

## RESULTS AT A GLANCE

### **Record Accomplishments**

FY 2005 was both a very successful year and a year of significant change for the Small Business Administration. Under Administrator Barreto's continued leadership, the Agency continues to set historic records within its programs while implementing fundamental management and organizational improvements in many key areas. By improving the economic environment for small businesses and by expanding the amount of financial and technical assistance available to them, the SBA has been one of the primary forces driving the Nation's economic growth engine—small businesses.

While the SBA's Strategic Goals reflect challenges ahead, the Agency's FY 2005 results demonstrate that the SBA is on the right track to successfully meet them, with record accomplishments across the program areas, combined with both improved management of the Agency's resources and efficiencies achieved through technology.

As described throughout this PAR, the SBA achieved important results both in helping small businesses directly and improving key aspects of Agency operations. The highlights of the SBA's accomplishments over the past year are described below by the five major areas of assistance: financial, technical, procurement, regulatory and disaster recovery. The SBA's success in improving Agency operations is also summarized below.



### **Financial Assistance**

In FY 2005, the SBA made or guaranteed \$19 billion in loans for small businesses, the most in its history. Since 2001, loans to small businesses, including those to minorities, more than doubled. The SBA guaranteed over 88,000 7(a) loans to help over 80,000 qualified small businesses obtain financing when they might not be eligible for business loans through normal lending channels—all this at a cost to the taxpayer of less than four-tenths of a cent for every dollar lent. These numbers represent a benefit to the public in that these small businesses were able to get started, or to expand and grow, through access to capital that likely would not have been available without the SBA's involvement. For example, in FY 2005, the SBA provided access to capital to over 28,000 start-up businesses, some 12,000 more start-up firms than in FY 2004.

These accomplishments were achieved while increasing the efficiency of the SBA's lending operations. During FY 2005, the SBA continued to reap savings from the centralization of the loan liquidation process. In FY 2003, total liquidation costs for 7(a) loans were \$32.1 million; in FY 2005 total liquidation costs for 7(a) loans were \$7.2 million, a savings of \$24.9 million.

### ***Technical Assistance***

During FY 2005, approximately 1.3 million entrepreneurs received business counseling and training through the SBA and its resource partners, Small Business Development Centers (SBDCs), SCORE, and Women's Business Centers (WBCs). These numbers reflect the new uniform client definitions for the Entrepreneurial Development programs. The counseling that was provided included assistance in developing business plans, conducting market studies, complying with employee tax withholding requirements, and similar topics vital to the success of a typical small business. Our clients were able to launch, continue, or grow their businesses more successfully than they would have without the technical knowledge and counseling provided by the Agency and its resource partners.

### ***Procurement Assistance***

The SBA also continued on its mission to support the Administration in meeting its statutory commitment to provide a fair share of contracting dollars to small businesses. The SBA administers a small business goal-setting program across all Federal agencies to assist in the achievement of this government-wide goal. In FY 2004 (the most recent fiscal year for which data is available), 23% of all prime contract dollars (a total of \$69.2 billion) went to small businesses, exceeding the total dollars awarded to small business in FY 2003 by more than \$3 billion.

During FY 2005, the HUBZone Program initiated the first formal evaluation of its economic development impact. Specifically, it conducted a survey of its portfolio of approximately 13,000 firms to assess the effect of certification as "qualified HUBZone small business concerns" on firms' employment, employment of HUBZone residents, and capital investment. Results clearly demonstrate substantive economic development in eligible communities attributable to the award of contracts under the HUBZone Program. Firms reported that: capital investment attributable to HUBZone certification aggregated more than half a billion dollars; employees hired as a result of HUBZone certification exceeded 11,000; and HUBZone residents hired as a result of certification totaled more than 7,000.

### ***Regulatory Assistance***

The SBA's efforts to work with Federal agencies to find effective and less burdensome regulatory alternatives resulted in a tremendous benefit to the Nation's small businesses by reducing regulatory costs on small businesses by close to \$4 billion last year. Millions of small businesses were able to better use the time and money that would otherwise have been expended on compliance with these regulations in ways that more directly supported their successful operation.

### ***Disaster Recovery Assistance***

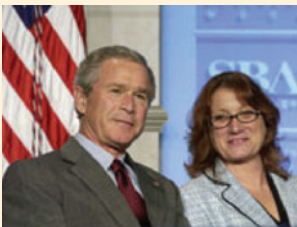
During FY 2005, the SBA Disaster program funded low-interest loans to over 41,000 homeowners and businesses totaling \$1.27 billion. Because of the SBA loans, businesses and local economies in disaster areas were able to recover much more quickly. Based on a survey of Economic Injury Loan recipients, an impressive 92.7% indicated they were able to have their business in operation within six months of the final disbursement of their disaster loan. Vital to the effectiveness of this assistance is the speed of its delivery. For example, this year, in response to the incredible destruction of Hurricane Katrina, the Office

of Disaster Assistance hired approximately 1,600 new employees in one month, an expansion of 180%. Currently, the Office of Disaster Assistance has more than 3,600 employees working to assist the survivors of the three hurricanes (Katrina, Rita and Wilma) in Louisiana, Alabama, Mississippi and Florida, and continues to hire additional staff to respond to the unprecedented demand for the SBA disaster loans.

### ***Improved Management***

During the year, the Agency completed actions to address virtually all of the issues raised by its independent external auditor in the FY 2004 financial audit. This and other efforts resulted in an unqualified audit opinion and the elimination of the designation of credit subsidy modeling as an area of material weakness. These results are a major achievement for the Agency, and the Agency will build upon them to fulfill its mission effectively.

In 2005, the SBA maintained a Green rating for Status for two of the seven initiatives of the President's Management Agenda (PMA), e-Government and Budget and Performance Integration. At the same time, the SBA Competitive Sourcing initiative moved to a Status of Green. The SBA is Green on PMA Progress in six out of seven areas, with the Faith-Based initiative being too new to be rated. The SBA's Green rating for Budget and Performance Integration reflects the Agency's efforts to accurately measure the impact and effectiveness of its programs and to focus its resources on those activities that produce the best results. During FY 2005, the SBA continued the implementation of a contract for a major evaluation of the Agency's assistance programs. The SBA also benefited from the advice of the independent Audit and Financial Management Advisory Committee, one of the few Federal agencies to have this additional level of accountability in its financial management process.



### **SMALL BUSINESS PERSON OF 2005**

2005 Small Business Person of the Year, Marianne Sensale-Guerin formed Guerin Associates, LLC, in December 2000 with the benefit of counseling from SCORE. Guerin Associates is an environmental services firm offering a wide range of remedial services and specializing in removal, replacement, cleaning and retrofitting of underground and above-ground fuel storage tanks, spill response and site remediation.

In 1991, Marianne and her husband Marc formed Pollution Control Services (PCS), a small environmental company based in Gorham, Maine. In 1999 PCS' assets were sold to North American Environmental Services and both Marc and Marianne accepted managerial positions with the company. Tragically, on November 15, 2000, Marc died.

Six weeks following her husband's death, Sensale-Guerin was told that North American would close its Maine environmental division. Not afraid of facing a challenge, Sensale-Guerin decided to set out on her own. She struck a deal with North American, that allowed her to take over its existing Federal contracts and perform them under a new entity, Guerin Associates, LLC. During four years in business, the company has grown from four employees to its current 20 in a newly-renovated 8,000 square-foot facility.

Progress made by focusing Agency attention on the Inspector General's Management Challenges resulted in the elimination of two management challenges. This reflects the active steps the Agency has taken to continue improving its programmatic and financial management.

### ***Access and Efficiency through Technology***

The Nation, its economy, and businesses of all sizes continue to evolve with advances in technology. For its products and services to remain relevant to the small business community, the SBA, too, must leverage technology. A flagship example of this is the SBA's role as a managing partner of the Business Gateway, a user-friendly business portal (Business.gov). The portal, which was launched in FY 2004, provides a one-stop, common access point for small business owners to find, understand and comply with Federal regulations. The number of unique visitors to the [www.business.gov](http://www.business.gov) site increased significantly from 89,000 per month in October 2004 to over 200,000 in May 2005.



During FY 2005, the SBAExpress loan product continues to be an enormous success for the Agency. It represents a win-win situation for the SBA, the small business borrower and the lender. Use of the SBAExpress program allows the SBA to reach more small businesses through smaller-sized loans that are processed more quickly and efficiently by the lender.

### ***Challenges Ahead***

To meet the Agency's core purpose of serving the Nation's small business sector well, the SBA has continued to set ambitious goals—despite a difficult budget environment. Meeting its goals of expanding services and assistance across programs requires the SBA to continue efforts to focus its resources in the highest impact areas. The SBA must continue to evolve based on the increased use of technology, better measurement techniques for the evaluation of programs, and the ongoing restructuring and training of the Agency's workforce. Programs that do not achieve the intended results are not cost-effective. Duplicative services available elsewhere must be discontinued or modified with resources redirected to a more effective use. By using available resources in the most effective way possible, the SBA will continue to be a vital, strong, and relevant partner for the Nation's small businesses.