

CHANGES IN FY 2005 PAR DOCUMENT


Overall, this year's PAR is more streamlined than the FY 2004 PAR while providing the same basic elements of budget and performance integration. A stronger emphasis on improved data quality, condensed tables presenting useful and relevant Agency performance and budgetary resource information, and a friendlier, easier-to-read format, are all elements of the FY 2005 PAR. Other changes made to the 2005 PAR are outlined below.

In FY 2005, the SBA set higher standards for identifying outputs and outcomes as performance measures. One way the SBA improved its data quality standards was by identifying (as outputs) the number of loans funded to small businesses, while at the same time quantifying (as outcomes) the number of small businesses assisted through its primary loan programs. Prior to FY 2005, time and resource limitations prevented the SBA from making such a distinction—a distinction that can enable Agency management to discover where it is using its resources and who it is helping in the process.

Appendix 11 shows a copy of the Data Validation form used to verify the integrity and quality of each SBA indicator used in the report. The SBA received best practice recognition from the Government Accountability Office (GAO)¹ in FY 2005, for this approach. More importantly, it enabled the SBA to improve the overall usefulness of performance information for management purposes and policy decision-making, as well as align program goals with overall Agency goals. Through data validations, the SBA's program managers were required to reference any limitations on their performance indicators, including completeness, accuracy, and timeliness of the data, as well as data sources, policy implications of indicator used, and plans to address any of its limitations. A Data Validation example describing the proper use of the tables appears in the MD&A section. A Data Validation Table for each of the performance indicators can be found on the PAR CD.

The abbreviation for small businesses facing "special competitive opportunity gaps" was changed from COGs to SCOGs. This reflects the fact that all of the small businesses assisted by the SBA face a gap not filled by the private market or local government or organizations. SCOGs face additional challenges that have traditionally limited their business ownership, as defined by the Small Business Act.

1. *Enhancing Agency Use of Performance Information for Management Decision Making*, GAO, September 2005. www.gao.gov/new.items/d05927.pdf



DID YOU KNOW?

- Small businesses represent 99.7 percent of all employer firms.
- Over the past decade, small business net job creation fluctuated between 60 and 80 percent.
- Small businesses generate more than 50 percent of the nonfarm private gross domestic product (GDP).
- Two-thirds of new employer establishments survive at least two years after start-up, and 44 percent survive at least four years.
- Small businesses employ half of all private sector employees.
- Very small firms with fewer than 20 employees spend 45 percent more per employee than the largest firms to comply with federal regulations.
- Minorities own 4.1 million firms that generate \$694.1 billion in revenues and employ 4.8 million workers.
- Women own 6.5 million businesses that generate \$950.6 billion in revenues, and employ 7.2 million workers.
- In 2004, an estimated 580,900 employer firms opened while an estimated 576,200 closed.

Performance Statement Tables

- The Resource and Budgetary Resources tables were renamed Performance Statement tables.
- Tables for Long-Term Objectives 1.1 and 1.2 were integrated into one single Performance Statement table.
- Indicators for Long-Term Objective 1.5 were reconfigured to reflect changes in this government-wide initiative. As a result, no FY 2005 goals were available with which to compare FY 2005 data. Only the Budgetary Resources section was included in the 2005 PAR.
- To comply with recommendations from OMB Circular A-11 (Part 6, Section 230) guidelines, only retrospective and FY 2005 goal and performance data was identified. Goals for years extending beyond FY 2005 and long-term goals were eliminated from the report.
- Untracked indicators or tracked performance indicators not displaying values were eliminated.
- Due to current limitations on data availability by Long-Term Objective, District Office performance indicators and cost measures were removed from the Performance Statements and summarized at an Agency level in the MD&A section.
- Tables with an abbreviated cost section, showing total program obligations and efficiency measures, were created for the print version of the PAR.
- Tables with an expanded cost section were included in the CD-ROM.

Management's Discussion and Analysis Section

- New pie, bar, and line charts were added to display strategic goal performance and efficiency measures.
- The presentation of accomplishments summary at a strategic-goal level was rearranged from a table to a pie chart.
- A summary table displaying total program outputs, by program, was included.

Performance Section

- An expanded analysis section for small businesses facing special competitive opportunity gaps was introduced in FY 2005. This section was broken down by ethnic categories and by status indicating businesses with primarily women or veteran-ownership.
- Strategic Goal 4 text was better aligned with Agency outcomes related to each goal.
- Only program-specific performance measures were included in the Performance section. The Agency-wide section of each performance statement can be found in the MD&A section. For Long-Term Objectives with contribution by only one program, the values of the outcomes are reported only at the Agency-Level.

Appendices

- The Appendices were trimmed to focus on valuable, relevant information.

CD-ROM

- The FY 2005 CD offers interactive features and extensions of the information provided in the printed PAR.
- It contains additional details of cost information that support the use of the PAR as a management tool.
- The SBA Regional Map features links to region Websites and to the district office Websites.
- Performance indicators in the Performance Statements are linked to the Data Validation Table, providing detailed information about the indicator.
- Whenever possible, links are included for documents cited in the PAR, allowing easy access to supporting materials.



THE SBA WORKS ITSELF OUT OF A JOB

For Robert Becquet, growing a business means growing employees, and he's had a lot of experience with both. Retiring after 29 years working for others in the restaurant industry, Becquet started building his own business. In 1994, he was approved for an **SBA guaranteed loan** through the International Bank of Commerce in Corpus Christi to open Jason's Deli. In 2002 and 2004, he was approved for **two more SBA loans**, with American Bank of Corpus Christi. He used the loans to open additional stores. Now with six locations, sales have increased from \$1.9 million to over \$12 million in the past 10 years, thus **classifying his company as a large business by SBA size standards**.

Along with developing his business, Becquet is committed to providing growth opportunity to all of his employees. Starting with 55 employees in 1995 and he now employs over 300. His three general managers and nine associate managers all began as hourly employees.