FY 2018 performance indicators will not be finalized until the third quarter of FY 2019. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Federal Government Prime Contracts Awarded to Women-Owned Small Businesses | Target | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |
| | Actual | 4.32% | 4.68% | 5.06% | 4.79% | 4.71% | Data Lag | | |
| | Variance | -14% | -6% | 1% | -4% | -6% | N/A | | |
| Additional Information: The data supporting the FY 2018 performance indicators will not be finalized until the third quarter of FY 2019. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Federal Government Prime Contracts Awarded to Service-Disabled Veteran-Owned Small Businesses | Target | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| | Actual | 3.40% | 3.68% | 3.93% | 3.98% | 4.05% | Data Lag | | |
| | Variance | 13% | 23% | 31% | 33% | 35% | N/A | | |
| Additional Information: The data supporting the FY 2018 performance indicators will not be finalized until the third quarter of FY 2019. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Federal Government Prime Contracts Awarded to HUBZone Small Businesses | Target | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| | Actual | 1.76% | 1.82% | 1.82% | 1.67% | 1.65% | Data Lag | | |
| | Variance | -41% | -39% | -39% | -44% | -45% | N/A | | |
| Additional Information: The data supporting the FY 2018 performance indicators are not finalized until the third quarter of FY 2019. The Federal Government continues to face challenges with recruiting and maintaining HUBZone firms. The SBA completed its first qualitative evaluation to further understand ways to enhance the program. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Surveillance Reviews Completed | Target | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| | Actual | 31 | 41 | 30 | 30 | 30 | 29 | | |
| | Variance | 3% | 37% | 0% | 0% | 0% | -3% | | |
| Additional Information: Surveillance Reviews (for prime contracting) and Small Business Performance Compliance Reviews (for subcontracting) are conducted to evaluate the implementation of regulations across the Federal Government. | | | | | | | | | |

| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|----------|---------|---------|
| Contract Value (Billions) of Bid and Final Bonds | Target | 3.70 | 5.70 | 6.50 | 6.75 | 7.10 | 7.00 | 7.10 | 7.25 |
| | Actual | 6.15 | 6.41 | 6.35 | 5.72 | 6.03 | 6.59 | | |
| | Variance | 66% | 12% | -2% | -15% | -15% | -6% | | |
| Additional Information: This measure tracks the contract value of bids and bonds to surety companies. Program fees, regulations, and procedures are being revised to encourage increased bond activity. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Bid and Final Bonds Guaranteed | Target | 8,850 | 13,500 | 13,750 | 14,000 | 14,700 | 12,000 | 12,000 | 12,000 |
| | Actual | 12,866 | 12,384 | 11,480 | 10,435 | 10,397 | 10,866 | | |
| | Variance | 45% | -8% | -17% | -25% | -29% | -9% | | |
| Additional Information: This measure tracks the bid and bonds guaranteed. Program fees, regulations, and procedures are being revised to encourage increased bond activity. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported by SBG | Target | 14,900 | 23,000 | 24,000 | 32,000 | 34,000 | 26,000 | 33,000 | 35,000 |
| | Actual | 32,000 | 28,887 | 27,300 | 23,940 | 26,223 | 31,837 | | |
| | Variance | 115% | 26% | 14% | -25% | -23% | 22% | | |
| Additional Information: This measure tracks the number of jobs created/retained as a result of bid and final bond guarantees approved. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| SBIR/STTR Dollars (Billions) Obligated Each Fiscal Year | Target | N/A | N/A | N/A | N/A | N/A | 2.30 | 2.25 | 2.50 |
| | Actual | 2.36 | 2.51 | 2.54 | 2.26 | 3.00 | Data Lag | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: Participating federal agencies have until March of the following fiscal year to submit their data. The reduced FY 2018 and FY 2019 targets reflect anticipated reductions in agency research and development budgets. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of SBIR/STTR Phase I and Phase II Awards | Target | N/A | N/A | N/A | N/A | N/A | 4,750 | 4,500 | 4,500 |
| | Actual | 5,154 | 5,380 | 5,058 | 4,750 | 5,527 | Data Lag | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: Participating Federal agencies have until March of the following fiscal year to submit their data. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Federal Government Dollars Awarded to SBIR Proposals | Target | 2.7% | 2.8% | 2.9% | 3.0% | 3.2% | 3.2% | 3.2% | 3.2% |
| | Actual | 2.8% | 3.1% | 2.9% | 3.1% | 3.2% | Data Lag | | |
| | Variance | 4% | 11% | 0% | 3% | 0% | N/A | | |
| Additional Information: Participating federal agencies have until March of the following fiscal year to submit their data. Numbers are based on the agency-reported total extramural federal R&D budget. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Federal Government Dollars Awarded to STTR Proposals | Target | 0.35% | 0.40% | 0.40% | 0.45% | 0.45% | 0.45% | 0.45% | 0.45% |
| | Actual | 0.35% | 0.32% | 0.40% | 0.38% | 0.47% | Data Lag | | |
| | Variance | 0% | -20% | 0% | -16% | 4% | N/A | | |
| Additional Information: Federal agencies with extramural budgets for research or research and development in excess of \$1 billion must spend at least the targeted amount on small business innovation. Participating federal agencies have until March of the following fiscal year to submit their data. | | | | | | | | | |

Strategic Goal Two – Build Health Entrepreneurial Ecosystems and Create Business Friendly Environments

Strategic Objective 2.1: Develop Businesses through Technical Assistance

| Performance Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|----------|---------|---------|---------|
| 8(a) Firms Awarded Federal Contracts | Target | N/A | N/A | N/A | N/A | Baseline | 3,590 | 3,760 | N/A |
| | Actual | N/A | N/A | N/A | N/A | 3,421 | 3,709 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 3% | | |
| Additional Information: The SBA added this Agency Priority Goal to focus on increasing the number of 8(a) firms that win federal contracts. Given that more firms are part of the 8(a) program, business development should spur more contract opportunities. | | | | | | | | | |
| Performance Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Assisted by 8(a), 7(j), and HUBZone Programs | Target | 18,325 | 18,025 | 18,025 | 18,050 | 16,000 | 19,000 | 24,500 | 26,000 |
| | Actual | 17,071 | 17,163 | 20,324 | 19,686 | 17,318 | 27,314 | | |
| | Variance | -7% | -5% | 13% | 9% | 8% | 44% | | |
| Additional Information: The SBA tracks the summation of small businesses assisted from 8(a), 7(j), and HUBZone programs. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Assisted by 8(a) | Target | 8,300 | 8,000 | 8,000 | 8,000 | 5,500 | 8,000 | 8,000 | 8,000 |
| | Actual | 6,661 | 6,660 | 6,948 | 8,010 | 6,655 | 6,789 | | |
| | Variance | -20% | -17% | -13% | 0% | 21% | -15% | | |
| Additional Information: The SBA tracks the number of 8(a) firms the Agency assists through its business opportunity specialists, located in SBA district offices. The initial incoming 8(a) applications numbers were impacted due to the deployment of SBA's unified contracting certification portal, www.certify.sba.gov . | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Annual 8(a) Reviews Completed | Target | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| | Actual | 100% | 100% | 100% | 100% | 100% | 100% | | |
| | Variance | 0% | 0% | 0% | 0% | 0% | 0% | | |
| Additional Information: Each active 8(a) program participant is reviewed on an annual basis to ensure continued compliance with the program's requirements. Reviews are completed on a rolling basis and must occur within 60 days of the one year anniversary date from a firm's acceptance into the 8(a) program. For example, a firm certified on January 1 of a given year would need the review completed by March 1 of the following calendar year. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Assisted by 7(j) | Target | 3,550 | 3,550 | 3,550 | 3,550 | 4,000 | 4,500 | 10,000 | 10,000 |
| | Actual | 3,913 | 4,104 | 5,360 | 5,245 | 4,100 | 6,483 | | |
| | Variance | 10% | 16% | 51% | 48% | 3% | 44% | | |
| Additional Information: Due to the increased marketing efforts with internal and external stakeholders, the number of businesses that the 7(j) program assisted exceeded the FY 2018 target. The marketing efforts included development of a one-page 7(j) fact sheet on the program and engagement with agency small business and procurement officials. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Assisted by HUBZone | Target | 6,475 | 6,475 | 6,475 | 6,500 | 6,500 | 6,500 | 6,500 | 8,000 |
| | Actual | 6,497 | 6,339 | 8,106 | 6,431 | 6,563 | 14,042 | | |
| | Variance | 0% | -2% | 25% | -1% | 1% | 116% | | |
| Additional Information: The data includes initial applications received, protests, decertifications, recertifications, program exams, HUBZone office hours, participants, and emails responded to through the Helpdesk. The significant increase in FY 2018 is attributable to increased participation in outreach and training events, including webinars. | | | | | | | | | |

| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|----------|----------|---------|---------|
| Number of HUBZone Sites Visited | Target | 517 | 518 | 500 | 475 | 492 | 508 | 508 | 508 |
| | Actual | 511 | 569 | 518 | 515 | 505 | 529 | | |
| | Variance | -1% | 10% | 4% | 8% | 3% | 4% | | |
| Additional Information: The SBA visits 10 percent of HUBZone sites in the portfolio from the previous fiscal year. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Approved Mentor-Protégé Agreements | Target | N/A | N/A | N/A | N/A | Baseline | 345 | 345 | 345 |
| | Actual | N/A | N/A | N/A | N/A | 348 | 333 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | -3% | | |
| Additional Information: This measure tracks the number of approved Mentor-Protégé Agreements submitted in a given fiscal year. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Full Time Equivalents in Protégé Firms | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 6,000 | 6,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | 6,559 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This metric reports data from the annual reports submitted from protégés completing their first year in the program. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Success Rate of Protégés Winning Bids | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 32% | 40% |
| | Actual | N/A | N/A | N/A | N/A | N/A | 32% | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This metric reports data from the annual reports submitted from protégés completing their first year in the program. The percent is calculated as the number of independent offers submitted compared to the number of independent offers won by protégés, reported through the submission of annual reports. | | | | | | | | | |

Strategic Objective 2.2: Build Healthy Entrepreneurial Ecosystems

| Performance Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|---------|
| Number of Clients Served through Partnerships, Virtual Resources, and Targeted Outreach | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 820,100 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, to improve accountability and encourage coordination the SBA established a new entrepreneurial ecosystem performance goal aligning the efforts of field and headquarters offices and resource partners. The new performance goal tracks the number of unique clients served, trained, advised, and mentored through in-person and virtual resources by resource partners (e.g. SBDC, WBC, SCORE, B2B, and VBOC). The number of unique clients has decreased as resource partners focus on repeat consultations to better meet the evolving business needs of the clients. "Unique" clients can be identified by the programmatic resource partner but clients using services between different resource partners (e.g., SBDC and SCORE) cannot be identified. With authority to collect this information, the SBA would be able to more efficiently manage entrepreneurial development programs. | | | | | | | | | |
| Performance Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Entrepreneurs Assisted through Partnerships, Virtual Resources, and Targeted Outreach | Target | N/A | Baseline | 1,353,000 | 1,378,700 | 1,304,200 | 1,467,000 | N/A | N/A |
| | Actual | 1,235,411 | 1,296,377 | 1,099,285 | 1,284,706 | 1,500,461 | 1,333,390 | | |
| | Variance | N/A | N/A | -19% | -7% | 15% | -9% | | |
| Additional Information: This performance goal is retiring in FY 2019 because the SBA tracks the number of unique clients served in a combined goal as part of new resource partner agreements and better alignment between the field, headquarters and the Agency's strategic direction. "Unique" clients can be identified by the programmatic resource partner but clients using services between different resource partners (e.g., SBDC and SCORE) cannot be identified. With authority to collect this information, the SBA would be able to more efficiently manage entrepreneurial development programs. | | | | | | | | | |

| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|----------|---------|
| Number of Unique SBDC Clients Served | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 214,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, the SBA established a new outcome metric that improves accountability and encourages coordination. The metric tracks both the number of clients trained and advised. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of New Business Starts from SBDCs | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 14,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, the SBA established a new outcome-based goal that improves accountability and encourages coordination. The SBA will track the number of new businesses started as a result of SBDC training and counseling. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Jobs Supported from SBDCs | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 772,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, the SBA established a new outcome-based goal that improves accountability and encourages coordination. The SBA will track the number of jobs supported as a result of SBDC training and counseling. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Billions of Dollars of Capital Infusion from SBDCs | Target | 3.4 | 4.0 | 4.0 | 4.0 | 4.0 | 5.0 | 5.0 | 5.0 |
| | Actual | 4.5 | 4.7 | 4.7 | 5.1 | 5.6 | 5.0 | | |
| | Variance | 32% | 18% | 18% | 28% | 40% | 0% | | |
| Additional Information: This measure tracks financing provided to small business from various lenders, including the SBA. | | | | | | | | | |
| Performance Measure | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of SBDC Clients Trained | Target | 350,000 | 350,000 | 350,000 | 340,000 | 270,000 | 247,000 | N/A | N/A |
| | Actual | 330,781 | 291,366 | 267,420 | 261,255 | 245,329 | 250,926 | | |
| | Variance | -5% | -17% | -24% | -23% | -9% | 2% | | |
| Additional Information: This measure is retiring in FY 2019 because the SBA now tracks as part of new resource partner agreements the number of SBDC clients advised in the combined "clients served" goal. | | | | | | | | | |
| Performance Measure | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of SBDC Clients Advised | Target | 200,000 | 220,000 | 220,000 | 220,000 | 190,000 | 194,000 | N/A | N/A |
| | Actual | 201,596 | 194,121 | 187,478 | 192,172 | 188,225 | 192,450 | | |
| | Variance | 1% | -12% | -15% | -13% | -1% | -1% | | |
| Additional Information: This measure is retiring in FY 2019 because the SBA now tracks as part of new resource partner agreements the number of SBDC clients advised in the combined "clients served" goal. | | | | | | | | | |
| Performance Measure | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Created by SBDCs | Target | 12,500 | 12,500 | 13,000 | 13,000 | 13,000 | 14,500 | N/A | N/A |
| | Actual | 14,201 | 13,415 | 13,123 | 14,419 | 14,491 | 14,422 | | |
| | Variance | 14% | 7% | 1% | 11% | 11% | -1% | | |

| Additional Information: The SBA is retiring this measure in FY 2019 and focusing on new business starts. For FY 2018 the SBA adopted a new data collection and calculation method that more accurately represents the performance of the SBDC Program. The metric accounts for the businesses created from the training and counseling offered, whereas previous data accounted for businesses created from counseling. | | | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|---------|---------|---------|---------|---------|----------|---------|
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of WBC Clients Served | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 35,700 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, the SBA established a new outcome metric that improves accountability and encourages coordination. The metric tracks both the number of clients trained and advised. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of WBC New Business Starts | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 2,900 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, the SBA established a new outcome measure that improves accountability and encourages coordination. The SBA will track the number of new businesses started as a result of WBC training and advising. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Loans to Support Capital Infusion | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 2,300 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA tracks the number of loans to support capital infusion as a part of WBC training and advising services. These loans will help entrepreneurs start and grow their business. | | | | | | | | | |
| Performance Measure | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of WBC Clients Advised | Target | Baseline | 20,000 | 22,000 | 22,200 | 22,000 | 27,000 | N/A | N/A |
| | Actual | 19,455 | 20,686 | 20,375 | 22,429 | 26,318 | 28,181 | | |
| | Variance | N/A | 3% | -7% | 1% | 20% | 4% | | |
| Additional Information: The SBA is retiring this measure and now tracks the number of WBC clients advised in the combined “clients served” goal as part of new resource partner agreements. | | | | | | | | | |
| Performance Measure | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Created by WBC | Target | 475 | 600 | 650 | 730 | 11,000 | 17,000 | N/A | N/A |
| | Actual | 637 | 708 | 766 | 17,435 | 17,438 | 11,687 | | |
| | Variance | 34% | 18% | 18% | 2,288% | 59% | -31% | | |
| Additional Information: The SBA is retiring this measure and is focusing on new business starts. The Agency adopted a new data collection and calculation method for FY 2016 that more accurately represents the performance of the WBC Program. The metric accounts for the businesses created from the training and advising offered, whereas previous data accounted for businesses created from counseling. | | | | | | | | | |
| Performance Measure | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of WBC Clients Trained | Target | 95,000 | 105,000 | 111,000 | 120,000 | 125,000 | 126,000 | N/A | N/A |
| | Actual | 114,310 | 119,351 | 120,341 | 122,986 | 114,310 | 123,680 | | |
| | Variance | 20% | 14% | 8% | 2% | -9% | -2% | | |
| Additional Information: The SBA is retiring this measure because the SBA now tracks the number of WBC clients trained in the combined “clients served” goal as part of new resource partner agreements. | | | | | | | | | |

| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|----------|---------|---------|---------|----------|----------|---------|
| Number of SCORE Clients Served | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 254,000 |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, the SBA established a new output metric that improves accountability and encourages coordination. This metric tracks the number of clients trained and advised. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of SCORE New Business Starts | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | TBD |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: In FY 2019, the SBA established a new outcome-based goal that improves accountability and encourages coordination. The SBA will track the number of new businesses started as a result of SCORE training and counseling. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percentage of SCORE New Businesses Realizing Revenue Growth | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | TBD |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA tracks the percentage of SCORE new businesses realizing revenue growth as a part of SCORE counseling and training services. As more businesses start and grow, revenue of the respective businesses should increase. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of SCORE Clients Trained | Target | 250,000 | 250,000 | 240,000 | 274,000 | 240,000 | 460,000 | N/A | N/A |
| | Actual | 218,434 | 277,971 | 212,229 | 311,164 | 519,368 | 559,805 | | |
| | Variance | -13% | 11% | -12% | 14% | 116% | 22% | | |
| Additional Information: This measure is retiring in FY 2019 because the SBA now tracks the number of SCORE clients trained in the combined “clients served” goal as part of new resource partner agreements. | | | | | | | | | |
| Performance Measure | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of SCORE Clients Mentored | Target | N/A | Baseline | 160,000 | 182,500 | 156,000 | 140,000 | N/A | N/A |
| | Actual | 127,468 | 164,403 | 137,310 | 122,230 | 126,892 | 126,403 | | |
| | Variance | N/A | N/A | -14% | -33% | -19% | -10% | | |
| Additional Information: The SBA is retiring, as part of new resource partner agreement, this measure in FY 2019 and now tracks the number of SCORE clients mentored in the combined “clients served” goal. | | | | | | | | | |
| Performance Measure | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Created by SCORE | Target | 700 | 700 | 5,400 | 5,400 | 5,400 | 45,000 | N/A | N/A |
| | Actual | 628 | 5,339 | 39,495 | 54,027 | 54,506 | Data Lag | | |
| | Variance | -10% | 663% | 631% | 901% | 901% | N/A | | |
| Additional Information: The SBA is retiring this measure in FY 2019 and focusing on new business starts. The SBA adopted a new data collection and calculation method for FY 2016 that more accurately represents the performance of the SCORE Program. The metric now accounts for the businesses created from the training, advising and mentoring offered, whereas previous data only accounted for businesses created from counseling. The number reported for FY 2017 reflects new business starts accomplished during the previous calendar year. The change in methodology is further explained in the Data Quality Records found at www.SBA.gov/performance . | | | | | | | | | |

| Performance Measure | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|----------|----------|---------|---------|----------|---------|---------|
| Number of Clients Trained Online | Target | 500,000 | 225,000 | 250,000 | 220,000 | 200,000 | 225,000 | 250,000 | 250,000 |
| | Actual | 150,355 | 182,002 | 154,132 | 187,162 | 206,172 | Data N/A | | |
| | Variance | -70% | -19% | -38% | -15% | 3% | N/A | | |
| Additional Information: This metric will report on the number of clients trained online. Due to changes in data collection, the SBA will revisit reporting for this measure in FY 2019. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Emerging Leaders Creating or Retaining Jobs | Target | N/A | N/A | Baseline | 81% | 81% | 81% | 81% | 81% |
| | Actual | 69% | 81% | 81% | 81% | 81% | 69% | | |
| | Variance | N/A | N/A | N/A | 0% | 0% | -14% | | |
| Additional Information: The SBA introduced this metric in FY 2016. Due to the nature of the initiative, the SBA surveys participants each year, for three years, following the completion of the initiative's curriculum. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Emerging Leaders Obtaining Revenue Growth | Target | N/A | N/A | Baseline | 65% | 67% | 67% | 67% | 67% |
| | Actual | 68% | 66% | 68% | 70% | 68% | 69% | | |
| | Variance | N/A | N/A | N/A | 8% | 1% | 3% | | |
| Additional Information: The SBA introduced this metric in FY 2016. Due to the nature of the initiative, the SBA surveys participants each year, for three years, following completion of the initiative's curriculum. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of VBOC Clients Served | Target | N/A | Baseline | 64,000 | 79,000 | 81,000 | 48,000 | 48,000 | 48,000 |
| | Actual | 73,062 | 78,124 | 62,117 | 47,342 | 48,839 | 51,945 | | |
| | Variance | N/A | N/A | -3% | -40% | -40% | 8% | | |
| Additional Information: In FY 2019, the SBA established a new outcome metric that improves accountability and aligns entrepreneurial ecosystem program metrics. Historical numbers are provided as a reference. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of B2B Participants Trained | Target | N/A | 15,000 | 15,500 | 17,500 | 20,000 | 18,000 | 18,000 | 18,000 |
| | Actual | 4,514 | 14,684 | 14,457 | 17,966 | 17,320 | 17,167 | | |
| | Variance | N/A | -2% | -7% | 3% | -13% | -5% | | |
| Additional Information: The SBA introduced this performance indicator in FY 2015, and historical data are provided for context. In FY 2017, the methodology calculation was revised to ensure consistency among SBA's other entrepreneurial development programs. In addition to the B2B entrepreneurship training track taught through TAP, the SBA offers entrepreneurship training, also known as Reboot, to veterans of all eras. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Formed by B2B Graduates | Target | N/A | N/A | N/A | N/A | 255 | 255 | 255 | N/A |
| | Actual | N/A | N/A | N/A | 250 | 425 | 490 | | |
| | Variance | N/A | N/A | N/A | N/A | 67% | 92% | | |
| Additional Information: The SBA introduced this performance indicator in FY 2017. Baseline data is available via survey. The survey is conducted annually on a rolling basis, based on participants' B2B graduation rate. The reported number is cumulative. The SBA is retiring this measure in FY 2019 and focusing on B2B participants using follow-on SBA resources. | | | | | | | | | |

| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|----------|---------|----------|---------|----------|---------|---------|
| Rate of B2B Participants Using Follow-on SBA Resources | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 5% | 5% |
| | Actual | N/A | N/A | N/A | N/A | N/A | 4.2% | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: Information is used to establish goals and monitor performance. The SBA is a member of an interagency initiative (along with DoD, DOL, and VA) that administers the DoD Veteran TAP. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of VBOC Programmatic and Financial Reviews | Target | N/A | Baseline | 5 | 5 | 5 | 5 | 5 | 5 |
| | Actual | N/A | N/A | N/A | 0 | 3 | 5 | | |
| | Variance | N/A | N/A | N/A | -100% | -40% | 0% | | |
| Additional Information: A VBOC Partner Review involves an analysis of internal procedures using SBDC procedures. The SBA plans to review five of the 22 VBOCs each annual period of performance (not fiscal year). | | | | | | | | | |
| Performance Measure | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Veterans Trained by VBOCs | Target | N/A | Baseline | 33,000 | 48,000 | 50,000 | 32,000 | N/A | N/A |
| | Actual | 23,271 | 39,201 | 46,629 | 27,938 | 28,407 | 32,122 | | |
| | Variance | N/A | N/A | 41% | -42% | -43% | <1% | | |
| Additional Information: This measure is retiring because the SBA now tracks the number of VBOC clients trained in the combined "clients served" goal as part of a program-aligned entrepreneurial ecosystems performance goal. | | | | | | | | | |
| Performance Measure | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Veterans Counseled through VBOCs | Target | N/A | Baseline | 31,000 | 31,000 | 31,000 | 16,000 | N/A | N/A |
| | Actual | 49,791 | 38,923 | 15,488 | 19,404 | 20,432 | 19,823 | | |
| | Variance | N/A | N/A | -50% | -37% | -34% | 24% | | |
| Additional Information: This measure is retiring because the SBA now tracks the number of VBOC clients counseled in the combined "clients served" goal as part of a program-aligned entrepreneurial ecosystems performance objective. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Small Businesses Assisted in Native American Communities | Target | N/A | N/A | N/A | Baseline | 2,000 | 3,000 | 3,000 | 3,000 |
| | Actual | 1,943 | 2,107 | 2,209 | 1,817 | 3,192 | 1,549 | | |
| | Variance | N/A | N/A | N/A | N/A | 60% | -50% | | |
| Additional Information: This measure tracks the number of small businesses assisted through training and technical assistance workshops. The SBA established this performance indicator in FY 2016 and has provided historical data for context. In FY 2018, the program underwent leadership changes that resulted in decreased participation. In FY 2019, this program anticipates returning to its prior level of services and will reach the target in the performance indicator. | | | | | | | | | |

Strategic Objective 2.3: Create a Small Business Friendly Environment

| Performance Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Number of Outreach Events through Federal Agencies, Trade Associations, and Resource Partners | Target | 46 | 52 | 58 | 58 | 60 | 100 | 100 | 100 |
| | Actual | 48 | 64 | 66 | 102 | 134 | 118 | | |
| | Variance | 4% | 23% | 14% | 76% | 123% | 18% | | |
| Additional Information: The SBA, through its National Ombudsman, works steadily to establish new, and strengthen existing, relationships with federal agencies, trade associations, and SBA resource partners. In FY 2018, the number of invitations for the National Ombudsman to speak before large audiences of small businesses continued to increase. This strengthened awareness of SBA services as well as provided regulatory relief for many small businesses. | | | | | | | | | |

| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Board Membership Rate | Target | 78% | 85% | 85% | 90% | 85% | 80% | 80% | 85% |
| | Actual | 74% | 80% | 74% | 76% | 46% | 50% | | |
| | Variance | -5% | -6% | -13% | -16% | -46% | -38% | | |
| Additional Information: The board membership rate includes SBA's 10 regions. In the FY 2018, the number of nominations submitted from qualified applicants did not allow SBA to reach the target. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Number of Regulatory Compliance Concerns Impacted by ONO Interventions | Target | N/A | 2 | 5 | 6 | 8 | 7 | 7 | 6 |
| | Actual | N/A | 6 | 7 | 6 | 23 | 0 | | |
| | Variance | N/A | 200% | 40% | 0% | 188% | -100% | | |
| Additional Information: This measure tracks rules issues identified, escalated, and successfully resolved in collaboration with federal agency partners. Few cases were received requesting regulation change and were not closed by the end of FY 2018. | | | | | | | | | |

Strategic Goal Three – Restore Small Businesses and Communities after Disasters

Strategic Objective 3.1: Deploy Disaster Assistance Effectively and Efficiently

| FY 2018–2019 Priority Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Average Number of Disaster Loan Applications Processed per Loan Specialist per Day | Target | N/A | N/A | N/A | N/A | 3 | 4 | 6 | N/A |
| | Actual | N/A | N/A | N/A | N/A | 3 | 4 | | |
| | Variance | N/A | N/A | N/A | N/A | 0% | 0% | | |
| Additional Information: This APG ends in FY 2019 and seeks to increase the number of applications that loan specialists can process. Because SBA deployed new disaster loan system modernization technology, the Agency will better respond to large-scale disasters through more efficient loan processing. | | | | | | | | | |
| Performance Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Customer Satisfaction Rate for Disaster Loan Approvals | Target | 71% | 71% | 71% | 71% | 71% | 71% | 77% | 77% |
| | Actual | 81% | 80% | 80% | 84% | 85% | 78% | | |
| | Variance | 14% | 13% | 13% | 18% | 20% | 10% | | |
| Additional Information: The SBA conducts an annual customer satisfaction study on its Disaster Assistance Program using the American Customer Satisfaction Index (ACSI) methodology. The Agency uses the survey data to identify and target areas for improvement that have the greatest impact on customer satisfaction scores. The SBA improved its score by 10 percent due to continued process improvements for accepting applications from disaster survivors (e.g., electronic loan applications, in-person in disaster recovery centers, and by mail upon request), greater use of electronic loan applications, enhanced features of the disaster loan assistance portal and other technology tools, and the program's high employee engagement rate. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Disasters Having a Disaster Loan Outreach Center (DLOC) or Business Recovery Center (BRC) Open Within 7 Days | Target | N/A | N/A | N/A | N/A | N/A | 95% | 95% | 95% |
| | Actual | N/A | N/A | N/A | N/A | N/A | 100% | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 5% | | |
| Additional Information: Center opening is defined as opening at least one SBA disaster loan outreach center or business recovery center within seven days of all major Presidential disaster declarations for individual assistance and Agency disaster declarations. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Loans With Initial Disbursements Within 5 Days of Loan Closing | Target | 95% | 95% | 95% | 95% | 95% | 95% | 95% | 95% |
| | Actual | 100% | 100% | 98% | 96% | 99% | 97% | | |
| | Variance | 5% | 5% | 3% | 1% | 4% | 2% | | |
| Additional Information: Disbursement refers to the last step of a three-step disaster loan process where a loan is closed and funds are disbursed to the customer for an approved loan amount. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of Disaster Loans Processed Within Standard | Target | 85% | 85% | 85% | 85% | 85% | 85% | 85% | 85% |
| | Actual | 55% | 100% | 100% | 99% | 99% | 96% | | |
| | Variance | -35% | 18% | 18% | 16% | 16% | 13% | | |
| Additional Information: A streamlined approval process and digital service improvements have allowed the SBA to process a higher volume of loans in a more efficient and timely manner. The standard number of days corresponds to the volume of disaster loan activity received in that fiscal year, i.e. Level I – up to 50,000 applications; Level II – 50,000 to 250,000 applications; Level III – 250,000 to 500,000 applications; and Level IV – more than 500,000 applications. In FY18, ODA received over 278,000 applications and processed over 355,145 actions, which rose to a Level III. The standard number of days for Level III activity in FY18 was 45 days; and 96 percent of disaster loans were processed within the standard – 45 days. | | | | | | | | | |

Strategic Goal Four – Strengthen SBA’s Ability to Serve Small Businesses

4.1: Ensure Effective and Efficient Management of Agency Resources

| Performance Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|----------|---------|---------|----------|----------|---------|
| Customer Satisfaction Rate of Financial Management Services for SBA Employees | Target | N/A | N/A | N/A | N/A | N/A | Baseline | 4.0 | 4.0 |
| | Actual | N/A | N/A | N/A | N/A | N/A | 4.0 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The SBA developed an internal customer satisfaction baseline in FY 2018. The SBA rates customer satisfaction on a scale from one to five with five being the highest. A score of four or higher indicates superior satisfaction with financial management services. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| SBA Small Business Utilization Rate | Target | 67% | 68% | 69% | 72.75% | 72.75% | 73% | 71% | TBD |
| | Actual | 72% | 77% | 78% | 74% | 80% | 80% | | |
| | Variance | 7% | 14% | 13% | 1% | 9% | 8% | | |
| Additional Information: The SBA tracks small business contracts and has the highest small business contracting goal in the Federal Government. The SBA continues to provide preference to small businesses in awarding contracts. | | | | | | | | | |
| Performance Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| SBA Real Estate Footprint Reduction Rate | Target | N/A | N/A | Baseline | 2% | 1% | 1% | 1% | 1% |
| | Actual | 2% | 2% | 2% | 5% | 4% | Data Lag | | |
| | Variance | N/A | N/A | N/A | 150% | 300% | N/A | | |
| Additional Information: The SBA tracks the square footage of its facilities and continues to reduce the amount of space for operations through consolidations, co-locating, and returns of excess space in accordance with the <i>OMB Memorandum M-12-12, Section 3: Reduce the Footprint</i> . The SBA will not receive actual FY 2018 results for Real Estate Footprint Reduction from GSA until February 2019. Future targets reflect a 1 percent reduction based on the SBA Real Property Efficiency Plan submitted to GSA through FY 2022. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| SBA Financial Assistance Closure Rate | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | TBD |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This new measure supports both the GONE and DATA Acts. The closure rate is calculated by dividing the number of grants closed by the number awarded. | | | | | | | | | |

Strategic Objective 4.2: Build a High-Performing Workforce

| Performance Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Federal Employee Viewpoint Survey Job Satisfaction Rate | Target | 71% | 71% | 71% | 64% | 67% | 67% | 67% | 68% |
| | Actual | 66% | 65% | 62% | 64% | 67% | 68% | | |
| | Variance | -7% | -8% | -13% | 0% | 0% | 2% | | |
| Additional Information: The satisfaction rate is the Human Capital Assessment and Accountability Framework (HCAAF) Trends – Job Satisfaction Index, which indicates the extent to which employees are satisfied with their jobs. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Retention Rate for New Hires | Target | 85% | 88% | 93% | 93% | 93% | 93% | 80% | 80% |
| | Actual | 77% | 74% | 79% | 92% | 89% | 80% | | |
| | Variance | -9% | -16% | -15% | -1% | -4% | -14% | | |

| Additional Information: The retention rate is defined as an employee remaining in a position for a minimum of two years within the Agency. The SBA has examined its methodology and recalculated the retention rates from FY 2013 to FY 2016, resulting in an increase of the retention rate target to 93 percent. The retention rate has lowered due to increased performance expectations. Further planning and analysis will support program managers retain staff. | | | | | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|----------|---------|---------|---------|---------|---------|
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Average Number of Days to Hire | Target | 80 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| | Actual | 154 | 85 | 97 | 98 | 76 | 98 | | |
| | Variance | 93% | -15% | -3% | -2% | -24% | -2% | | |
| Additional Information: Time to hire includes the time a completed recruit action is received until the job offer is accepted. In FY 2013, sequestration adversely impacted the time-to-hire goal. The Agency had to manage the onboarding of new hires to support adjustments in the full time equivalent (FTE) ceilings for budget requirements related to the Continuing Resolution constraints. The FY 2014 figures actually decreased as a result of changes in the measure calculation methodology. In FY 2017 and FY 2018, OHRS collaborated with SBA's executives and hiring managers in use of expanded federal hiring flexibilities. The SBA provided targeted job analyses training to hiring managers to enhance their effectiveness and efficiency in assessing and selecting the best candidates. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Federal Employee Viewpoint Survey Engagement Index | Target | N/A | N/A | Baseline | 64% | 67% | 67% | 68% | 68% |
| | Actual | 65% | 62% | 60% | 63% | 67% | 69% | | |
| | Variance | N/A | N/A | N/A | -2% | 0% | 3% | | |
| Additional Information: The index is comprised of three sub-categories: Leaders Lead, Supervisors, and Intrinsic Work Experience. The SBA established this measure in FY 2016. Historical data are provided for context. | | | | | | | | | |

Strategic Objective 4.3: Implement Enterprise-wide Information System Modernization Cost-effective Technology

| Performance Goal | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|----------|---------|
| IT Cost Savings/Avoidance (Millions) | Target | N/A | N/A | N/A | N/A | N/A | 10.5 | 10.8 | 11.5 |
| | Actual | N/A | N/A | N/A | N/A | 8.3 | 11.9 | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | 13% | | |
| Additional Information: The metric reports the cumulative cost savings/avoidance related to OMB initiatives such as Data Center Optimization Initiative (DCOI), commodity IT, migration to the cloud, software license management, and PortfolioStat. ^[1] The OCIO exceeded its FY 2018 targets by identifying additional IT savings for commodity IT and Software Licenses. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percent of IT Projects Completed Within Schedule | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | 80% |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The metric reports the top five OCIO IT projects within schedule, including the SBA IT investment portfolio. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Percentage of SBA Enterprise-Wide Cloud Applications | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | TBD |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: The metric reports the percentage of SBA's enterprise-wide cloud applications completed compared to those applications still needing cloud migration. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |

[1] Data are reported via Integrated Data Collection (IDC) Quarterly Submission.

| | | | | | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----|-----|-----|-----|-----|-----|----------|-----|
| Percent of IT Workforce Participating in Formal IT training Plans | Target | N/A | N/A | N/A | N/A | N/A | N/A | Baseline | TBD |
| | Actual | N/A | N/A | N/A | N/A | N/A | N/A | | |
| | Variance | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Additional Information: This metric reports the percent of IT staff utilizing the formal SBA IT workforce training plan. The IT Strategic Workforce Plan will identify a competency model for the 2210 workforce job series. OHRs and OCIO will identify the total number of staff with training gaps and monitor the number of staff using the IT workforce training plan. | | | | | | | | | |

Appendix 6 — Management Challenges

The SBA Inspector General submitted its Report Number 19-01 entitled “Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration in Fiscal Year 2019,” October 11, 2018. The 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. Within each management challenge is a series of recommended actions by the OIG to resolve the challenge. Refer to the associated strategic objectives section for details regarding the recommended actions and SBA’s progress on addressing the challenges.

| Challenge | | | Strategic Objective |
|-----------|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 1 | Small Business Contracting | Weaknesses in Small Business Contracting Programs and Inaccurate Procurement Data Undermine the Reliability of Contracting Goal Achievements | 1.3 |
| 2 | IT Leadership | SBA Needs to Continue to Improve Information Technology Controls to Address Operational Risks | 4.3 |
| 3 | Human Capital | SBA Needs Effective Human Capital Strategies to Carry Out Its Mission Successfully and Become a High-Performing Organization | 4.2 |
| 4 | SBA Loan Program Risk Management and Oversight | SBA Needs to Improve its Risk Management and Oversight Practices to Ensure its Loan Programs Operate Effectively and Continue to Benefit Small Businesses | 1.1 |
| 5 | 8(a) Business Development Program | SBA Needs to Ensure that the Section 8(a) Business Development Program Identifies and Addresses the Needs of Program Participants, Only Eligible Firms Are Admitted into the Program, and Standards for Determining Economic Disadvantage Are Justifiable | 2.1 |
| 6 | SBA Loan Programs | SBA Can Improve its Loan Programs by Ensuring Quality Deliverables and Reducing Improper Payments at SBA Loan Operation Centers | 1.1 |
| 7 | Disaster Assistance Program | SBA’s Disaster Assistance Program Must Balance Competing Priorities to Deliver Timely Assistance and Reduce Improper Payments | 3.1 |
| 8 | Grant Management Oversight (New) | SBA Needs Robust Oversight of Its Grant Management | 4.1 |

To read the full report, visit: <https://www.sba.gov/sites/default/files/oig/SBA-OIG-Report-19-012.pdf>.

U.S. Small Business Administration
Office of Advocacy

**Fiscal Year 2020
Congressional Budget Justification**

and

**Fiscal Year 2018
Annual Performance Report**

U.S. Small Business Administration Office of Advocacy

Fiscal Year 2020 Congressional Budget Justification and Fiscal Year 2018 Annual Performance Report

Overview

The Office of Advocacy (Advocacy) is an independent office within the U.S. Small Business Administration (SBA). Advocacy has its own statutory charter, Title II of Public Law 94-305 as amended (15 U.S.C. § 634a *et seq.*), originally enacted in 1976. It is headed by a Chief Counsel for Advocacy, appointed by the President and confirmed by the Senate. Advocacy works to reduce the burdens that Federal regulations and other policies impose on small entities and provides vital small business research for the use of policymakers and other stakeholders.

The mission of Advocacy is to encourage policies that support the development and growth of American small businesses by:

- Intervening early in Federal agencies' regulatory development processes on proposals that affect small entities and providing Regulatory Flexibility Act²⁷ compliance training to Federal agency policymakers and regulatory development officials;
- Producing research to inform policymakers and other stakeholders on the impact of Federal regulatory burdens on small businesses, to document the vital role of small businesses in the economy, and to explore and explain the wide variety of issues of concern to the small business community; and
- Fostering two-way communication between Federal agencies and the small business community.

Advocacy represents the interests of small businesses within the Federal government. It advances the views and concerns of small businesses before Congress, the White House, Federal agencies, the Federal courts, and state and local policymakers as appropriate. Economic research, policy analyses, and small business outreach help identify issues of concern. Documentation of the contributions of, and challenges for, small businesses in the U.S. economy provides policymakers with the information that they need to make better decisions.

²⁷ Regulatory Flexibility Act (RFA) of 1980 as amended (5 U.S.C. § 601 *et seq.*).

In addition to those responsibilities included in Advocacy’s basic charter, further duties and powers were conferred upon the Chief Counsel for Advocacy by the Regulatory Flexibility Act (RFA) of 1980 as amended and Executive Order 13272. These duties include the monitoring of Federal agency compliance with the RFA, providing RFA compliance training to regulatory officials, and assisting regulatory agencies during all stages of the rule development process to mitigate the potential impact of rules on small entities while still achieving their regulatory objectives.

Public Law 111-240, the Small Business Jobs Act of 2010, further amended Advocacy’s statutory authority to require that each budget submitted by the President shall include a separate statement of the amount of appropriations requested for Advocacy, and that these funds be designated in a separate Treasury account. The Act also requires SBA to provide Advocacy with office space, equipment, an operating budget, and communications support, including the maintenance of such equipment and facilities (15 U.S.C. § 634g(b)).

Before FY 2012, Advocacy was fully integrated within SBA’s Executive Direction budget. In recognition of the office’s independent status and newly separate appropriations account, Advocacy’s FY 2013 Congressional Budget Justification and FY 2011 Annual Performance Report were for the first time presented in a separate appendix to SBA’s submission. The current budget request for FY 2020 continues to use this format, which is intended to improve the transparency of Advocacy’s operations and costs, more clearly identify the resources available to Advocacy, and provide a basis for performance measurement.

FY 2020 Budget Request

For FY 2020, the Office of Advocacy requests \$9.12 million in new budget authority for its direct expenses, the same amount requested for FY 2019 and enacted in FY 2018.

| New Budget Authority (<i>dollars in millions</i>) | | | | | | | | |
|-----------------------------------------------------|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| FY 2012 Enacted | FY 2013 Enacted ¹ | FY 2014 Enacted | FY 2015 Enacted | FY 2016 Enacted | FY 2017 Enacted | FY 2018 Enacted | FY 2019 Enacted | FY 2020 Request |
| 9.120 | 8.643 | 8.750 | 9.120 | 9.120 | 9.220 | 9.120 | 9.120 | 9.120 |

¹ As adjusted by sequestration.

The largest portion of Advocacy’s request, \$8.65 million, is planned for the compensation and benefits of Advocacy’s professional staff. Staffing accounts for approximately 95 percent of Advocacy’s total FY 2020 budget and is planned at 52 full-time equivalent positions. Of the balance of Advocacy’s request, \$150,000 is planned to supplement available carryover balances for the office’s congressionally-mandated economic research program, and \$320,000 is planned

for all other direct expenses, including subscriptions to legal and economic research resources, travel, training, office supplies, and other miscellaneous expenses directly attributable to Advocacy.

Pursuant to Section 1602(b) of Public Law 111-240, SBA will provide additional support to Advocacy, including office space and equipment, communications and IT services, and maintenance of equipment and facilities. The costs for these services, as well as centralized indirect expenses shared with other SBA offices, appear elsewhere in SBA's budget request.

Small businesses are the engine of innovation, economic growth and job creation in America. Advocacy's FY 2020 request will allow it to continue its mission of supporting the startup, development and growth of small businesses and to focus on priority areas, including regulatory reform. Advocacy's activities have always required cross-agency collaboration with other Federal agencies throughout government. This includes assisting agencies in achieving their regulatory goals without unnecessary adverse consequences for small entities, adding value to the data that they collect and making it more accessible to stakeholders, and providing RFA compliance training to policy and rule development officials in more than 100 agencies. Advocacy engages every day in cross-agency cooperation to remove barriers to small business innovation, economic growth and job creation, and to provide stakeholders with the information they need to make informed decisions, as described in the Planned Performance sections below.

Advocacy Strategic Goals

As part of the separation of Advocacy's annual budget justification and performance report from those of SBA, Advocacy adopted two strategic goals that are specific to the office, and it revised the performance indicators that are associated with these goals. The two goals align closely with Advocacy's two primary statutory responsibilities, regulatory advocacy and economic research. For each goal, a discussion follows on implementation strategies, performance objectives, FY 2018 accomplishments, and FY 2020 planned performance. Tables with performance metrics, including benchmarks and percent variations, follow these sections.

Advocacy Strategic Goal 1: To be an independent voice for small businesses inside the government and to assist Federal agencies in the development of regulations and policies that minimize burdens on small entities in order to support their start-up, development and growth.

Implementation strategies

Monitoring of Federal regulatory activity. Advocacy's Office of Interagency Affairs monitors new Federal regulatory proposals through publicly available sources such as the *Federal Register* and the agencies' periodic publication of their regulatory agendas. Many agencies also notify

Advocacy directly in advance of planned regulations, particularly when these proposals have significant costs or would affect significant numbers of small entities. Pursuant to Executive Order 13272, Advocacy also consults on regulatory proposals with the Office of Management and Budget's (OMB) Office of Information and Regulatory Affairs, with which the office has a strong working relationship. In addition, the Environmental Protection Agency, the Occupational Safety and Health Administration, and the Consumer Financial Protection Bureau have special statutory requirements for notifying Advocacy of planned regulatory activity with significant effects. Advocacy also subscribes to various publications and services that specialize in tracking legislation, regulations, and public policy issues.

Solicitation of the views of stakeholders. Advocacy conducts a continuing program of outreach to its many stakeholders to solicit their views on issues of concern to small businesses. One of the most important sources of input are roundtables that Advocacy sponsors on specific topics, at which representatives of small businesses, industries and government agencies can meet and informally discuss matters of current interest. Many of these roundtables are held in Washington, but Advocacy also hosts regulatory roundtables across the country at which its professional staff can meet directly with stakeholders to learn what issues are of most importance to them in their own areas. Regulatory agencies whose actions could have particular impacts in these communities are also invited to participate in Advocacy's regional roundtables. Advocacy also sponsors larger conferences and symposia to discuss major issues. Advocacy maintains close contact with many congressional committees, including those with jurisdiction over the most important areas of interest to small businesses. The Chief Counsel regularly meets with business organizations and trade associations, in addition to traveling throughout the country to hear directly from stakeholders. Advocacy's regional advocates are the office's eyes and ears outside of Washington, and the office also receives a steady flow of input on small business concerns from its stakeholders, including business organizations and trade associations, congressional offices, SBA offices and resource partners, and small businesses themselves.

Engagement with Federal agencies on regulations and policies affecting small businesses. After an issue of interest has been identified, Advocacy's Office of Interagency Affairs works with regulatory development officials and policymakers to ensure that the views of small entities are known and considered in the agency's actions. This engagement can take many forms, depending on the stage of the policy or regulatory proposal. Advocacy attorneys and economists often have pre-proposal consultations with regulatory development officials to help them design a rule that will accomplish the agency's regulatory objectives while minimizing burdens on small entities. Advocacy also provides regulatory agencies with technical assistance of various types to help ensure agency compliance with the Regulatory Flexibility Act (RFA) and related requirements. Such assistance can include estimates of the numbers of businesses likely to be affected by a proposal, legal opinions on RFA issues, the review of draft materials, arranging consultations with affected industry representatives, and other assistance specific to each case. Advocacy intervenes at all stages of the rule development process, from confidential pre-decisional deliberative consultations before a proposal is made, to formal comments after a

proposed rule has been published, to comments after a rule has been finalized. Advocacy also provides congressional testimony on issues affecting small business as requested, and the office regularly advises congressional committees on small business issues.

Small Business Regulatory Enforcement Fairness Act (SBREFA) Panels. The Small Business Regulatory Enforcement Fairness Act (Title II of P.L. 104-121, as amended) requires three agencies (the Environmental Protection Agency, the Occupational Safety and Health Administration, and the Consumer Financial Protection Bureau) to take special steps to ensure that the views and needs of small entities are considered early in the process of drafting rules that could have significant effects. In the SBREFA panel process, Advocacy, OMB's Office of Information and Regulatory Affairs, and the rule-writing agency develop information solicited from small entity representatives and other sources concerning the potential impacts of a new agency proposal. The panel then considers alternatives that minimize burdens, and it prepares a report with recommendations that must by law be addressed in the final rule. The extra steps required for those agencies and regulations subject to the panel process ensure that small business concerns are considered early in the rule development process, and the process is an important tool for Advocacy.

Regulatory Flexibility Act compliance training. The Regulatory Flexibility Act, first enacted in 1980 and strengthened in 1996 and 2010, requires most federal regulatory agencies to consider the effects of planned regulatory actions on small entities, and to take steps to minimize them when possible, including the consideration of alternatives for rules with significant impacts and the convening of SBREFA panels with special outreach provisions for certain agencies. Failure to comply with RFA requirements can result in litigation. A significant body of RFA case law has developed over the years, and courts have struck down rules because of RFA problems. Executive Order 13272 requires Advocacy to provide RFA compliance training to federal regulatory development officials, and the office has a continuing program to provide live classroom training to regulatory officials throughout the government. RFA training is customized to each individual agency or multi-agency group receiving the training. Advocacy believes that better-trained regulatory and policy staff can better assess the potential need for both regulation and de-regulation and, when regulation is necessary, develop smarter rules that have reduced impacts on small entities. Better compliance and reduced litigation are also favorable outcomes resulting from fully RFA-compliant rules.

Retrospective review of regulations. Section 610 of the Regulatory Flexibility Act requires agencies to review existing regulations periodically to determine whether they are still justifiable based on a number of factors. Advocacy believes that the full potential of this provision in the RFA has not been realized, and welcomed Executive Orders 13563, 13579, and 13610, which among other provisions, directed departments and agencies throughout government to review existing significant regulations and consider how best to promote retrospective analyses of rules that may be outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned. Advocacy continues to work with OMB and regulatory agencies to identify rules

where regulatory cost savings can be achieved. More recently, President Trump signed important new executive orders on regulatory reform, including Executive Orders 13771 and 13777 which require Federal agencies to take more aggressive steps to alleviate unnecessary regulatory burdens. Advocacy stands ready to help all agencies in this effort.

Performance objectives

Advocacy has two performance objectives related to Strategic Goal 1:

- Objective 1.1 - the achievement of regulatory cost savings of at least \$6.5 billion in FY 2020 from rules on which Advocacy has worked; and
- Objective 1.2 - the provision of Regulatory Flexibility Act compliance training in FY 2020 to at least 100 policymakers and regulatory development officials in Federal agencies which promulgate regulations that impact small entities.

Representing the concerns of small businesses before Federal regulatory agencies is one of Advocacy's most important statutory missions. Advocacy has adopted the achievement of regulatory cost savings for small businesses and other small entities as an outcome performance measurement for this activity, although the office also works with agencies to advance small entity interests in other ways that do not necessarily produce measurable cost savings.

Advocacy works with Federal regulatory agencies at all stages of the rule development process to help them design regulations that will minimize unnecessary costs to small entities while still achieving agency regulatory objectives. Cost savings from rules on which Advocacy has intervened consist of forgone capital or annual compliance costs that otherwise would have been required in the first year of a rule's implementation. Advocacy captures cost savings in the quarter and fiscal year in which the regulating agency agrees to changes resulting from Advocacy's intervention and not necessarily during the period in which the intervention occurred. Therefore, the results reported for any year do not reflect the total of Advocacy's interventions to date that may produce quantifiable cost savings in the future. Cost savings estimates are generally based on estimates from the agencies promulgating the rules in which Advocacy intervened, although industry estimates may be used in some cases.

A limitation of this performance measure is that it is impossible to predict with any degree of accuracy when Federal agencies will publish final rules that reflect cost savings from rules in which Advocacy intervened, and it is equally difficult to predict the amount of savings likely to be achieved before action on a rule begins. Cost savings rely on externalities (i.e., it is a regulatory agency's decision to reduce the burden on small entities, not Advocacy's), so significant variations from established goals can and do occur. Also, because agencies may make further revisions to a rule, cost savings may change over time based on new information and/or further negotiations and revisions. However, even with these limitations, past performance over an extended period has demonstrated that significant cost savings have been

achieved and measured.²⁸ Another limitation of this measure is that Advocacy is unable to include in its annual estimate of regulatory cost savings those savings that result solely from pre-decisional deliberative consultations or technical assistance provided to regulatory agencies. These savings are in addition to those claimed under this performance measure and are substantial but impossible to measure with accuracy.

The second performance objective for Strategic Goal 1 in FY 2020 is that Advocacy will provide Regulatory Flexibility Act compliance training to at least 100 policymakers and regulatory development staff in Federal agencies which promulgate regulations that impact small entities. This is also an outcome measure, with the result that Federal regulatory officials have the expertise to assess the need for regulation or de-regulation and, if necessary, to develop and publish better rules that achieve their regulatory objectives while minimizing unnecessary burdens on small entities. Reduced RFA-related litigation and better compliance by the regulated community may also result.

Executive Order 13272 requires Advocacy to provide the RFA compliance training measured by this performance indicator. Since Advocacy began its ongoing RFA compliance training program in 2004 through FY 2018, such live classroom training has been provided to officials in 18 cabinet-level departments and agencies, 78 separate component agencies and offices within these departments, 23 independent agencies, and various special groups including congressional staff, business organizations and trade associations.

FY 2018 Accomplishments

During FY 2018, Advocacy achieved \$255.3 million in first-year regulatory cost savings, \$253.6 million of which will also be annually recurring savings, although they will not be counted again for the purposes of performance measurement. These savings resulted from actions on seven separate Federal regulations originating in five agencies (the Environmental Protection Agency, the Department of the Interior's Bureau of Land Management and its National Park Service, the Department of Agriculture's Agricultural Marketing Service, and the Department of Energy's Office of Energy Efficiency and Renewable Energy). Information on these rules will be detailed in Advocacy's annual RFA report for FY 2018. This report and those for past years are posted online at: <http://www.sba.gov/advocacy/regulatory-flexibility-act-annual-reports>. Advocacy expects additional significant savings to be achieved as a result of its continuing work on other rules during FY 2018, but savings are not scored until a rule is finalized, and the timing for this is beyond Advocacy's control.

As noted in the preceding section, cost savings rely on factors over which Advocacy has no control, including regulatory agencies' decisions on cost-reducing modifications to their proposed rules and the timing of those decisions. As a result, significant variations from

²⁸ These cost savings are reported in both Advocacy's annual RFA reports (posted at <https://www.sba.gov/advocacy/regulatory-flexibility-act-annual-reports>) and its annual Congressional Budget Justifications (posted at <https://www.sba.gov/advocacy/performance-budget>).

Advocacy's established goals can and do occur. During FY 2018, the Administration's aggressive government-wide efforts to reduce regulatory costs have been very successful. Administration initiatives have reduced the number of new regulations, required off-setting cost reductions when regulations are proposed, mandated the review of existing regulations for potential simplification or elimination, and generally required regulatory agencies to be more sensitive to the costs that their actions impose. Advocacy is fully supportive of these efforts and welcomes all resulting reductions in regulatory costs for small entities.

As agencies across government have responded to these new Administration initiatives, not only have there been fewer new regulations, but agencies are doing a better job of examining the potential costs of their actions before they decide to publish a regulation, a practice that Advocacy has promoted for many years. One result of this is that Advocacy has had fewer opportunities to have a cost-reducing impact between the publication of agencies' proposed rules and their finalization, the period during which Advocacy scores any regulatory cost savings in its own performance metrics. Advocacy is reviewing how to improve its regulatory advocacy performance metrics to more accurately measure its efforts and their effects, and to reduce its reliance on the actions and data of other agencies over which it has no control.

The second performance metric associated with Advocacy's Strategic Goal #1 is the provision of Regulatory Flexibility Act compliance training to policy and regulatory development officials. During FY 2018, Advocacy provided training to 132 officials at regulatory agencies, exceeding its annual goal for this activity that at least 100 officials receive such training.

Although not used as performance indicators, two other measures relating to regulatory advocacy illustrate the diversity of activity in which Advocacy was engaged. During FY 2018, Advocacy provided sixteen public comment letters to fourteen different agencies on a variety of proposals affecting small business. These and prior regulatory comment letters can be accessed at <https://www.sba.gov/category/advocacy-navigation-structure/legislative-actions/regulatory-comment-letters>.

Also during FY 2018, Advocacy's legal team hosted twelve roundtables in Washington to collect information from stakeholders on a range of issues, and 23 additional regional regulatory roundtables were hosted outside of Washington around the country. More information on the Washington roundtables is posted at <https://www.sba.gov/category/advocacy-navigation-structure/regulatory-roundtables>, and on the regional regulatory roundtables at <https://www.sba.gov/advocacy/regulatory-reform>.

During FY 2018, Advocacy also provided the Administration with counsel subsequent to Executive Order 13771 (*Reducing Regulation and Controlling Regulatory Costs*; January 30, 2017) and Executive Order 13777 (*Enforcing the Regulatory Reform Agenda*; February 24, 2017) which require Federal agencies to take more aggressive steps to alleviate unnecessary regulatory burdens. These steps include the establishment of a Regulatory Reform Task Force in each agency to identify regulations that eliminate jobs or inhibit job creation; are outdated,

unnecessary, or ineffective; impose costs that exceed benefits; interfere with regulatory reform initiatives and policies; or that rely on questionable data, information or methods. The Task Force must report to its agency head progress made towards identifying regulations for repeal, replacement or modification, and agencies must incorporate into their annual performance plans indicators that measure progress towards these goals.

The new executive orders are intended to work in tandem with and strengthen the earlier Executive Orders 12866 and 13563, which are both mentioned by name in Executive Order 13777 and through which Advocacy has for years provided counsel to the Administration and Federal agencies on regulatory issues affecting small businesses. This new regulatory initiative is very much in keeping with Advocacy's mission, the RFA and Executive Order 13272. During 2018, Advocacy continued to examine rules that agencies determined should be reviewed, and the office continues to provide counsel on which rules would likely lead to regulatory burden reduction for small business.

Also of importance in the office's regulatory advocacy activities is its participation in the Small Business Regulatory Enforcement Fairness Act (SBREFA) panels required by Title II of Public Law 104-121, as amended, for significant rules planned by three agencies: the Environmental Protection Agency, the Occupational Safety and Health Administration, and the Consumer Financial Protection Bureau. In the panel process, representatives of the rule-writing agency, OMB, and Advocacy are empaneled to solicit information from industry representatives and other sources on the potential effects of a new agency proposal, to consider alternatives that minimize burdens, and to prepare a report with recommendations that must by law be addressed in the final rule. Although SBREFA panels are labor intensive, they have a proven track record of helping agencies write better rules. During FY 2018, one new SBREFA panel was initiated by OSHA on telecommunications towers, and it was completed in October 2018.

FY 2020 Planned Performance

The Office of Advocacy intends to continue to achieve regulatory cost savings and a reduced regulatory burden through its regulatory interventions. The office relies on various types of activities to achieve regulatory cost savings. These include: participating in the SBREFA panel process for regulations promulgated by EPA, OSHA, and the Consumer Financial Protection Bureau; writing official comments to Federal regulatory agencies on their compliance with the Regulatory Flexibility Act and other rulemaking activities; testifying before Congress on small business issues; responding to OMB referrals on proposed legislation and regulatory proposals; participating with OMB during the Executive Order 12866 review process and during implementation of Executive Order 13272; and providing technical and RFA compliance assistance to agencies as requested at all stages of the rule development process.

In FY 2020, Advocacy's goal for regulatory cost savings is \$6.5 billion. Although year-to-year fluctuations can and do occur, the 20-year long-term annual average of Advocacy's cost savings metric is \$6.54 billion from FY 1999 through FY 2018. Advocacy continues to review difficulties

in the quantification of cost savings resulting from rules on which it has worked. In recent years, Advocacy has helped agencies improve numerous draft rules, reducing burdens on small entities, but many agencies have not provided data upon which cost savings estimates can be based. Because Advocacy was not able to quantify savings on these rules, none were claimed.

More recently, important new Administration initiatives have reduced the number of new regulations, required off-setting cost reductions for new rules that are published, and encouraged agencies to do a better job of examining the costs of their proposals before they publish them. Advocacy is very supportive of these efforts, but one result is that Advocacy has had fewer opportunities to have a cost-reducing impact between the publication of agencies' proposed rules and their finalization, the period during which Advocacy scores any regulatory cost savings in its performance metrics. Advocacy is reviewing how to improve its regulatory advocacy performance metrics to more accurately measure its efforts and their effects, and to reduce its reliance on the actions and data of other agencies over which it has no control.

Advocacy will continue to train Federal regulatory agency personnel on RFA compliance, as required by Executive Order 13272. Classroom training has been conducted by Advocacy staff since FY 2004 and will continue indefinitely. Agencies have been responsive to the classroom training that their staffs have received, and many have implemented better regulatory flexibility practices as a result. Almost all Federal regulatory agencies have now received RFA compliance training from Advocacy, but Advocacy will continue to provide refresher training, train new personnel, and train officials of component agencies within major departments. Advocacy expects to exceed its FY 2020 goal of providing RFA training to at least 100 regulatory officials.

In FY 2020, Advocacy will continue to assist regulatory agencies in complying with the requirements of Executive Orders 13563, 13579 and 13610. These orders direct Federal regulatory agencies to promote the coordination, simplification and harmonization of regulations that are redundant, inconsistent or overlapping across agencies. They also direct agencies to consider regulatory flexibility whenever possible, to ensure scientific and technological objectivity in regulatory development, and to identify means to achieve regulatory goals that are designed to promote innovation. The orders and related guidance documents also direct agencies to review existing significant regulations and consider how best to promote retrospective analysis of rules that may be outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned. Public participation in this process is encouraged and an accountability framework through agency reporting to OMB has been established.

More recently, President Trump has signed Executive Order 13771 (*Reducing Regulation and Controlling Regulatory Costs*; January 30, 2017) and Executive Order 13777 (*Enforcing the Regulatory Reform Agenda*; February 24, 2017) which require Federal agencies to take more aggressive steps to alleviate unnecessary regulatory burdens. The new executive orders are intended to work in tandem with and strengthen the earlier Executive Orders 12866 and 13563, which are both mentioned by name in Executive Order 13777. Advocacy stands ready to help

all agencies in this newly strengthened effort to review regulations and reduce their burdens when possible.

In FY 2020, Advocacy will continue to work with OMB and Federal regulatory agencies as they implement the retrospective review of existing regulations as provided by both Section 610 of the RFA and executive orders. Advocacy will examine rules that agencies determine should be reviewed, and provide further recommendations and technical assistance to encourage regulatory burden reduction for small business.

Advocacy is prepared for new SBREFA panel activity in FY 2020. Although it is impossible to predict with accuracy how many of these labor-intensive panels will be convened in the future, Advocacy is prepared to accommodate this priority work.

At the request of OMB's Office of Information and Regulatory Affairs and the Office of the United States Trade Representative, Advocacy has participated since 2012 in various international working groups on regulatory cooperation and trade initiatives that would affect U.S. small businesses. International regulatory cooperation has become the subject of recent trade negotiations, including disproportionate burdens that smaller businesses may face in international trade. Advocacy's unique knowledge of how regulations affect small business can help American small businesses have a place at the table during trade negotiations. The office continues to explore how it can represent U.S. small businesses both in dealing with foreign regulations and those U.S. regulations impeding small business involvement in international trade. Lowering such regulatory barriers could open vast new markets to smaller firms.

On May 18, 2017 the Administration formally notified Congress of its intent to renegotiate the North American Free Trade Agreement (NAFTA). This triggered Advocacy's first ever convening of an Interagency Working Group (IWG) under Public Law 114-125, the Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA). This statute established a new role for Advocacy to facilitate greater consideration of small business issues during international trade negotiations. Under TFTEA, the Chief Counsel for Advocacy must convene an IWG whenever the President notifies Congress that the Administration intends to enter into trade negotiations with another country, including re-negotiations of existing treaties. The purpose of the IWG is to conduct small business outreach in the manufacturing, services, and agriculture sectors and to receive input from small businesses on the potential economic effects of a trade agreement on these sectors. From these efforts, the IWG is charged with identifying in a report to Congress the most important priorities, opportunities, and challenges affecting these industry sectors. This report must also provide an analysis of the economic impact on various industries, information on state-owned enterprises, recommendations to create a level playing field for U.S. small businesses, and information on Federal regulations that should be modified in compliance with the potential trade agreement.

Advocacy is currently working with its Federal agency partners to finalize a TFTEA report on the impact of a renegotiated NAFTA and will transmit the report to Congress, following the

signing of the United States-Mexico-Canada Agreement (USMCA) on November 30, 2018. As the USMCA was being concluded, the President on October 16, 2018 notified Congress of the intent to negotiate trade agreements with Japan, the European Union and the United Kingdom. Advocacy has convened an Interagency Working Group for each of these, as required by the TFTEA statute, and will produce a report for each as well. Advocacy will continue to use its resources and regulatory experience to help small businesses participate in international trade with a more level playing field.

Advocacy Strategic Goal 2: To develop and disseminate research and data on small businesses and the role that they play in the economy, including the availability of credit, the effects of regulations and taxation, the role of firms owned by women, minority and veteran entrepreneurs, innovation, and factors that encourage or inhibit small business start-up, development and growth.

Implementation strategies

Adding value to raw data. Advocacy itself is not a data collection agency (although in some contract research projects, surveys may be conducted). Instead, Advocacy's Office of Economic Research assembles and uses data and other information from many different sources to develop data products that are as timely and actionable as possible. Advocacy's efforts often add value to existing government data resources by developing information that is useful to small business stakeholders from sources that may not have been originally intended for that purpose. Advocacy economic research funds support the development of small firm data at agencies such as the U.S. Census Bureau. Other agencies which have contributed to Advocacy research include the Bureau of Labor Statistics, the Internal Revenue Service, the Social Security Administration, the Federal Reserve Board, the Departments of Education, Defense and Veterans Affairs, and additional components in the Departments of Commerce and Labor. Advocacy has used data from all of these agencies and other sources in its data and research products. Advocacy aims in all its data publications to respond to the needs of its stakeholders with products that help answer their questions and inform their decisions with the best information possible.

Specialized contract research. Another important activity in meeting this strategic goal is contract research to address specialized issues of concern to Advocacy's stakeholders. These issues are many and varied. Some have been addressed regularly, such as the cost of regulation, innovation, job creation, taxation, and topics relating to firms owned by women, minority and veteran entrepreneurs. Other topics reflect changing policy issues and priorities or respond to requests from stakeholders. Subject to the availability of funding, Advocacy solicits ideas for its discretionary contract research program each year, and announcements for competitive research proposals are published as small business set-asides through the regular government procurement process. Advocacy also uses contract research funds to update older studies of special value when resources are available.

Assistance in regulatory advocacy. Advocacy economists work with agencies throughout government every day to assess the potential impact of proposed regulations on small entities. This is an example of how the various operating divisions within Advocacy work together to advance the office’s goals. Regulatory flexibility analyses, and threshold analyses to determine what RFA provisions apply to a given proposal, often turn on how many firms of what size would be affected by that proposal. Advocacy’s regulatory economists provide data and economic analyses to help quantify these effects. Advocacy research funds have also supported a competitive “indefinite date – indefinite quantity” (IDIQ) contract for professional assistance on impact analyses that are needed on particularly complex proposals or ones with potentially large impacts.

Dissemination of research. Advocacy research products receive wide distribution. All data products and contract research studies are published online, and information on new research is included in Advocacy’s electronic newsletter, *The Small Business Advocate*, which goes to 36,000 online subscribers. Also, Advocacy’s specialized research and data listserv goes to more than 29,000 subscribers, and its regulatory listserv goes to 27,000 subscribers. Roundtables are held to discuss the office’s research products, in addition to conferences and symposia on topics of special interest, such as access to capital and innovation. Advocacy’s Office of Interagency Affairs shares economic research with its contacts throughout government, and Advocacy’s field component of ten regional advocates promotes the office’s data and research products in presentations throughout the country. Advocacy data and research products are frequently cited in the press, and they are widely used by congressional offices, government policymakers, and many other stakeholders.

Performance objectives

Advocacy has three performance objectives related to Strategic Goal 2:

- Objective 2.1 - in FY 2020, the publication of at least 20 research and data products related to small businesses and issues of concern to them;
- Objective 2.2 - in FY 2020, at least 360 outreach events by Advocacy’s regional advocate team at which research or data developed by Advocacy or policy and regulatory issues are discussed with at least five or more small business stakeholders; and
- Objective 2.3 - in FY 2020, at least 12 presentations by Advocacy economists on Advocacy research to academic, media, or policy audiences.

In addition to regulatory advocacy, the second core responsibility of the Office of Advocacy is the development of economic research and data products relating to the role that small businesses play in the nation’s economy, including the availability of credit, the effects of regulations and taxation, the role of firms owned by women, minority and veteran entrepreneurs, factors that influence entrepreneurship, innovation and other issues of concern to small businesses.

Advocacy economists perform and publish in-house research in addition to managing contract research projects on specific issues. Advocacy economic research funds also support the development of small firm data at other agencies such as the U.S. Census Bureau. Advocacy economists also work with agencies throughout government on a daily basis to assess the potential impact of their regulations on small entities.

Advocacy is continuing its output measure of the number of its published research and data products related to small businesses and issues of concern to them, with a FY 2020 goal of 20 such products. These research reports inform policymakers by providing data on small business demographics, demonstrating the importance of the role of small business in the economy, highlighting the impact of Federal policies and regulations on small businesses, and providing new research on specialized issues of interest to stakeholders. Advocacy believes that good policy requires good information, and the office's research and data products result in the outcome that policymakers have the information they need to make better decisions.

A second performance objective for Strategic Goal 2 is an output measure that Advocacy's ten regional advocates collectively participate in at least 360 outreach events with at least five small business stakeholders where Advocacy research or data products or regulatory and policy issues are discussed. Advocacy makes every effort that its research and data products provide information that is both timely and actionable, with the outcome that stakeholders can make better decisions. It is also important that these stakeholders are aware of the availability of Advocacy's work, and how to access it electronically.

Many of Advocacy's stakeholders and users of its research products are located in or near Washington, including congressional offices, Federal agencies, and business and trade associations. However, there is an important need to promote awareness of Advocacy's work not just in Washington, but also in communities throughout the country where the vast majority of small businesses are located. Advocacy's regional advocates promote this awareness in their respective regions. This performance indicator measures Advocacy's continuing outreach efforts to disseminate information on economic research products and pending regulatory proposals.

A third performance objective for Strategic Goal 2 is an output measure that Advocacy economists make at least 12 economic presentations to academic, media, or policy audiences each year. Typical events in which presentations might take place include academic conferences, trade association meetings, policy symposia, think tank events, or government-sponsored events.

FY 2018 Accomplishments

During FY 2018, Advocacy published 20 research and data products, meeting its annual goal. Advocacy released new editions of its popular *Small Business Profiles for the States and Territories*,

its *Frequently Asked Questions About Small Business*, its *What's New With Small Business?*, and the office's *Small Business Quarterly Bulletins*. A new edition of Advocacy's *Small Business Lending in the United States* was also released. Two new papers were added to Advocacy's series of Issue Briefs, *One Year of Crowdfunding: Initial Market Developments and Trends*, and *Examining Small Business Impacts in the Regulatory Development Process: The Drawbacks of Averaging*. Four new items were added to Advocacy's growing list of Fact Sheets: *Why Do Small Businesses Close?*; *Business Dynamics*; *Finding Qualified Workers*; and *A Look at Nonemployer Businesses*.

Three new data products were released in FY 2018, including *State Rankings by Small Business Economic Indicators*; *Congressional District NAICS Data*; and an update of *Small Business Data Resources*. Three contract research studies were published, including papers entitled *Financial Patterns and Credit Market Experiences: A Comparison by Race and Ethnicity for U.S. Employer Firms*; *How Did Bank Lending to Small Businesses in the United States Fare After the Financial Crisis?*; and *Latino Business Ownership: Contributions and Barriers for U.S.-Born and Immigrant Latino Entrepreneurs*. Finally, Advocacy's Office of Economic Research (OER) contributed data analyses to Advocacy's annual *Report on the Regulatory Flexibility Act, FY 2017* and the office issued its own *Annual Report of the Office of Economic Research, FY 2017*.

During FY 2018, Advocacy's Office of Economic Research sponsored six Small Business Economic Research Forums. For these forums, OER invites an expert to discuss a key economic topic and to give a presentation to attendees. The forums are valuable to keep Advocacy's staff up-to-date on the latest data and research from other agencies and researchers. More detail on each forum will be provided in OER's annual report for FY 2018.

Beginning in FY 2013, Advocacy adopted a performance measure for outreach activity by its regional advocates. During FY 2018, Advocacy's regional advocates reported a total of 523 qualifying outreach events, exceeding their annual goal of 360 such events.

Also beginning in FY 2013, Advocacy adopted another new performance indicator, this one for measuring outreach activity by its professional economists. During FY 2018, Advocacy economists had made 18 qualifying presentations to academic, media, or policy audiences, exceeding the annual goal of 12 events.

FY 2020 Planned Performance

Economic research remains one of the office's core statutory missions. Not only does it provide valuable information to Advocacy's many stakeholders, but it also plays a significant role in the office's other missions, including regulatory advocacy in particular. Regulatory flexibility analyses and policy decisions often hinge on how many firms suffer what consequences from a given proposal or policy. Advocacy's economic research also drives many of the outreach efforts that the office conducts to serve its customers. These include publications, symposia and other meetings, regional advocate activities, data requests from other agencies, and congressional inquiries.

In general, Advocacy's economic research budget supports: 1) the development and purchase of small business data from other Federal agencies and special tabulations of unpublished data relating to small business that are held by these agencies; and 2) the commissioning of extramural contract research projects on specialized topics of importance to policymakers and the small business community.

For FY 2020, Advocacy's request includes \$150,000 in new funding for economic research purposes. This amount will supplement expected carryover balances which occur when solicitations for contract research proposals, for which funds must be reserved in advance, do not result in technically acceptable proposals. When this happens, the previously reserved but unused funds become available again and can be used to fund new research projects. The FY 2020 request provides sufficient funding to continue data purchases and to support data collection at other agencies that underpins a variety of Advocacy's widely used data products. Advocacy's FY 2020 goal is to publish 20 new research and data products.

Advocacy has an annual goal that its ten regional advocates participate collectively in at least 360 meetings with at least five small business stakeholders where Advocacy research or data products or regulatory and policy issues are discussed. This activity is intended to provide broad distribution of Advocacy's work and to inform stakeholders on the availability of Advocacy resources online, as well as to solicit information from attendees. Advocacy's regional advocates promote this awareness in their respective regions.

Although Advocacy's regional advocates have a specific performance measure for economic research dissemination, they actually contribute to Advocacy's work in many other ways. Regional advocates are the Chief Counsel's eyes and ears outside of Washington and are on the front line in carrying out Advocacy's mission. They interact directly with small businesses, small business trade organizations, governors and state legislatures to educate them about the benefits of regulatory flexibility. Regional advocates conduct outreach to locate participants for SBREFA panels that require small entity representatives. They work closely with the ten regional Regulatory Fairness Boards to develop information for SBA's National Ombudsman. They alert businesses in their respective regions about regulatory proposals that could affect them (for example, by alerting firms that an agency is seeking comment on the small business impacts of a proposed regulation). Regional advocates are vital for the two-way communication that Advocacy needs from the vast majority of small entities that operate outside of the Washington area.

During FY 2020, Advocacy economists will make at least twelve economic presentations to academic, media, or policy audiences at organized events. Typical events in which presentations might take place include academic conferences, trade association meetings, policy symposia, or other government-sponsored events. This goal is intended to encourage Advocacy's professional economists to share Advocacy's work and their own research with other professionals, policymakers and opinion leaders.

Performance Measurement

Following are tables depicting Advocacy performance indicators from FY 2013 through FY 2018, together with FY 2019 and FY 2020 targets.

| Advocacy Strategic Goal 1: To be an independent voice for small businesses inside the government and to assist federal agencies in the development of regulations and policies that minimize burdens on small entities to support their start-up, development and growth. | | | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Objective 1.1 - Achievement of regulatory cost savings | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Regulatory cost savings to small businesses (\$ billion) | Target | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 |
| | Actual | 1.53 | 4.81 | 1.61 | 1.39 | 1.15 | 0.26 | TBD | TBD |
| | Variance | -76% | -26% | -75% | -79% | -82% | -96% | TBD | TBD |
| TDB - To be determined. Additional information: This goal has been used since the establishment of performance measurements in FY 2001. | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Cost per \$1 million in regulatory cost savings (\$) | Target | \$1,369 | \$1,301 | \$1,301 | \$1,403 | \$1,434 | \$1,403 | \$1,403 | \$1,403 |
| | Actual | \$5,759 | \$1,793 | \$5,754 | \$6,574 | \$7,055 | \$35,938 | TBD | TBD |
| TDB - To be determined. Additional information: This efficiency measure has been used since the establishment of performance measures in FY 2001. Targets for this measure are established by dividing Advocacy's budget request for any given year by the regulatory cost savings target for that year. Actuals for this measure are established by dividing Advocacy's actual obligations incurred (see accompanying table) by actual cost savings achieved (see preceding indicator). Unlike other performance measures, lower actual costs per million in savings than those originally targeted reflect better than expected outcomes. Accordingly, variance percentages for this efficiency measure are not used. | | | | | | | | | |
| Objective 1.2 - Provision of Regulatory Flexibility Act compliance training to regulatory development officials throughout government | | | | | | | | | |
| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Newly trained regulatory staff with in-house expertise on Regulatory Flexibility Act (#) | Target | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| | Actual | 159 | 132 | 126 | 157 | 195 | 132 | TBD | TBD |
| | Variance | 59% | 32% | 26% | 57% | 95% | 32% | TBD | TBD |
| TDB - To be determined. Additional information: This goal has been used since FY 2004, the function being mandated by Executive Order 13272. | | | | | | | | | |

| Budgetary Resources | Budgetary obligations incurred | | | | | | Budget plan | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|
| | FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Request | FY 2020 Request |
| Administrative resources (\$ thousands) | \$8,811 | \$8,628 | \$9,264 | \$9,157 | \$8,113 | \$9,344 | \$9,120 | \$9,120 |
| Public Law 111-240 established a separate appropriations account for Advocacy effective in FY 2012. Amounts in this table reflect only amounts requested for or incurred by its own appropriations account. | | | | | | | | |

Advocacy Strategic Goal 2: To develop and disseminate research and data on small businesses and the role that they play in the economy, including the availability of credit, the effects of regulations and taxation, the role of firms owned by women, minority and veteran entrepreneurs, innovation, and factors that encourage or inhibit small business start-up, development and growth.

Objective 2.1 - Publication of research and data products

| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|-------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Advocacy research & data publications (#) | Target | 20 | 20 | 15 | 20 | 20 | 20 | 20 | 20 |
| | Actual | 22 | 22 | 26 | 26 | 20 | 20 | TBD | TBD |
| | Variance | 10% | 10% | 73% | 30% | 0% | 0% | TBD | TBD |

TBD - To be determined
Additional information: This goal has been used since FY 2004.

Objective 2.2 - Outreach by regional advocates

| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Outreach events by regional advocate team using Advocacy work products (#) | Target | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 |
| | Actual | 607 | 536 | 550 | 509 | 141 | 523 | TBD | TBD |
| | Variance | 69% | 49% | 53% | 41% | -61% | 45% | TBD | TBD |

TDB - To be determined.
Additional information: This goal has been used since FY 2013.

Objective 2.3 - Outreach by Advocacy economists

| Performance Indicator | | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|---------------------------------------------------------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Presentations by Advocacy economists to academic, media or policy audiences (#) | Target | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| | Actual | 17 | 26 | 34 | 52 | 28 | 18 | TBD | TBD |
| | Variance | 42% | 117% | 183% | 333% | 133% | 50% | TBD | TBD |

TDB - To be determined.
Additional information: This goal has been used since FY 2013.

Verification and Validation

Advocacy management has adopted verification and validation documentation in conformity with the standards used by SBA's Office of Performance Management. This documentation is reviewed annually and is on file with that office. It is also published on Advocacy's own **Performance and Budget** website at <http://www.sba.gov/advocacy/performance-budget>.

Explanations for Variances

As indicated in the preceding charts, significant variances occurred between certain Advocacy goals for FY 2018 and actual results. Explanations for these variances follow.

Regulatory cost savings to small businesses (96% below goal). Advocacy did not meet its goal of \$6.5 billion in regulatory cost savings to small businesses, being able to quantify \$255 million in such savings in FY 2018. However, Advocacy's 20-year annual average from FY 1999 through FY 2018 was \$6.54 billion in savings per year, exceeding the current annual goal. As explained in the section on FY 2018 accomplishments under Strategic Goal #1, significant variations in this measure can and do occur from year to year due to factors over which Advocacy has no control. Cost savings rely on externalities – regulatory agencies make the actual decisions that reduce burdens on small entities, not Advocacy, and these agencies control both the timing and amount of savings when they finalize and publish their rules.

Advocacy continues to address the challenges of the quantification of cost savings resulting from rules on which it has worked. In recent years, Advocacy has helped agencies improve numerous draft rules reducing burdens on small entities, but the agencies have not provided data upon which cost savings estimates can be based. Because Advocacy was not able to quantify savings on these rules, none were claimed.

In FY 2018, important new Administration initiatives reduced the number of new regulations, required off-setting cost reductions for new rules that were published, and encouraged agencies to do a better job of examining the costs of their proposals before they published them. Advocacy is very supportive of these efforts, but one result is that Advocacy has had fewer opportunities to have a cost-reducing impact between the publication of agencies' proposed rules and their finalization, the period during which Advocacy scores any regulatory cost savings in its performance metrics. Advocacy is reviewing how to improve its regulatory advocacy performance metrics to more accurately measure its efforts and their effects, and to reduce its reliance on the actions and data of other agencies over which it has no control.

Regulatory staff with in-house expertise on Regulatory Flexibility Act compliance (32% over goal). Advocacy continued its aggressive RFA compliance outreach efforts in FY 2018, and agencies have also responded to presidential directives on regulatory review, including the new Executive Orders 13771 and 13777 signed by President Trump.

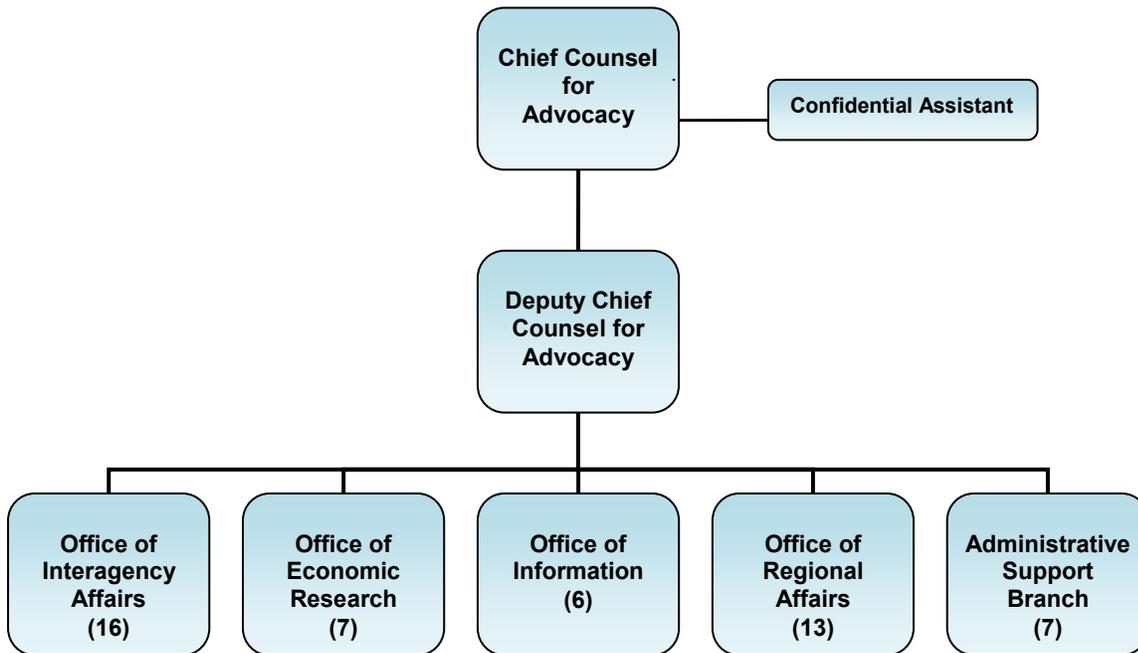
Research and data publications (no variance). Advocacy met its FY 2018 goal of 20 research and data publications with the release of 20 such products, including updated revisions to its most popular periodic reports, additions to its *Issue Brief* and *Fact Sheet* series, as well as several new contract research studies.

Outreach events by regional advocates (45% above goal). Advocacy's regional advocates exceeded their goal of participation in 360 qualifying outreach events during FY 2018, with 523 such events.

Presentations by Advocacy economists to academic, media, or policy audiences (50% over goal). Advocacy economists substantially exceeded their FY 2018 goal of making presentations to at least 12 academic, media, or policy audiences, with 18 such presentations.

Office of Advocacy Organization

FY 2020



U.S. Small Business Administration Office of Inspector General

FY 2020 Budget Submission



March 2019

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Overview

The U.S. Small Business Administration (SBA) Office of Inspector General (OIG) provides auditing, investigative, and other services to support and assist SBA in achieving its mission. As a result of its oversight efforts, OIG provides dozens of recommendations each year to SBA leadership aimed at improving the integrity, accountability, and performance of SBA and its programs for the benefit of the American people. In doing so, OIG provides taxpayers with a significant return on investment as it roots out fraud, waste, and abuse in SBA programs. During fiscal year (FY) 2017, OIG achieved more than \$82 million in monetary recoveries and savings, and in FY 2018, OIG achieved more than \$224,472,559 million in monetary recoveries and savings—an elevenfold return on investment to the taxpayers.

The mission of SBA under the Small Business Act, as amended, is to maintain and strengthen the nation's economy by enabling the establishment and vitality of small businesses and assisting in the economic recovery of communities after disasters. The Agency's strategic plan for FYs 2014–2018 had three overarching goals:

- growing businesses and creating jobs,
- serving as the voice for small businesses, and
- building an agency that meets the needs of today's and tomorrow's small businesses.

SBA is organized around four key functional assistance areas: financial, contracting, entrepreneurial development, and disaster assistance. The Agency also represents small businesses through an independent advocate and an ombudsman.

SBA's programs are essential to strengthening America's economy; however, the Agency faces a number of challenges in carrying out its mission. Challenges include fraudulent schemes affecting all SBA programs, significant losses from defaulted loans, procurement flaws that allow large firms to obtain small business awards, excessive improper payments, and outdated legacy information systems. OIG plays a critical role in addressing these and other challenges by conducting audits to identify wasteful expenditures and program mismanagement; investigating fraud and other wrongdoing; and taking other actions to deter and detect fraud, waste, abuse, and inefficiencies in SBA programs and operations.

Since 1997, SBA's appropriations have mandated a funding transfer ranging \$1.0 million to \$1.5 million from SBA's Indirect Disaster Assistance Program Account to OIG to pay for salary and expense costs of permanent OIG staff dedicated to oversight of the Disaster Assistance Program. This transfer has been fully supported these past 20 years in the President's budget. OIG oversight of the Disaster Assistance Program has been instrumental in making recommendations to improve the deficiencies in SBA's ability to provide low-cost loans to victims of disasters. By all accounts, OIG's recommendations have been, and continue to be, a pivotal factor in transforming the Disaster Assistance Program, from a challenged delivery of assistance to Hurricane Katrina victims to a much more efficient delivery of such assistance to



victims of Hurricanes Sandy, Harvey, Irma, and Maria. As such, OIG is seeking to maintain its FY 2019 base operating budget of \$21.9 million and a \$1.6 million transfer from the SBA's Indirect Disaster Assistance Program account for oversight of SBA's Disaster Assistance Program.

The request to transfer \$1.6 million from SBA's Indirect Disaster Assistance Program account represents a necessary \$600,000 increase from the FY 2019 budget. This increase will allow OIG to cover actual costs for salary and expenses to oversee the burgeoning disaster loan portfolio. At the close of FY 2016, SBA had a disaster loan portfolio balance of approximately \$6.0 billion. As of June 30, 2018, the disaster loan portfolio has a balance of approximately \$8.5 billion, with more than \$1.0 billion pending disbursement relative to SBA disaster assistance to Hurricanes Harvey, Irma, and Maria.

The funding requested for FY 2020 will allow OIG to continue to address critical areas and issues, in support of the President's Management Agenda for SBA. Planned key functions and demonstrated impact of OIG activities are summarized below.

- Work an active caseload of approximately 240 criminal and civil fraud investigations of potential loan and contracting fraud and other wrongdoing. Many of these investigations involve complex, multimillion-dollar fraudulent financial schemes perpetrated by multiple suspects. During FY 2017, OIG investigations resulted in 35 indictments/informations, 25 convictions, and more than \$79.96 million in potential recoveries, fines, asset forfeitures, civil fraud settlements, or loans/contracts not being approved or being canceled. During FY 2018, OIG investigations resulted in 62 indictments/informations, 43 convictions, and more than \$79.03 million in potential recoveries, fines, asset forfeitures, civil fraud settlements, or loans/contracts not being approved or being canceled.
- Conduct risk-based audits and reviews of SBA activities with a focus on systemic, programmatic, and operational vulnerabilities. During FY 2017, OIG issued 19 reports with 72 recommendations for improving the Agency's operations, identifying improper payments, and strengthening controls to reduce fraud and unnecessary losses in SBA programs. For FY 2017, the Audits Division achieved \$2.13 million in dollar accomplishments relative to recommendations that costs were disallowed and agreed to by management or that funds be put to better use and agreed to by management. During FY 2018, OIG issued 26 reports with 111 recommendations for improving the Agency's operations, identifying improper payments, and strengthening controls to reduce fraud and unnecessary losses in SBA programs. For FY 2018, the Audits Division achieved \$145.44 million in dollar accomplishments relative to recommendations that costs were disallowed and agreed to by management or that funds be put to better use and agreed to by management.
 - OIG's Audits Division will staff three groups to oversee SBA's principal, high-risk programs—Business Development and Contracting Programs, Credit Programs, and



Financial Management and Information Technology – and will staff one team to focus on efficiency and effectiveness of SBA management challenges and internal operations.

- Of note, the Audits Division Credit Programs Group is comprised of four auditing teams, two of which are responsible for the oversight of SBA’s Disaster Assistance Program. These teams consist of 11 full-time auditors and analysts, supported by one administrative support professional. Our request to mandate the transfer \$1.6 million from SBA’s Indirect Disaster Assistance Program Account to OIG will pay for salary and expense costs of these permanent OIG staff dedicated to oversight of the Disaster Assistance Program. This transfer has been fully supported these past 20 years in the President’s budget.
- OIG contracts with an independent public accountant to ensure SBA’s financial statements are prepared in accordance with generally accepted government auditing standards and to monitor the Agency’s compliance with the Federal Information Security Management Act, Federal Information Technology Acquisition Reform Act, and the Digital Accountability and Transparency Act of 2014 (DATA Act).
- OIG’s Audits Division will staff a data analytics team to provide in-house expertise to keep OIG on the leading edge of SBA innovations and allow OIG to more proactively root out fraud, waste, abuse, inefficiencies, and misconduct. The data analytics function also will work with OIG audit teams and investigators to help improve the organization’s overall efficiency and effectiveness. It will promote the production of higher quality audit and investigative evidence and better correlating audit and investigative approaches to risks and assertions. At present, OIG uses high-level analytic tools to assess loan and contract data but believes an opportunity exists to improve effectiveness through the creation of more complex financial and nonfinancial data modeling tools and evaluations.
- Provide oversight and monitoring of SBA’s IT security and application development activities, including new systems under development and the Agency’s compliance with the Federal Information Security Modernization Act (FISMA). OIG has identified systemic problems with SBA’s IT systems, and this remains one of the most serious management challenges facing the Agency.
- Conduct mandated reviews to maintain integrity of SBA programs and to meet information needs of stakeholders. OIG conducts an annual review to determine whether SBA complied with Improper Payments Elimination and Recovery Act of 2010 using guidelines outlined in the Office of Management and Budget Memorandum M-15-02, Appendix C to Circular No. A-123, Requirements for Effective Estimation and Remediation of Improper Payments, and to assess SBA’s progress in remediating improper payment-related recommendations. Additionally, OIG performs a review semiannually to determine the adequacy of SBA



controls over the solicitation, acceptance, holding, and utilization of cash contributions and gifts.

- Maintain a robust OIG Hotline to receive and process allegations of fraud, waste, abuse, or serious mismanagement in SBA or its programs from employees, contractors, and the public. During FY 2017, the OIG Hotline received 848 complaints, which hotline staff reviewed and analyzed to determine the appropriate course of action. During FY 2018, the OIG Hotline received 1,758 complaints, which hotline staff reviewed and analyzed to determine the appropriate course of action.
- Educate SBA employees, through a designated Whistleblower Coordinator, about prohibitions on retaliation for whistleblowing, as well as employees' rights and remedies if anyone retaliates against them for making a protected disclosure.
- Review proposed revisions to SBA regulations, policies, procedures, and other directives with an emphasis on strengthening internal controls to preclude potential fraud and wasteful, confusing, or poorly planned initiatives. During FY 2017, OIG provided recommendations to improve 36 of the 101 proposed revisions it reviewed. During FY 2018, OIG provided recommendations to improve 43 of the 114 proposed revisions it reviewed.
- Make present responsibility referrals that may result in debarments, suspensions, and other administrative enforcement actions to foster integrity in SBA programs. During FY 2017, OIG sent 106 present responsibility referrals to SBA and was involved with 5 actions other agencies pursued. During FY 2018, OIG sent 84 present responsibility referrals to SBA and was involved with 47 actions other agencies pursued.
- Serve as an educational resource, ensuring that oversight and lending officials develop or maintain technical proficiency in small business issues, suspension and debarment, the Program Fraud Civil Remedies Act, and other topics related to deterring and detecting fraud in government lending and contracting programs. During FY 2017, OIG delivered 220 training and outreach sessions for approximately 3,556 attendees. During FY 2018, OIG delivered 184 training and outreach sessions for approximately 1,933 attendees.
- Provide training designed to equip the federal oversight community with the knowledge and skills necessary to pursue small business contracting fraud cases. During FY 2018, OIG cohosted the 2018 Small Business Procurement Integrity Seminar with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Training Institute. This seminar consolidated key program information with practical lessons learned for handling small business contracting fraud in a full day interactive training format. OIG also presents a short version of this training program in the CIGIE Training Institute, the Inspector General Criminal Investigator Academy's Contract and Grant Fraud Training Program, which CIGIE typically delivers three times each year in locations around the country.



- Pay for required OIG employee and contractor background investigations to achieve a high level of integrity in OIG's workforce.
- Adjudicate OIG employees and contractors for issuance of personal identity verification cards pursuant to Homeland Security Presidential Directive 12 background investigations requirements.



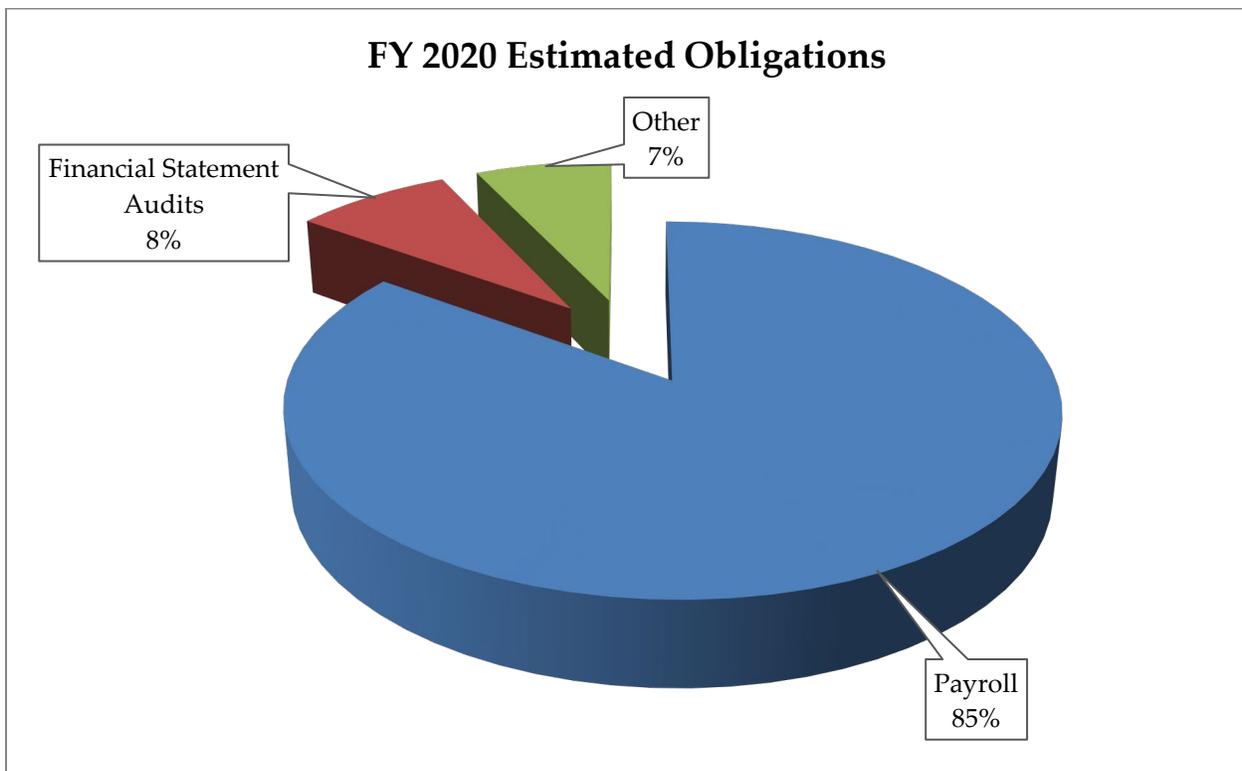
Budget Request

To address the challenges and risks discussed above and in the Critical Risks section below, OIG requests an appropriation of \$23.5 million for FY 2020.

Table 1: FY 2020 Budget Request

| Dollars in Millions | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request | FY 2020 Incr/Decr |
|-------------------------------------|-------------------|--------------------|--------------------|----------------------|
| New Budget Authority | \$19.9 | \$21.9 | \$21.9 | \$0.0 |
| Transfer from Disaster Loan Program | 0.0 | 1.0 | 1.6 | 0.6 |
| Total | \$19.9 | \$22.9 | \$23.5 | \$0.6 |

The majority of the funds requested for FY 2020 will be used for salary and benefits for 118 full time equivalent positions, as well as the cost of the annual audit of SBA's financial statements by an independent public accountant.



Critical Risks Facing SBA

Within available resources, OIG must focus on the most significant risks to SBA and the taxpayer. The Top Management Challenges are shown in Table 2. Many of these risks are addressed in OIG's Report on the Most Serious Management and Performance Challenges



Facing SBA, which OIG issues annually in accordance with the Reports Consolidation Act of 2000. (Access report at <https://www.sba.gov/oig/category/oig-navigation-structure/reading-room/top-management-challenges>.)

OIG identified the most serious management and performance challenges facing SBA in FY 2019. The management challenges represent areas that OIG considers particularly vulnerable to fraud, waste, abuse, or mismanagement, or which otherwise pose significant risk to the Agency, its operations, or its credibility. Each management challenge generally has originated from one or more reports issued by OIG or the U.S. Government Accountability Office (GAO).

For each management challenge, OIG provides SBA with recommended remedial actions together with an assessment of Agency progress on each recommended action during the preceding fiscal year. If sufficient progress occurs during the previous fiscal year, OIG assigns a higher color score with an arrow to indicate upward movement. Table 2 provides a summary of this year’s management challenges. (Access Report 19-01 at <https://www.sba.gov/sites/default/files/oig/SBA-OIG-Report-19-01.pdf>.)

Table 2: 2019 Management Challenges

| Challenge # | Challenge | Status at End of FY 2017 | | | | Change From Prior Year | |
|-------------|--------------------------------------------------------------------------------------------|--------------------------|--------|--------|-----|------------------------|--------|
| | | Green | Yellow | Orange | Red | Up ↑ | Down ↓ |
| 1 | Small Business Contracting | 0 | 2 | 0 | 0 | 0 | 0 |
| 2 | IT Leadership | 0 | 6 | 0 | 0 | 1 | 0 |
| 3 | Human Capital | 0 | 1 | 0 | 0 | 0 | 0 |
| 4 | SBA Loan Program Risk Management and Oversight | 3† | 1 | 0 | 0 | 3 | 0 |
| 5 | 8(a) Business Development Program | 0 | 3 | 0 | 0 | 3 | 0 |
| 6 | Ensuring Quality Deliverables and Reducing Improper Payments at SBA Loan Operation Centers | 2 | 0 | 0 | 0 | 2 | 0 |
| 7 | Disaster Assistance Program | 1 | 3 | 1 | 0 | 1 | 1 |
| 8 | Grants Management Oversight (New) | 4 | 0 | 0 | 0 | 4 | 0 |
| | Total | 6 | 16 | 1 | 0 | 10 | 1 |

† For Management Challenge number 4 recommendation 2, 7(a) was rated green, while 504 was rated yellow. For simplicity, it is reflected as green in the table.

Small Business Access to Capital

SBA provides small businesses with capital and financial assistance through several key programs and has a financial assistance portfolio of guaranteed and direct loans totaling about \$142 billion. Over the years, OIG has worked closely with the Agency to identify potential



points of risk and to improve SBA's oversight and controls to ensure that eligible participants most in need of assistance benefit from these programs.

For example, the Agency's largest lending program, the 7(a) Loan Program, is SBA's principal vehicle for providing small businesses with access to credit that cannot be obtained elsewhere. Proceeds from a 7(a) loan may be used to establish a new business or to assist in acquiring, operating, or expanding an existing business. This program relies on numerous outside parties (e.g., borrowers, loan agents, and lenders) to complete loan transactions, with the majority of loans being made by lenders to whom SBA has delegated loan-making authority. Additionally, SBA has centralized many loan approval and servicing functions and reduced the number of staff performing these functions, placing more responsibility on—and giving greater independence to—its lenders. Past OIG reviews have reported on these trends, and OIG continues to identify weaknesses in SBA's lender and loan agent oversight processes.

Criminals use a wide array of techniques to fraudulently obtain—or induce others to obtain—SBA-guaranteed loans. These include submitting fraudulent documents, making fictitious asset claims, manipulating property values, using loan proceeds contrary to the terms of the loans, and failing to disclose debts or prior criminal records. Consequently, there is a greater chance of financial loss to the Agency and its lenders. OIG dedicates a significant portion of its resources to identifying wrongdoers and, whenever possible, recovering funds.

Disaster Assistance Program

Disaster assistance has been part of the Agency since its inception in 1953. Through its Office of Disaster Assistance, SBA provides long-term, low-interest financial assistance to businesses of all sizes, private nonprofit organizations, homeowners, and renters following a disaster. Each year, SBA approves hundreds of millions of dollars in disaster assistance loans.

The Disaster Loan Program is the only form of SBA assistance not limited to small businesses; the program's disaster loans are the primary form of federal assistance for repairing and rebuilding nonfarm, private sector disaster losses. The program includes four categories of loans for disaster-related losses: home disaster loans, business disaster loans, economic injury disaster loans, and military reservist economic injury loans.

Unfortunately, the need to disburse such loans quickly poses many complications and creates opportunities for dishonest applicants to commit fraud. OIG and GAO audits have identified that SBA's disaster loans have been vulnerable to fraud and losses in the past because loan transactions are often expedited to provide quick relief to disaster survivors, and disaster lending personnel, who are brought into the workforce quickly, may lack sufficient training or experience. Additionally, the volume of loan applications may overwhelm SBA's resources and its ability to exercise careful oversight of lending transactions. OIG audits and investigations have identified specific instances of fraud as well as necessary systemic improvements to reduce fraud and provide effective and efficient loan delivery and protect taxpayer dollars.



Procurement Assistance

Each year, the federal government spends hundreds of billions of dollars in federal contracts to procure goods and services. SBA has worked to maximize opportunities for small business firms to receive these contract awards. For the current fiscal year, the federal government aims for 23 percent of these award dollars to go to small businesses.

To accomplish this goal, SBA has specific programs that focus on strengthening particular types of small businesses, including firms owned and controlled by service-disabled veteran-owned small businesses (SDVOSBs) and women-owned small businesses (WOSBs), and small businesses that are disadvantaged or located in historically underutilized business zones (HUBZones). For example, the HUBZone Program helps small businesses stimulate their economically challenged local economies. Similarly, to help small, disadvantaged businesses gain access to federal and private procurement markets, SBA's 8(a) Business Development Program offers a broad range of business development support, such as mentoring, procurement assistance, business counseling, training, financial assistance, surety bonding, and other management and technical assistance.

Even with effective controls, some businesses misrepresent their eligibility for the HUBZone, WOSB, SDVOSB, and 8(a) programs to wrongfully receive preference for government contracts. OIG and other federal investigations have identified schemes in which companies owned or controlled by nondisadvantaged persons falsely claim to be disadvantaged firms or use actual disadvantaged firms as fronts.

The 8(a) Business Development Program continues to be susceptible to major vulnerabilities. These include limited program oversight; inequitable distribution of contracting opportunities among participants; a lack of measurable, consistent, and mandatory criteria pertaining to economic disadvantage; a lack of implemented criteria defining business success for purposes of program graduation; failure to study the long-term effects of the program on former participants; and misrepresentation by companies as small, minority-owned, or disadvantaged businesses to gain an unfair advantage in the federal marketplace.

Entrepreneurial Development

SBA provides training, mentoring, and counseling services to small businesses through a variety of strategic partnerships. The Office of Entrepreneurial Development (OED) oversees a network of programs and services that support the training and counseling needs of small business. OED manages and leverages three major resources: small business development centers (SBDCs), the SCORE Association (SCORE), and Women's Business Centers. Additionally, The Office of Veteran Business Development partners with Veteran's Business Outreach Centers (VBOCs) to administer veteran technical assistance and training programs, mainly the Boots to Business program. Although each resource program's goals and target audiences may vary, they share a common mission: to provide business advice, mentoring, and



training to small businesses and entrepreneurs. Primarily, SBA administers these programs through grants and cooperative agreements.

OIG has identified weaknesses in SBA's oversight of recipient use of federal funds and performance outcomes. Notably, the SBDC program is the largest grant program in the Agency's portfolio. OIG has identified problems with comingling SBDC grant funds with private-enterprise contributions and accounting for required matching funds. Some SBDCs are also collocated with Women's Business Centers, which makes it difficult to determine what services are associated with each grant program. In addition, having two grant programs delivering similar services increases the risk of duplicating services and contributes to government waste. Further, under the Disaster Relief Appropriations Act of 2013, SBA awarded additional grants to these resource partners. OIG found that SBA did not enhance its internal controls to ensure that program goals were achieved and expenditures were allowable. As a result, SBA developed guidance to mitigate these risks in the event of future, similar grants for disaster assistance.

SBA also provides grants to states through its State Trade Expansion Program, previously piloted as the State Trade and Export Promotion grant program, as part of its strategic objective to help small business exporters succeed in global markets. At Congress' request, OIG reviewed both the pilot program and its replacement. OIG found that SBA's oversight of the program did not ensure that it achieved intended results. Further, SBA relied on unverified performance data and did not ensure that the grant recipients performed the activities as planned, leaving federal funds unexpended at the end of the grant.

Agency Management

OIG is responsible for ensuring that Agency management appropriately safeguards SBA from fraud, waste, and abuse, and that SBA activities directly further Agency goals. As part of these efforts, OIG works with the Offices of the Chief Financial Officer, the Chief Information Officer, and the Chief Operating Officer to review financial reporting and performance management, human resources, procurements and grants, space and facilities, and maintenance of SBA's information systems and related security controls.

SBA's IT systems play a vital role in managing the Agency's operations and programs, including a \$142 billion loan portfolio. However, OIG audits and other reviews have identified serious shortcomings in SBA's information systems and related security controls. OIG reviews have found that SBA has not fully implemented adequate oversight of its IT systems, has not established an effective process to remediate security vulnerabilities, and has not developed an effective process to upgrade IT capabilities. OIG has issued management challenges recommending corrective actions in SBA's IT security and acquisition processes.



OIG Oversight Activities

Through audits and other reviews, OIG provides independent oversight of critical aspects of SBA's programs and operations to improve the Agency's efficiency and effectiveness. An important aspect of this work is identifying and following up on SBA's major management and performance challenges, as required by the Reports Consolidation Act. OIG also supports SBA's mission by detecting, investigating, and deterring fraud and other wrongdoing in the Agency's programs and operations. The OIG Hotline operations are poised to receive complaints of fraud, waste, and abuse from the public, Agency employees, and stakeholders. OIG serves as a governmentwide training resource for small business fraud and enforcement issues. These activities help to ensure that SBA employees, loan applicants, and program participants possess a high level of integrity. This is critical to the proper administration of SBA programs because it helps ensure that the Agency's resources are used only by those who deserve and need them the most.

FY 2019 and 2020 Planned Performance

During FYs 2019 and 2020, in addition to conducting audits and reviews that are required by statutes and other directives, OIG will continue to focus on the most critical risks facing SBA. Several areas of emphasis are discussed below.

Small Business Access to Capital

SBA paid guaranty claims totaling \$1.0 billion in FY 2017 and \$.9 billion in FY 2018 for defaulted 7(a) loans and 504 debentures. Some of SBA's losses correlate to similar root causes reported in the mortgage industry, such as limited SBA oversight of lenders and loan agents, poor lender loan processing, unscrupulous borrowers, and complicit brokers and lenders.

OIG will continue to address financial losses in SBA's lending due to lender errors and various fraud schemes. OIG's Early Defaulted Loan Review Group will continue to perform in-depth analyses of high risk 7(a) loans that default within approximately 18 months of final disbursement. When lender negligence is found, this group will recommend nonpayment of the guaranty (or recovery if the guaranty is already paid). OIG also will target the most offending lenders to attain corrective actions and identify trends for operational improvement by SBA. When OIG identifies suspected fraud, those loans will be investigated.

OIG will continue to focus on detecting fraud committed by loan agents, such as packagers, brokers, and lender service providers. A loan agent is sometimes hired by an applicant or lender to assist the applicant in obtaining an SBA loan or to perform some lender functions. Although honest loan agents help small businesses gain access to capital, some dishonest ones have perpetrated fraudulent schemes involving tens of millions of dollars in loans. These fraudulent loans often default for nonpayment, and SBA is forced to use taxpayer funds to purchase the guaranteed portions of the loans.



OIG also will continue to conduct audits of SBA's internal loan program operations and oversight, including audits of SBA's loan origination, servicing, and liquidation processes, loans sold on the secondary market, SBA's oversight of high-risk lenders, as well as audits of SBA's oversight of loan agents and loan officers. Past work has shown that loans were not always properly originated and that effective controls and procedures were not in place to prevent improper payments.

SBA has implemented an all-electronic application and processing system in the 7(a) loan program.

Disaster Assistance Program

OIG audits of SBA's Disaster Loan Program will continue to focus on applicant eligibility, loan origination, disbursements, repayment ability, loan servicing, liquidation activities related to disaster loans, and SBA's initial response to major disasters. Our focus in recent years has been on providing oversight to SBA's disaster assistance to Hurricane Sandy victims. As SBA responded to Hurricane Sandy, our oversight plans took shape, and our work began to root out fraud, waste, and abuse. Aided by vital, supplemental funding, our Audits Division initially focused its reviews on timeliness, eligibility, technical assistance grants, and early defaults. OIG issued 10 reports pertaining to our oversight efforts of SBA's Hurricane Sandy disaster assistance, including a review pertaining to loans made pursuant to the RISE After Disaster Act of 2015.

In addition to reviews of Hurricane Sandy loans, OIG has performed audits to assess SBA's response associated with more recent disasters. During 2017, three additional devastating hurricanes occurred. In August, Hurricane Harvey struck Texas. While the storm's full cost remains to be seen, the state's governor estimated losses at \$180 billion. Two weeks later, Hurricane Irma caused significant damage to the U.S. Virgin Islands, Puerto Rico, Florida, Georgia, and South Carolina. Two weeks after that, Hurricane Maria struck the U.S. Virgin Islands and Puerto Rico. The National Oceanic and Atmospheric Administration estimates damages for the three hurricanes at \$265 billion. They rank among the top five costliest U.S. hurricanes on record. In 2018, OIG issued three inspection reports assessing SBA's initial response to Hurricanes Harvey, Irma, and Maria.

We will continue to evaluate potential risks in the program, such as timely program delivery, loan affordability, training of reserve workforce, loss verification, and credit elsewhere. Our Disaster Loan Program audits will assess whether SBA processed homeowner and business loans in accordance with the Agency's procedures and established goals, ensured applicant eligibility, verified uses of loan proceeds before loans were fully disbursed, and appropriately identified duplicate benefits.

For investigations, OIG will focus efforts on areas of known risk, such as unauthorized use of loan proceeds, overstatement of financial losses, material false statements in the application



process, false or counterfeit supporting documentation, and false assertions regarding primary residency in affected areas at the times of the disasters. As of September 30, 2018, OIG had 40 open cases involving disaster loans with potential dollar losses of nearly \$14.2 million. From FY 2006 through September 30, 2018, SBA OIG, in conjunction with other law enforcement agencies, produced 140 arrests, 158 indictments/informations, and 150 convictions related to wrongdoing in SBA's Disaster Loan Program. As of September 30, 2018, these investigations have resulted in nearly \$22.8 million in court-ordered restitution and related recoveries. In addition, \$4.9 million in loans was denied to potentially fraudulent borrowers through FY 2017.

Specific to Hurricane Sandy, in response to the potential for fraud, OIG joined other law enforcement organizations in support of the New Jersey Attorney General's Office Sandy Fraud Task Force. From FY 2014 through September 30, 2018, OIG, in conjunction with other law enforcement agencies, produced 59 indictments/informations and 41 convictions related to wrongdoing in SBA's Disaster Loan Program for Hurricane Sandy. The first OIG Sandy investigation was opened in May 2013. Subsequently, OIG has had 86 Sandy investigations, totaling more than \$17.1 million in potential fraud. As of September 30, 2018, OIG had 24 Sandy cases open with potential fraud totaling more than \$12.3 million. In the aftermath of Hurricane Harvey, OIG is collaborating with federal and local agencies to coordinate responses to disaster assistance fraud. These partners include the National Center for Disaster Fraud (NCDF) in Baton Rouge, Louisiana, as well as the U.S. Attorney's Office (USAO). OIG also is working with SBA program offices to alert Hurricane Harvey victims about possible fraud schemes, particularly identity theft.

In the case of the geographically widespread Hurricanes Irma and Maria, OIG is coordinating its efforts with task forces consisting of other law enforcement agencies and USAOs, as well as following up on leads from NCDF. OIG also is working with SBA program offices to alert hurricane victims about possible fraud schemes, particularly identify theft. In addition, OIG is exploring data analytic initiatives to combine SBA's and other agencies' data to identify possible fraud. Moreover, OIG has made field visits to promote its investigative mission to stakeholders in the affected areas.

Finally, in 2017 and 2018, wildfires across California were responsible for numerous deaths and billions in property losses. OIG's response plan is based on leveraging strong existing relationships with SBA and law enforcement partners to deter, detect, and prosecute disaster fraud schemes. Consistent with this, OIG was asked to join the Disaster Relief Fraud Task Force of federal, state, and local agencies. OIG also is working with SBA program offices to alert wildfire victims about possible fraud schemes, particularly identity theft.

Procurement Assistance

SBA directs significant efforts toward helping small businesses obtain federal contracts and providing other business development assistance. SBA's Office of Government Contracting and Business Development is tasked with helping small businesses obtain federal contracting



opportunities and helping small, disadvantaged, veteran-owned, and women-owned businesses build their potential to compete more successfully in a global economy. During FYs 2019 and 2020, OIG will focus on SBA's oversight of—and current issues affecting—government contracting and business development programs, including investigating allegations that ineligible companies are fraudulently benefitting from these programs.

As of September 30, 2018, OIG had 95 open government contracting cases, with potential dollar losses of more than \$20.3 billion based on the total dollar value of the contract. The funding requested for FY 2020 will allow OIG to continue investigating fraudulent schemes that take improper advantage of SBA's contracting assistance programs. In addition, OIG has handled a number of qui tam cases that are brought by private-sector whistleblowers alleging fraud in SBA's small business and socioeconomically disadvantaged contracting programs. Although the number of such cases has fluctuated over the years, OIG must be prepared to expend considerable resources to provide both investigative and legal assistance to the government's prosecution of these cases.

OIG's audit work will continue to assess SBA's effectiveness in ensuring only eligible small businesses benefit from these programs. Our audit teams will focus on reviewing the following areas.

- The Section 8(a) Business Development Program continues to be susceptible to major vulnerabilities. These include limited program oversight; inequitable distribution of contracting opportunities among participants; insufficient measurable, consistent, and mandatory criteria pertaining to economic disadvantage; insufficient implemented criteria defining business success for purposes of program graduation; missed opportunities to study the long-term effects of the program on former participants; and misrepresentation by companies as small, minority-owned, or disadvantaged businesses to gain an unfair advantage in the federal marketplace. During a recent review, we found that SBA did not consistently identify ineligible firms in the 8(a) program and did not always act to remove firms it had determined were no longer eligible for the program. In addition, SBA did not perform required continuing eligibility reviews when it received specific and credible complaints regarding firms' eligibility and did not log all complaints. Ineligible firms were awarded more than \$126.8 million in new 8(a) set-aside contract obligations in FY 2017 at the expense of eligible disadvantaged firms. OIG will continue to review these issues and SBA's management of the 8(a) program. In FY 2019, we plan to review the effectiveness of the 8(a) Business Development Program. We also will continue to pursue a number of fraud investigations relating to the 8(a) program and will continue to devote resources to these investigations in FYs 2019 and 2020.
- The HUBZone program provides federal contracting assistance to small businesses located in economically distressed areas with the intent of stimulating economic development. Previous OIG and GAO reviews of the program identified significant control weaknesses that have allowed ineligible firms to receive millions of dollars in contracts. Accordingly,



SBA implemented a more rigorous HUBZone certification and recertification process in the hopes of preventing ineligible firms from achieving certification. However, in a prior review of the HUBZone certification process, OIG found that 12 firms certified into the program, including 3 ineligible ones, received 94 percent (\$34.9 million) of federal contract dollars awarded during a 6-month period in 2012, even though 367 firms were certified during that period. OIG currently is investigating numerous fraud cases under the HUBZone programs and will continue to pursue prosecution, civil fraud recovery, and debarment of contractors who improperly obtain HUBZone contracts. For audit work, OIG currently is reviewing SBA's oversight of HUBZone to determine whether SBA ensured that only eligible firms were certified into the program and whether the certification reviews were timely. In the near future, OIG plans to review SBA's HUBZone continuing eligibility review process.

- The Women-Owned Small Business (WOSB) Federal Contract program provides greater access to federal contracting opportunities for WOSBs and economically disadvantaged WOSBs (EDWOSBs). The program allows contracting officers to set aside specific contracts for certified WOSBs and EDWOSBs. Similar to other federal government programs, WOSB and EDWOSB contracting may be vulnerable to fraud and abuse. Previous OIG reviews have found false or incorrect WOSB self-certifications may be a significant governmentwide problem.
- The National Defense Authorization Act for FYs 2013 and 2015 made major programmatic changes to the WOSB program and considerably increased SBA's oversight role. Specifically, the FY 2015 Act authorized grant contracting officers the authority to award sole-source awards to WOSB program firms, removed firms' ability to self-certify, and required firms to be certified. However, SBA has opted to implement the sole-source authority provision first—separate from a certification program. We believe that allowing sole-source contracting authority in the WOSB program, without implementing the contemporaneously required certification program, is inconsistent with SBA's statutory authorization and exposes the program to abuse. During our recent review of SBA's WOSB Federal Contract Program, we found that federal agencies contracting officers and firms did not comply with federal regulations for 50 of the 56 program sole-source contracts, valued at \$52.2 million. As a result, there was no assurance that these contracts were awarded to firms that were eligible to receive sole-source awards under the Program. OIG plans to continue monitoring SBA's implementation of the National Defense Authorization Act for FYs 2013 and 2015 changes to the WOSB program.
- The All Small Mentor-Protégé program expands the mentor-protégé program. OIG has conducted a number of fraud investigations involving the mentor-protégé programs under the 8(a) program. In August 2016, SBA issued regulations to implement a statutory mandate that expanded mentor-protégé programs to all other small businesses. The Agency accepted a number of OIG recommendations to revise these regulations to limit the opportunity for fraudulent acquisition of government contracts. Nevertheless, OIG anticipates that these expanded programs will create opportunities for additional fraud by large,



nondisadvantaged contractors and that greater OIG resources will need to be devoted to investigating this fraud. OIG initiated an evaluation of SBA's all small business mentor-protégé program in the third quarter of 2018 and plans to continue monitoring SBA's management of this program.

- OIG will continue to provide oversight of SBA's suspension and debarments process to ensure that firms identified as ineligible are effectively removed from these programs.
- There is a high level of congressional interest in the government meeting its small business contracting goals. OIG will continue to assess whether SBA is taking adequate steps to ensure the integrity of small business contracting. OIG's work will focus on issues such as the accuracy of reporting small business contract activity, the classification of large businesses as small, adherence to regulations to protect small businesses, training of government contracting personnel, deterring fraudulent acquisition of government contracts, and bundling of contracts.

Entrepreneurial Development

During FYs 2019 and 2020, OIG will focus on SBA oversight of and current issues affecting entrepreneurial and veterans business development programs, with emphasis on grants awarded to SBDCs, SCORE, State Trade Expansion Program, Women's Business Centers, and Veterans Business Outreach Center programs.

Agency Management

OIG is responsible for ensuring that Agency management appropriately safeguards SBA from fraud, waste, and abuse, and that SBA activities directly further Agency goals. As part of these efforts, OIG works with the Offices of the Chief Financial Officer, the Chief Information Officer, and the Chief Operating Officer to review financial reporting and performance management, human resources, procurements and grants, space and facilities, and maintenance of SBA's information systems and related security controls.

Top Management Challenges

As required by the Reports Consolidation Act, OIG annually develops the Report on the Most Serious Management and Performance Challenges Facing SBA. The management challenges focus on areas that are particularly vulnerable to fraud, waste, error, and mismanagement, or that otherwise pose a significant risk and generally have been the subject of one or more OIG or GAO reports. OIG will continue to identify and report serious management challenges facing SBA and will work throughout the year with Agency management to resolve identified issues as quickly and efficiently as possible.



Financial Management and Information Technology

OIG will continue to oversee the audits of SBA's financial statements, as well as FISMA and Federal Information Systems Controls Audit Manual reviews, which are conducted by an independent public accountant under a contract with OIG. The scope and complexity of the audit increased as a result of growing direct and guaranteed loan portfolios and as the Agency complies with the DATA Act.

OIG will provide oversight and monitoring of SBA's cloud migration, IT security, and application development activities, including new systems under development and the Agency's compliance with FISMA. The scope of the FISMA evaluation is anticipated to expand as OIG evaluates Agency progress in implementing initiatives designed to strengthen and enhance federal cybersecurity. OIG and an independent public accountant have previously identified systemic problems with security controls over SBA's IT systems and this area remains one of the most serious management challenges facing the Agency.

OIG also plans to continue to monitor systems development activities related to improvements to financial and program related systems as well as investments, cost management, and reporting in cloud computing. Specifically, OIG will continue to assess Agency progress in implementing the Federal Information Technology Acquisition Reform Act. This Act requires the Chief Information Officer to play a critical leadership role in driving reforms to help control system development risks, better manage technology spending, and achieve measurable improvements in agency performance. Related to this effort will be a preliminary assessment of how the Agency is adopting technology business management reporting protocols initially required in the FY 2019 Capital Planning Guidance. Furthermore, the Chief Information Officer must ensure federal IT security is deployed in SBA's highly decentralized and dynamic IT environment.

OIG also will continue its mandated reviews of SBA's compliance with the DATA Act, the Improper Payments and Elimination Recovery Act, and purchase card and cash gifts acceptance and reporting guidelines.

Acquisition Processes

OIG audits will continue to focus on SBA's compliance with federal contracting regulations and its policies and procedures over IT systems acquisition and project oversight. OIG efforts also will include monitoring system development activities related to SBACertify.gov. We will validate capital investment and data security controls as well as assess whether software functionality was delivered to end users in accordance with project requirements.



Other Activities

In addition to investigations, audits, inspections, and other reviews, OIG will provide leadership and coordination to recommend policies for activities designed to promote economy, efficiency, and effectiveness in the administration of, and to prevent and detect fraud and abuse in, such programs and operations. The activities described below ensure that OIG is able to fulfill this statutory mandate and leverage external entities through training and outreach activities.

Security Operations

OIG's Office of Security Operations will continue to perform required employee background investigations to achieve a high level of integrity in OIG's workforce and adjudicate OIG employees and contractors for issuance of personal identity verification cards pursuant to Homeland Security Presidential Directive 12 background investigation requirements.

OIG Hotline

Hotline staff conduct a preliminary review and analysis of all complaints received to determine the appropriate course of action. The OIG Hotline is staffed by OIG employees who process and analyze allegations of fraud, waste, abuse, or serious mismanagement in SBA or its programs from employees, contractors, and the public. As part of the hotline process, staff may coordinate reviews of allegations within OIG, with SBA program offices, or with other governmental agencies. Most hotline complaints are submitted through an [online complaint submission system](#) located on OIG's website. Those who report information can do so openly, anonymously, and confidentially, without fear of reprisal.

Pursuant to the Whistleblower Protection Coordination Act, OIG has designated a [Whistleblower Coordinator](#) within the hotline function to educate SBA employees about prohibitions on retaliation for whistleblowing, as well as employees' rights and remedies if anyone retaliates against them for making a protected disclosure. In addition, the National Defense Authorization Act of 2013, which was made permanent in December 2016, created a pilot program extending whistleblower protections to government contractors, subcontractors, and grantees. These provisions may result in the hotline receiving an increased number of complaints. Additionally, this law mandates OIG investigations of these complaints and a report to the SBA Administrator to consider corrective action on the part of the contractor/grantee.

Review of Proposed Regulations and Initiatives

As part of OIG's proactive efforts to promote accountability and integrity and reduce inefficiencies in SBA programs and operations, OIG reviews changes that SBA is proposing to make to its program directives, such as regulations, internal operating procedures, policy



notices, and SBA forms that are completed by lenders and the public. Frequently, OIG identifies concerns in these proposals and works with the Agency to implement recommended revisions to promote controls that are more effective and deter fraud, waste, or abuse.

Debarment and Administrative Enforcement Actions

As a complement to criminal and civil fraud investigations, OIG continually promotes the use of suspensions, debarments, and other administrative enforcement actions as a means to protect taxpayer funds from those who have engaged in fraud or otherwise exhibited a lack of business integrity. OIG regularly identifies individuals and organizations for debarment and other enforcement actions and submits detailed present responsibility referrals with supporting evidence to the appropriate SBA officials. OIG also supports actions at other federal agencies through training and direct case assistance.

Training and Outreach

OIG will continue to conduct training and outreach sessions on topics related to fraud in government lending and contracting programs. For example, OIG partnered with the CIGIE Training Institute, the National Science Foundation OIG, and the U.S. Department of Justice to present the fourth annual Small Business Procurement Integrity Seminar. This seminar equipped federal oversight personnel with the knowledge to identify, develop, and pursue small business contracting fraud cases. The course covered the major SBA small business contracting programs and included a discussion of typical fraud schemes, program rules, and key procurement databases accentuated by multiple case studies. At the end of the session, participants took part in a hypothetical case, which allowed the application of principles taught during the day. OIG has also modified this training for use in a 2-hour segment, which is contained in the CIGIE Training Institute, Criminal Investigator Academy's Contract and Grant Fraud Training Program. OIG personnel have offered the training within that course twice this fiscal year, with a third installment planned for September 2019. We plan to continue this outreach effort throughout FYs 2019 and 2020.

OIG personnel also participated in the training of criminal investigators from several federal agencies and other OIGs. This training included information on subpoenas, civil remedies, administrative remedies, and small business procurement cases.

OIG Performance and Statistical Accomplishments

During FY 2017, OIG achieved more than \$82 million in monetary recoveries and savings, and in FY 2018, OIG achieved more than \$224,472,559 million in monetary recoveries and savings—an elevenfold return on investment to the taxpayers.

During FY 2017, OIG issued 19 reports containing 72 recommendations to improve operations and reduce fraud and unnecessary losses in Agency programs. In addition, OIG investigations



resulted in 35 indictments/informations and 25 convictions. During FY 2018, OIG issued 26 reports with 111 recommendations. OIG investigations resulted in 62 indictments and 43 convictions. It is noted that OIG investigations often involve multiple subjects, large dollar losses, various joint agencies, and substantial restitution and forfeiture monies returned to the government.

Statistical Highlights FY 2017

Table 3: Summary of OIG Dollar Accomplishments

| | |
|-----------------------------------------------------------------------------|---------------------|
| Dollar Accomplishments As a Result of Investigations and Related Activities | |
| Potential Investigative Recoveries & Fines | \$53,742,750 |
| Asset Forfeitures Attributed to OIG Investigations | \$12,723,538 |
| Loans/Contracts Not Approved or Canceled as a Result of Investigations | \$534,155 |
| Loans Not Made as a Result of a Name Check | \$12,951,400 |
| Investigations Subtotal | \$79,951,843 |
| Dollar Accomplishments As a Result of Audit Activities | |
| Disallowed Costs Agreed to by Management | \$2,134,349 |
| Recommendations That Funds Be Put to Better Use Agreed to by Management | 0 |
| Audit Subtotal | \$2,134,349 |
| Total OIG Dollar Accomplishments | \$82,086,192 |

Table 4: Efficiency and Effectiveness Activities Related to Audit, Other Reports, and Followup Activities

| | |
|-----------------------------------------------------------------|---------------|
| Reports Issued | 19 |
| Recommendations Issued | 72 |
| Dollar Value of Costs Questioned | \$138,588,897 |
| Dollar Value of Recommendations That Funds be Put to Better Use | \$0 |
| Recommendations for Which Management Decisions Were Made | 72 |
| Recommendations Without a Management Decision | 14 |
| Collections as a Result of Questioned Costs | \$1,098,100 |



Table 5: Indictments, Convictions, and Case Actions

| | |
|----------------------------|----|
| Indictments from OIG Cases | 35 |
| Convictions from OIG Cases | 25 |
| Cases Opened | 86 |
| Cases Closed | 63 |

Table 6: SBA Personnel Actions Taken as a Result of Investigation

| | |
|--------------------------|---|
| Dismissals | 0 |
| Resignations/Retirements | 0 |
| Suspensions | 1 |
| Reprimands | 0 |
| Other | 0 |

Table 7: Program Actions Taken During the Reporting Period as Result of OIG Action

| | |
|----------------------------------------------------------------------|-----|
| Present Responsibility Referrals to the Agency | 106 |
| Pending at the Agency as of March 31, 2018 | 0 |
| Suspensions Issued by the Agency | 26 |
| Proposed Debarments Issued by the Agency | 33 |
| Final Debarments Issued by the Agency | 0 |
| Administrative Agreements Entered by the Agency in Lieu of Debarment | 2 |
| Present Responsibility Actions by Other Agencies | 5 |

Table 8: Agency Legislative and Regulatory Proposals Reviewed

| | |
|------------------------------------------------------------------------------------------------------------------|-----|
| Legislation, Regulations, Standard Operating Procedures, and Other Issuances Reviewed | 101 |
| Comments Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances | 36 |



Reports Issued in FY 2017

Table 9: 2017 Credit/Capital Programs Reports

| Title | Report Number | Issue Date | Questioned Costs | Funds for Better Use |
|--------------------------------------------|---------------|------------|------------------|----------------------|
| The OIG High Risk 7(a) Loan Review Program | 17-18 | 9/28/2017 | \$917,107 | \$0 |
| Audit of SBA's Microloan Program | 17-19 | 9/28/2017 | \$137,199,806 | \$0 |
| Program Subtotal | 2 | | \$138,116,913 | \$0 |

Table 10: 2017 Contracting/Counseling Programs Reports

| Title | Report Number | Issue Date | Questioned Costs | Funds for Better Use |
|--------------------------------------------------------------------------------------------------|---------------|------------|------------------|----------------------|
| Audit of New York Small Business Center's Phase 2 Technical Assistance Grant | 17-09 | 03/31/2017 | \$54,827 | \$0 |
| The SCORE Association's Disaster Technical Assistance Grant | 17-10 | 03/31/2017 | \$391,846 | \$0 |
| Review of the Small Business Administration's State Trade and Export Promotion Grant Program | 17-11 | 5/04/2017 | \$0 | \$0 |
| Reassessment of Eligibility Requirements for 30 Firms in SBA's 8(a) Business Development Program | 17-15 | 7/17/2017 | \$0 | \$0 |
| Program Subtotal | 4 | — | \$0 | \$0 |

Table 11: 2017 Agency Management Reports

| Title | Report Number | Issue Date | Questioned Costs | Funds for Better Use |
|-------------------------------------------------------------------------------------------|---------------|------------|------------------|----------------------|
| Review of SBA's Executive Transportation Service Contract Expenditures | 17-01 | 10/5/2016 | \$6,034 | \$0 |
| Report on the Most Serious Management and Performance Challenges in Fiscal Year 2017 | 17-02 | 10/14/2016 | \$0 | \$0 |
| Independent Auditors' Report on the SBA's FY 2016 Financial Statements | 17-03 | 11/14/2016 | \$0 | \$0 |
| Independent Auditors' Report on the SBA's FY 2016 Special-Purpose Financial Statements | 17-04 | 11/15/2016 | \$0 | \$0 |
| DATA Act Readiness | 17-05 | 12/02/2016 | \$0 | \$0 |
| KPMG Management Letter Communicating Matters Relative to the FY 2016 Financial Statements | 17-06 | 12/08/2016 | \$0 | \$0 |



| Title | Report Number | Issue Date | Questioned Costs | Funds for Better Use |
|-------------------------------------------------------------------------------------------------------------|----------------------|-------------------|-------------------------|-----------------------------|
| FY 2016 SBA Charge Card Programs Risk Assessment and Status of Prior Audit Recommendations | 17-07 | 01/18/2017 | \$0 | \$0 |
| Review of SBA's Practices for Schedule C Political Appointee Initial Pay Setting | 17-08 | 03/13/2017 | \$0 | \$0 |
| SBA's FY 2016 Compliance with the Improper Payments Elimination and Recovery Act | 17-12 | 5/10/2017 | \$0 | \$0 |
| SBA's Management of Voluntary Early Retirement Authority and Voluntary Separation Incentive Payment Program | 17-13 | 5/30/2017 | \$0 | \$0 |
| Weaknesses Identified During the FY 2016 Federal Information Security Modernization Act Review | 17-14 | 6/15/2017 | \$0 | \$0 |
| Review of SBA's Pay Setting Practices for Senior Executive Service Salary Increases | 17-16 | 8/15/2017 | \$19,277 | \$0 |
| FY 2017 Evaluation of SBA's Charge Card Programs | 17-17 | 9/14/2017 | \$0 | \$0 |
| Program Subtotal | 13 | | \$19,277 | \$0 |



Statistical Highlights FY 2018

Table 12: Summary of OIG Dollar Accomplishments

| | |
|-----------------------------------------------------------------------------|---------------|
| Dollar Accomplishments As a Result of Investigations and Related Activities | |
| Potential Investigative Recoveries & Fines | \$55,373,556 |
| Asset Forfeitures Attributed to OIG Investigations | \$22,930,190 |
| Loans/Contracts Not Approved or Canceled as a Result of Investigations | \$727,039 |
| Investigations Subtotal | \$79,030,785 |
| Dollar Accomplishments As a Result of Audit Activities | |
| Disallowed Costs Agreed to by Management | \$145,441,774 |
| Recommendations That Funds Be Put to Better Use Agreed to by Management | 0 |
| Audit Subtotal | \$145,441,774 |
| Total OIG Dollar Accomplishments | \$224,472,559 |

Table 13: Efficiency and Effectiveness Activities Related to Audit, Other Reports, and Followup Activities

| | |
|-----------------------------------------------------------------|---------------|
| Reports Issued | 26 |
| Recommendations Issued | 111 |
| Dollar Value of Costs Questioned | \$186,580,293 |
| Dollar Value of Recommendations That Funds Be Put to Better Use | \$0 |
| Recommendations for Which Management Decisions Were Made | 119 |
| Recommendations Without a Management Decision | 8 |
| Collections as a Result of Questioned Costs | \$2,852,261 |

Table 14: Indictments, Convictions, and Case Actions

| | |
|----------------------------|----|
| Indictments from OIG Cases | 62 |
| Convictions from OIG Cases | 43 |
| Cases Opened | 73 |
| Cases Closed | 63 |

Table 15: SBA Personnel Actions Taken as a Result of Investigation

| | |
|--------------------------|---|
| Dismissals | 2 |
| Resignations/Retirements | 1 |
| Suspensions | 0 |
| Reprimands | 0 |
| Other | 0 |



Table 16: Program Actions Taken During the Reporting Period as Result of OIG Action

| | |
|----------------------------------------------------------------------|----|
| Present Responsibility Referrals to the Agency | 84 |
| Pending at the Agency as of September 30, 2018 | 36 |
| Suspensions Issued by the Agency | 20 |
| Proposed Debarments Issued by the Agency | 25 |
| Final Debarments Issued by the Agency | 17 |
| Proposed Debarments Declined by the Agency | 0* |
| Administrative Agreements Entered by the Agency in Lieu of Debarment | 1 |
| Present Responsibility Actions by Other Agencies | 47 |

*OIG does not count matters where SBA has ceded lead agency as declinations.

Table 17: Agency Legislative and Regulatory Proposals Reviewed

| | |
|------------------------------------------------------------------------------------------------------------------|-----|
| Legislation, Regulations, Standard Operating Procedures, and Other Issuances Reviewed | 114 |
| Comments Provided by OIG to Improve Legislation, Regulations, Standard Operating Procedures, and Other Issuances | 43 |



Reports Issued in FY 2018

Table 18: 2018 Credit/Capital Programs Reports

| Title | Report Number | Issue Date | Questioned Costs | Funds for Better Use |
|----------------------------------------------------------------------------|---------------|------------|------------------|----------------------|
| Accuracy of the FY 2015 7(a) Loan Guaranty Purchase Improper Payments Rate | 18-07 | 12/11/2017 | \$2,246,579 | \$0 |
| Evaluation of SBA 7(a) Loans Made to Poultry Farmers | 18-13 | 3/6/2018 | \$0 | \$0 |
| SBA's FY2017 Progress in Reducing Improper Payments | 18-17 | 5/15/2018 | \$0 | \$0 |
| High Risk 7(a) Loan Review Program | 18-21 | 8/15/2018 | \$1,351,565 | \$0 |
| High Risk 7(a) Loan Review Program | 18-23 | 9/13/2018 | \$1,303,403 | \$0 |
| Program Subtotal | 5 | — | \$4,901,547 | \$0 |

Table 19: 2018 Disaster Assistance Programs Reports

| Title | Report Number | Issue Date | Questioned Costs | Funds for Better Use |
|-----------------------------------------------------------------------------------|---------------|------------|------------------|----------------------|
| Audit of RISE Act Eligibility Controls | 18-09 | 1/19/2018 | \$2,129,689 | \$0 |
| Inspection of SBA's Initial Disaster Assistance Response to Hurricane Harvey | 18-10 | 1/19/2018 | \$0 | \$0 |
| Audit of the Accuracy of the FY 2015 Disaster Loan Program Improper Payments Rate | 18-12 | 2/13/2018 | \$0 | \$0 |
| Inspection of SBA's Initial Disaster Assistance Response to Hurricane Irma | 18-16 | 4/26/2018 | \$0 | \$0 |
| Inspection of SBA's Initial Disaster Assistance Response to Hurricane Maria | 18-19 | 07/19/2018 | \$0 | \$0 |
| Program Subtotal | 5 | — | \$2,129,689 | \$0 |



Table 20: 2018 Contracting/Counseling Programs Reports

| Title | Report Number | Issue Date | Questioned Costs | Funds for Better Use |
|---------------------------------------------------------------------------------|---------------|------------|------------------|----------------------|
| SBA's Women-owned Small Business Contracting Program | 18-18 | 06/20/2018 | \$52,229,145 | \$0 |
| The Small Business Administration's Boots to Business Program | 18-20 | 07/19/2018 | \$419,912 | \$0 |
| Improvements Needed in SBA's Oversight of 8(a) Continuing Eligibility Processes | 18-22 | 9/7/2018 | \$126,900,000 | \$0 |
| Program Subtotal | 3 | — | \$52,775,957 | \$0 |

Table 21: 2018 Agency Management Reports

| Title | Report Number | Issue Date | Questioned Costs | Funds for Better Use |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------|------------------|----------------------|
| Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration in Fiscal Year 2018 | 18-01 | 10/12/2017 | \$0 | \$0 |
| Independent Accountants' Report on SBA's Compliance with the DATA Act | 18-02 | 11/8/2017 | \$0 | \$0 |
| Independent Auditor's Report on the SBA's FY 2017 Financial Statements | 18-03 | 11/14/2017 | \$0 | \$0 |
| Independent Auditors' Report on SBA's FY 2017 Special-Purpose Financial Statements | 18-04 | 11/15/2017 | \$0 | \$0 |
| SBA's FY 2016 and 2017 Cash Contributions and Gifts | 18-05 | 11/20/2017 | \$0 | \$0 |
| Review of SBA's Implementation of the Federal Information Technology Acquisition Reform Act (FITARA) | 18-06 | 11/28/2017 | \$0 | \$0 |
| KPMG Management Letters Communicating Matters Relative to the U.S. Small Business Administration's (SBA's) FY 2017 Financial Statements and DATA Act Attestation Engagement | 18-08 | 12/18/2017 | \$0 | \$0 |
| Audit of SBA's State Trade Expansion Program | 18-11 | 1/29/2018 | \$0 | \$0 |
| Weaknesses Identified During the FY 2017 Federal Information Security Modernization Act (FISMA) Review | 18-14 | 3/20/2018 | \$0 | \$0 |
| Improvement Needed in the Accuracy of SBA Data Reported on USASpending.gov | 18-15 | 3/20/2018 | \$0 | \$0 |



| Title | Report Number | Issue Date | Questioned Costs | Funds for Better Use |
|-----------------------------------------------------------------|----------------------|-------------------|-------------------------|-----------------------------|
| SBA's FY2017 Progress in Reducing Improper Payments | 18-17 | 05/15/2018 | \$0 | \$0 |
| FY 2018 Risk Assessment of SBA's Charge Card Programs | 18-24 | 9/20/2018 | \$0 | \$0 |
| SBA Controls Over FY 2017 and 2018 Cash Contributions and Gifts | 18-25 | 9/20/2018 | \$0 | \$0 |
| Program Subtotal | 13 | — | \$52,649,057 | \$0 |



Reporting Requirements Under the Inspector General Reform Act of 2008

The following information is provided in accordance with the Inspector General Reform Act of 2008, as amended (P.L. 110-409).

Table 22: FY 2020 Budget Request

| Dollars in Millions | FY 2018 Actual | FY 2019 Enacted | FY 2020 Request | FY 2020 Incr/Decr |
|-------------------------------------|-------------------|--------------------|--------------------|----------------------|
| New Budget Authority | \$19.9 | \$21.9 | \$21.9 | \$0.0 |
| Transfer from Disaster Loan Program | 0.0 | 1.0 | 1.6 | 0.6 |
| Total | \$19.9 | \$22.9 | \$23.5 | \$0.6 |

OIG's FY 2020 budget request includes \$140,000 for training, which is sufficient to satisfy all training needs for the fiscal year, and \$61,000 for the operation of CIGIE.



OIG Organizational Structure

OIG has three divisions and several supporting program offices to carry out its functional responsibilities.

The **Audits Division** performs and oversees audits and reviews to review and assist SBA in administering its programs and operations economically, efficiently, and effectively. Key areas of emphasis are SBA's loan programs, disaster assistance, business development and government contracting programs, agency management, as well as mandatory and other statutory audit requirements involving computer security and financial reporting. The balance of the engagements is discretionary and focuses on high-risk activities and management issues facing SBA.

The **Investigations Division** conducts investigations to detect and deter illegal and improper activities involving SBA's programs, operations, and personnel. SBA OIG criminal investigators carry out a full range of traditional law enforcement functions. The security operations staff conducts required OIG employee background investigations to achieve a high level of integrity in the Agency's workforce and adjudicates OIG employees and contractors for issuance of personal identity verification cards pursuant to Homeland Security Presidential Directive 12 background investigations requirements. The OIG Hotline, under the purview of the Investigations Division, reviews allegations of waste, fraud, abuse, or serious mismanagement within SBA or its programs from employees, contractors, and the public. Hotline staff conduct a preliminary review of all complaints to determine the appropriate course of action and may coordinate reviews of allegations within OIG, SBA program offices, or other government agencies.

The **Management and Operations Division** provides business support (e.g., budget and financial management, human resources, IT, and procurement) for various OIG functions and activities.

The **Office of Counsel** provides legal and ethics advice to all OIG components; represents OIG in litigation arising out of or affecting OIG operations; assists with prosecuting criminal, civil, and administrative enforcement matters; processes subpoenas; responds to Freedom of Information and Privacy Act requests; provides training; and reviews and comments on proposed policies, regulations, legislation, and procedures.

OIG's headquarters is in Washington, DC. Its field staff are located in Atlanta, GA; Chicago, IL; Dallas-Fort Worth, TX; Detroit, MI; Denver, CO; Herndon, VA; Houston, TX; Kansas City, MO; Los Angeles, CA; Miami, FL; New York, NY; Philadelphia, PA; Federal Way, WA; and Washington, DC.

An organizational chart for OIG is provided on the next page



**Small Business Administration
Office of Inspector General**

