SBA's FY 2008 Annual Performance Report

Helping Small Business Start, Grow and Succeed

The Annual Performance Report and the Citizens' Report are available at http://www.sba.gov/aboutsba/budgetsplans/serv_budget_links.html, or by writing or calling the contacts below.

Information about SBA's programs is available at:
   www.sba.gov

SBA's plans and reports are available at:
   http://www.sba.gov/aboutsba/budgetsplans/serv_budget_links.html

Para información acerca de los programas de la SBA:
   http://www.negocios.gov

Requests for printed copies, or questions and comments regarding the content, presentation and usefulness of this report are welcome and may be addressed to: performancereports@SBA.gov

Or, you may write to:

U.S. Small Business Administration
Office of the Chief Financial Officer
409 Third Street, S.W.
Suite 6000
Washington, DC 20416

Or, you may call:

Bruce Crippin
Performance Management Office
(202) 205-6188

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In recognition of your outstanding efforts in preparing the Small Business Administration
PERFORMANCE AND ACCOUNTABILITY REPORT
for the fiscal year ended September 30, 2006 & 2007

2006

2007

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U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

January 16, 2009

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Madam Speaker:

I am pleased to present the U.S. Small Business Administration's (SBA) Fiscal Year (FY) 2008 Annual Performance Report (APR). The SBA's mission is to promote small business development and entrepreneurship through business financing, government contracting, and management assistance. The SBA also works with other federal agencies to reduce the regulatory and paperwork burdens on small businesses, and it serves as the government's long-term lender to homeowners, renters, and businesses affected by disasters.

The Chief Financial Officer Act of 1990 (P.L. 101-576), as amended by the Government Management Reform Act of 1994, requires the 24 major agencies of the Federal Government to prepare and submit audited financial statements to the Office of Management and Budget (OMB). In addition, the Reports Consolidation Act of 2000 (P.L. 106-531), authorizes those agencies to combine the audited financial statements with their annual performance management reports and submit them in a consolidated Performance and Accountability Report (PAR) to OMB and the Congress.

The OMB has approved participation by SBA in the pilot PAR project. Under this pilot, agencies submit an alternative to the consolidated PAR. This alternative reporting format consists of the Agency Financial Report, the Annual Performance Report, and a "Citizens Report."

The Agency Financial Report contains the Agency's audited financial statements and describes SBA's financial results over the past year. This report also highlights SBA's efforts to strengthen internal controls and reduce improper payments. It was submitted on November 15, 2008.

The enclosed Annual Performance Report contains information comparing SBA's FY 2008 actual performance with FY 2008 targeted performance goals. It also contains diagnostic analyses of these 2008 performance results and a description of SBA's plans to address any issues designated "High-Risk" by the Government Accountability Office. This data shows SBA's efforts in expanding its efforts in supporting the economic growth of the small business economy and improving its response to natural disasters. The data in this report has been verified by the Chief Financial Officer and the Agency Performance Officer for reliability and completeness.

The Honorable Nancy Pelosi
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As required under the pilot PAR project, SBA's FY 2008 Annual Performance Report will also be posted on our Agency's web site at www.sba.gov by February 4, 2009. The "Citizens Report" document, which summarizes the PAR and presents key findings for FY 2008 will also be available on the SBA website by that date.

I have been truly honored to lead the SBA and I invite you to visit the SBA online at www.sba.gov for more information about our Agency and its programs.

Sincerely,

Sandy K. Baruah
Acting Administrator

Enclosure

Overview

This FY 2008 Performance Plan lays out the activities that the SBA will undertake as it moves forward to expand opportunities for the nation's small businesses and to assist victims of federally-declared disasters. The goals, objectives and strategies outlined in this plan are guided by four core values:

- *Outcomes Driven* — The SBA will clearly define the outcomes it is targeting and ensure that its programs, processes and policies are aligned in achieving them.
- *Customer Focused* — The Agency serves people and will be responsive to their needs, both in the services it provides and in how they are delivered.
- *Employee Enabled* — SBA employees extend the hand of service to Americans every day, and the Agency must ensure they have the tools, training, and support they need to be effective.
- *Accountable, Efficient and Transparent* — The SBA has a bedrock obligation to the taxpayer to manage efficiently, invest capital prudently, and be open and honest about its results.

The four strategic goals outlined in this plan are not significantly different from those of recent SBA planning cycles. The Agency's core objectives of effectively supporting the nation's entrepreneurs and providing assistance to victims of disasters remain unchanged. However, the means for achieving these goals reflects the lessons learned through experiences in serving customers across the nation and from listening to, and working with, Agency employees at all organizational levels. The SBA's four strategic goals are:

Strategic Goal One — Expand America's ownership society, particularly in underserved markets.

Strategic Goal Two — Provide timely financial assistance to homeowners, renters, nonprofit organizations and businesses affected by disaster.

Strategic Goal Three — Improve the economic environment for small business.

Strategic Goal Four — Ensure management and organizational excellence to increase responsiveness to customers, streamline processes, and improve compliance and controls.

As this plan reflects, the SBA continues to focus on the impact of its programs and its effectiveness in managing operations. The Agency is driving improvements in customer service and simplifying its programs to make them more accessible and more useful to small business owners.

Summary Performance Measure Indicators

Performance Indicators
FY 2008

	#	%
Met	53	0.61
Improved	1	0.01
Not Met	26	0.30
N/A	7	0.08
	87	1

Performance Indicators by Type
FY 2008

	#	%
Output	29	0.33
Outcome	32	0.37
Efficiency	26	0.30
Total	87	1
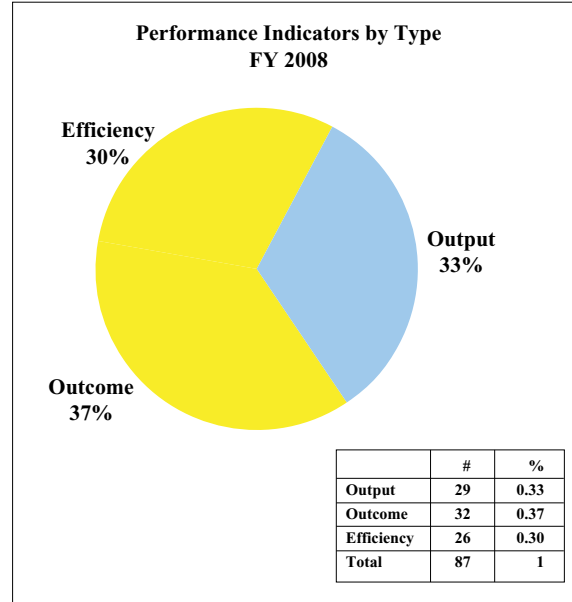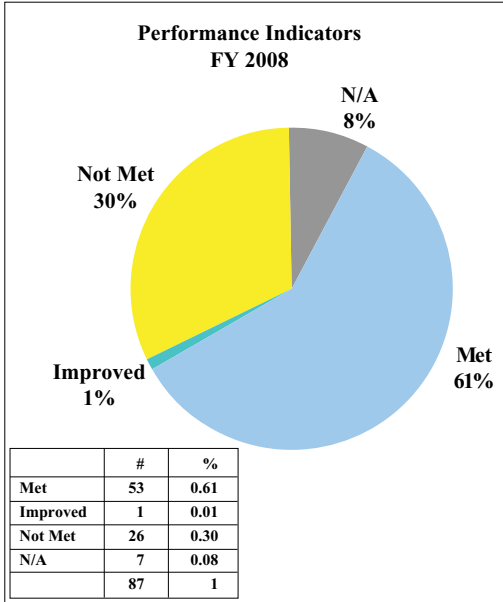
Met	Improve	Not Met	N/A

Strategic Goal 1
Financial Assistance

Program	Performance Indicator	Type	FY 2008 Variance
7(a)	Loans Funded (#)	Output	-35%
7(a)	SB Assisted (#)	Output	-35%
7(a)	Under Served Markets - Lns Funded (#)	Output	-32%
7(a)	USM - SB Assisted (#)	Output	-32%
7(a)	Jobs Created/Retained (#)	Outcome	-25%
7(a)	Cost per Loan Funded ($)	Efficiency	-96%
7(a)	Cost per SB Assisted ($)	Efficiency	-61%
504	SB Lns Funded (#)	Output	-23%
504	SB Assisted (#) (1)	Output	-23%
504	USM - SB Lns Funded (#)	Output	-13%
504	USM - SB Assisted (#)	Output	-12%
504	Jobs Created/Retained (#)	Outcome	-20%
504	Cost per SB Loans Funded ($)	Efficiency	-42%
504	Cost per SB Assisted ($)	Efficiency	-26%
Int'l Trade	Loans Funded (#)	Output	4%
Int'l Trade	SB Assisted (#)	Outcome	8%
Int'l Trade	USM Assisted (#)	Outcome	13%
Int'l Trade	Cost per Loan Funded ($)	Efficiency	33%
Int'l Trade	Cost per SB Assisted ($)	Efficiency	35%
Microloan	Loans Funded (#)	Output	7%
Microloan	SB Assisted (#)	Outcome	7%
Microloan	Cost per SB Assisted ($)	Efficiency	14%
Microloan	Cost per Loan Funded ($) (1)	Efficiency	42%
SBIC	SB Assisted (#)	Outcome	8%
SBIC	USM - SB Assisted (#)	Outcome	14%
SBIC	Cost per SB Assisted ($) (1)	Efficiency	15%
SBG	Final SBG (#)	Output	-12%
SBG	Total Bonds (#)	Output	1%
SBG	USM- Final SBG (#)	Output	11%
SBG	Cost per Final SBG ($)	Efficiency	33%
SBG	Cost per Total Bid Bonds ($)	Efficiency	42%

Management and Technical Assistance

Program	Performance Indicator	Type	FY 2008 Variance
SBDC	Multi-Year Extended Engagement Clients (#)	Output	13%
SBDC	SB Created (#)) (1)	Outcome	112%
SBDC	Capital Infusion ($ Billion)	Outcome	44%
SBDC	Cost per Multi-Year Exended Engagement Clients (#)	Efficiency	11%
SBDC	Cost per SB Created ($) (2)	Efficiency	41%
WBC	SB Assisted (#)	Output	19%
WBC	Jobs Created/ Retained (#) (1)	Outcome	3%
WBC	SB Created (#) (1)	Outcome	18%
WBC	Cost per SB Assisted ($)	Efficiency	12%
WBC	Cost per Job Created/Retained ($)	Efficiency	10%
SCORE	SB Assisted (#)	Output	11%
SCORE	SB Created (#)	Outcome	-13%
SCORE	Cost per SB Assisted ($)	Efficiency	5%
DFWP	SB Educated (#)	Output	57%
DFWP	Programs Implemented (#)	Output	120%
DFWP	Cost per SB Educated ($)	Efficiency	53%

Contracting Assistance

Program	Performance Indicator	Type	FY 2008 Variance
7(j)	SB Assisted (#)	Output	-10%
7(j)	Cost per SB Assisted ($)	Efficiency	-14%
8(a)	SB Assisted (#)	Outcome	-1%
8(a)	Cost per SB Assisted ($)	Efficiency	-17%
HubZone	SB Assisted (#)	Output	N/A
HubZone	Annual Value of Federal Contracts ($ Billion)	Output	N/A
HubZone	Cost per SB Assisted ($)	Efficiency	N/A
HubZone	Cost per Federal Contract Dollar ($)	Efficiency	N/A
PrimeContr	Fed Contract Dollars Awarded to SB ($ Billion)	Output	N/A
PrimeContr	Jobs Created/Retained (#)	Outcome	N/A
PrimeContr	Cost per Job Created/Retained ($)	Efficiency	N/A
SDB	SB Certified (#)	Output	-1%
SDB	Cost per SB Certified ($)	Efficiency	15%

District Offices Support - All Assistance Areas

Program	Performance Indicator	Type	FY 2008 Variance
OFO/8(a)	Annual 8(a) Reviews (%)	Output	0%
OFO/DO C&T	SB Assisted - Counseling/Training (#)	Outcome	-13%
OFO/DO C&T	Cost per SB Assisted ($)	Efficiency	42%

Strategic Goal 2
Disaster Assistance

Program	Performance Indicator	Type	FY 2008 Variance
Disaster	Disasters Having Field Presence Within 3 Days (%)	Output	5%
Disaster	Loans With Initial Disbursements Within 5 Days of Loan Closing (%)		4%
Disaster	Time to Process 85% of Home Applications (Days)	Output	40%
Disaster	Time to Process 85% of Business Physical Applications (Days)		31%
Disaster	Time to Process 85% of EIDL Applications (Days)	Output	25%
Disaster	SB Sustaining Economic Injury That Remain Operational 6 Months After Final Disbursement (%)	Outcome	15%
Disaster	SB Sustaining Physical Damage Restored Within 6 Months After Final Disbursement (%)	Outcome	-1%
Disaster	Homeowners Restoring Their Homes Within 6 Months of Final Disbursement (%)	Outcome	-16%
Disaster	Renters Restored Within 6 Months After Final Disbursement (%)	Outcome	-19%
Disaster	Customer Satisfaction Rate (%)	Outcome	-10%

Strategic Goal 3

Program	Performance Indicator	Type	FY 2008 Variance
Advocacy	Research Publications (#)	Output	8%
Advocacy	Regulatory Cost Savings to Small Businesses ($ Billion)	Outcome	95%
Advocacy	Regulatory Staff with In-House Regulatory Flexibility Act Expertise (#) (1)	Outcome	51%
Advocacy	States Considering Legislative/Executive Regulatory Flexibility Action (#) (2)	Outcome	0%
Advocacy	Research Publications and Data Reports in Curricula (#)	Outcome	27%
Advocacy	Cost per $1 Million Savings ($)	Efficiency	57%
BGateway	Hours Saved (# in Millions)	Outcome	47%
BGateway	Customer Satisfaction (%)	Outcome	0%
BGateway	Referrals to Partner Sites per Month (%) (1)	Outcome	155%
BGateway	Cost per Hours Saved ($)	Efficiency	67%

Strategic Goal 4
Ensure Management Excellence

Program	Performance Indicator	Type	FY 2008 Variance
OCIO	IT Systems Availability (%)	Output	0%
OCIO	Unauthorized Network or Data Breaches (#)	Outcomes	-400%
OCFO	Unquailified Opinions for Audit Year	Outcomes	100%
OCFO	Number of Material Weaknesses (#)	Outcomes	100%

* Underserved markets represent small businesses in low to moderate income

STRATEGIC GOAL ONE – EXPAND AMERICA'S OWNERSHIP SOCIETY, PARTICULARLY IN UNDERSERVED MARKETS.

Small businesses represent an essential mechanism by which individuals enter the economic and social mainstream of American society. The needs of a small business change as the entity goes through the various stages of its lifecycle — from a possibility to a vibrant, successful business. Strategic Goal One represents the SBA's commitment to helping small businesses overcome the competitive opportunity gaps often faced by entrepreneurs. The SBA empowers small business entrepreneurs to take advantage of the opportunities the market offers by providing knowledge, skills and technical assistance; access to loans and equity; and contracting opportunities either directly or through its partners. While SBA programs benefit all small business entrepreneurs, the Agency places particular emphasis on groups that own and control little productive capital and have limited access to markets.

Strategic Goal One has three Long-Term Objectives:

LTO 1.1 — Improve access to SBA programs and services by small businesses to drive business formation, job growth, and economic activity.

LTO 1.2 — Support entrepreneurship in markets with higher poverty and unemployment, and in our military community.

LTO 1.3 — Ensure stewardship and accountability over taxpayer dollars through prudent financial portfolio management and oversight.

Financial Assistance — Having access to capital when needed, and under the right conditions, is vital to the success of small businesses. This need changes as a business goes through the various stages in its lifecycle. The financial vulnerability of a small business may make SBA financial assistance a vital component at any given time. The SBA has structured its programs to fill the financial gap as determined by differing financial markets and the various stages of a small company's lifecycle. The SBA provides loans through its 7(a) loan, 504 loan, and Microloan programs, as well as equity and mezzanine financings through its SBIC program. The Agency has placed its focus on providing financing assistance that is effective and at the lowest possible cost to the taxpayer. The Surety Bond Guarantee program, assists small businesses in obtaining required bonding in the construction, supply, and service sectors by guaranteeing between 70 and 90 percent of the value of the bond issued to the small business by a surety company.

Management and Technical Assistance — One of the roles of the SBA is to help small businesses avoid negative consequences, including business failure and bankruptcy. Businesses fail for many reasons and, although it is the reason most often cited, inadequate financing (i.e., insufficient cash flow or initial start-up capital) is only one of those reasons. Businesses also fail because of inadequate short- and long-term planning, inadequate market research, ineffective marketing, incomplete or deficient strategy or vision, and inadequacies in the management team, among other reasons. The SBA, through its management and technical assistance programs, addresses these potential pitfalls. It helps small businesses get off to a good start; increases their chance of becoming established, employment-generating businesses; and it helps existing businesses to prosper and grow.

One of the Agency's main objectives is to continue to improve the quality of the management and technical assistance data collected so that it can better measure the services that it provides and the outcomes resulting from those services, and so it can better target its assistance to address the needs of its small business clients. Having complete, consistent and accurate data is the first requirement for measuring the effectiveness and efficiency of SBA assistance.

Contracting Assistance — The SBA offers already-established businesses opportunities to sell products and services to the federal government. Purchases by military and civilian agencies amount to more than $340 billion a year and include

everything from complex space vehicles to janitorial services and cancer research. In sum, the federal government buys just about every category of commodity and service available.

Two of the main contracting assistance programs are 8(a) and HUBZone. The 8(a) program is a business development program that offers a broad scope of assistance to socially and economically disadvantaged firms. The HUBZone program, a contracting assistance program whose primary objective is job creation and increasing capital investment in distressed communities, was designed from its inception as an electronic-based program. This design maximizes its utilization of resources.

Financial Assistance

The SBA helps make capital available through financing partners to small businesses who might not otherwise obtain financing on reasonable terms and conditions. The SBA offers financial assistance through loan guaranty and investment programs. Except for the Disaster loan program, the Agency does not make direct loans to businesses, but rather guarantees loans made by its partners (lenders, certified development companies, and microlending institutions). The guaranty allows business owners to obtain funds that they would not otherwise be able to obtain. The SBA also provides surety guaranties for surety bonds.

The financing programs are currently delivered through four offices within the Office of Capital Access (OCA): Financial Assistance, International Trade, Investments and Surety Guarantees. The focus of the OCA is to balances the need to make capital available to small businesses with the need to provide appropriate monitoring and oversight to ensure that tax dollars are used most effectively and wisely. The OCA works to ensure that financial assistance products provided to small businesses meet their needs, particularly the needs of underserved markets, and that operational processes are streamlined and efficient, with adequate controls to protect the taxpayer from unnecessary losses, and that the Agency's partners receive excellent customer service.

The Office of Capital Access is presently re-organizing to better meet the changing environment surrounding providing services to the small business community. These changes address key issues facing the OCA, including the need to strengthen and expand its capacity to even more effectively manage the risks posed by financial assistance, investment and other programs, and the need to continue reform efforts to balance resources needed for operational support work in lending centers and at headquarters. The OCA is addressing these challenges and instilling a performance culture throughout its program offices by re-aligning current resources and adding strategic new positions.

The reorganization expands leadership in three areas: risk management, financial program operations, and centralized management support. The program offices are expanding to include two additional offices, an Office of Risk Management and an Office of Financial Program Operations in addition to the current five offices. Staff will be added in the central Office of Capital Access to facilitate prioritization and coordination of resources and information across program offices.

The newly-established Office of Risk Management will set risk management goals and standards for functions across OCA program areas. This expansion enables increased focus and attention to developing a risk governance structure while not diminishing the ongoing oversight role of the office of Credit Risk Management.

The Office of Financial Program Operations whose functions are currently within the Office of Financial Assistance will become a separate office. This office maintains its responsibility for loan processing, servicing and liquidation and its sub-structure that supports accomplishing these functions.

Ultimately, the changes will help the SBA achieve its mission to provide important financing to creditworthy businesses unable to obtain financing through the conventional lending market, while balancing appropriate program integrity and oversight.

Small businesses are an important component of the nation's economy. A 2007 Office of Advocacy study shows that, in 2004, the small business share of the GDP in the 16 non-farm industry sectors ranged from 18 percent of the information sector to 85

percent of both the construction and other services. Over the 7-year period studied, the small business share of GDP held steady at around 50 percent.[1] In addition, start-up businesses help a state's economy grow. Another study held that "the most fruitful policy option available to state governments is to establish and maintain a fertile environment for new establishment formations."[2]

### Financial Assistance and Financial Program Operations

Financial assistance is provided through three major loan programs: the 7(a), 504 and Microloan programs. The guaranteed loan programs are largely provided through lending partners such as financial institutions, small business lending companies, credit unions and certified development companies (CDC). The SBA also makes direct loans to microloan intermediaries to support lending to micro-enterprises.

The process by which the SBA provides small businesses with opportunities for obtaining loans is supported by three major activities — processing, servicing, and purchasing loans. Processing includes reviewing and approving loans; servicing activities include loan collections and modifications; and purchasing is characterized by activities related to purchasing delinquent guaranteed loans and coordinating the liquidation of collateral with lending partners. These activities are delivered through six centers located throughout the country that approve, service, and purchase SBA loans.

The SBA has centralized all disaster loan servicing activities in two centers, each responsible for servicing disaster loans for one-half of the country. Servicing activities include all loan collection and modification activities.

7(a) Performance - Delinquency & 12 Month Purchase Rate
As of June 2008

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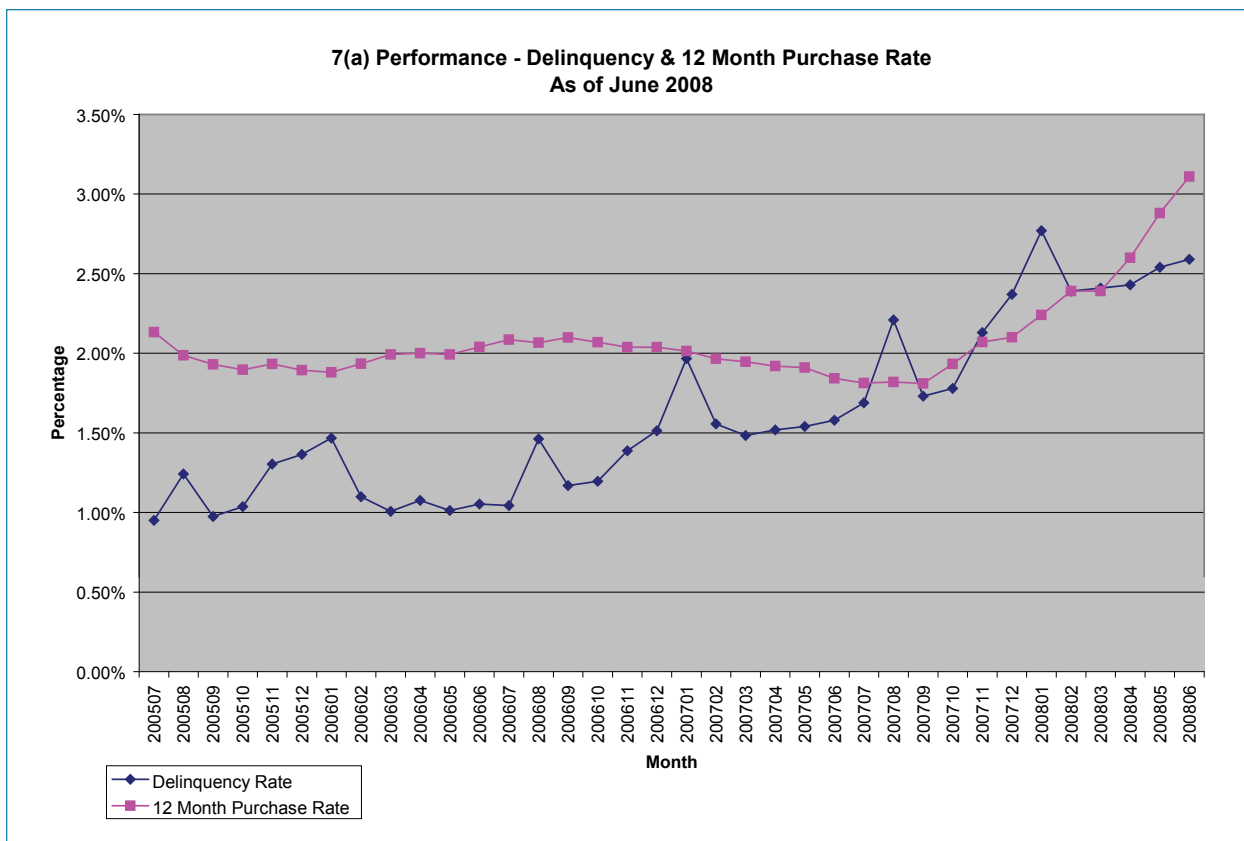
1   *The Small Business Share of GDP*, 1998-2004 by Katherine Kobe (April 2007). SBA Office of Advocacy-funded research contract SBAHQ-05-M-0413. The report may be found at www.sba.gov/advo/research/rs299tot.pdf.

2   *Small Business and State Growth: An Economic Investigation* by Donald Bruce et al (Feb. 2007). SBA Office of Advocacy-funded research contract SBAHQ-05-M-0410. The report may be found at www.sba.gov/advo/research/rs292tot.pdf.

504 Performance - Delinquency & 12 Month Purchase Rates
As of June 2008
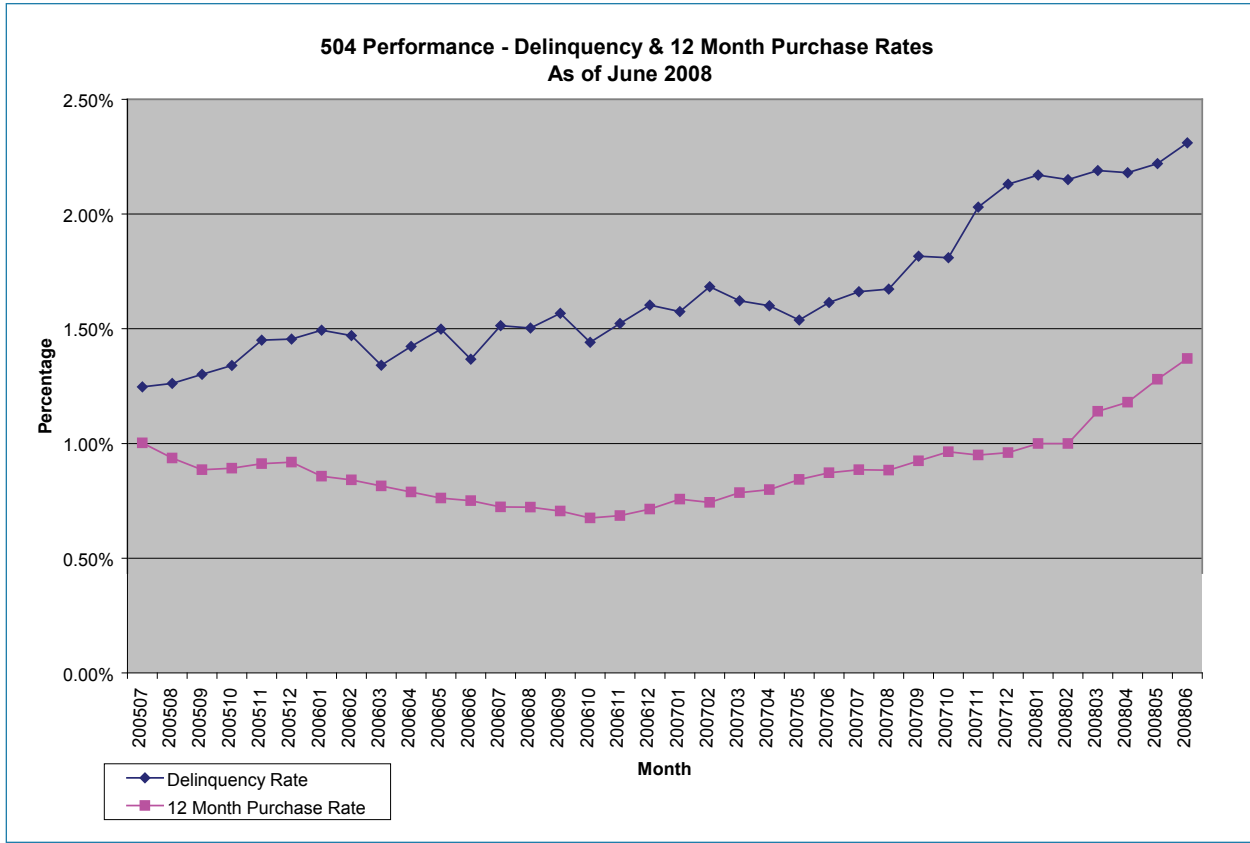
When normal loan collection activities fail to restore a successful loan repayment plan, loans are transferred from the service centers to a third center, a nationwide loan liquidation center, for intensive workout or liquidation. This includes oversight of collateral and the referral of defaulted loans to the U.S. Treasury cross-servicing program for the Agency nationwide.

Consistent with the trends seen in the current economic environment, the performance of the SBA's loan portfolio began a declining trend beginning towards the end of FY 2007. As shown in the following charts, the SBA has seen an increase in delinquency and purchase rates in both the 7(a) and 504 programs, its two major credit programs. Between March 2007 and March 2008, the delinquency rate increased by 62 percent in the 7(a) program and 35 percent in the 504 program, while purchase rates increased by 22 percent in the 7(a) program and 45 percent in the 504 program. The Agency believes this trend is not indicative of weakness in its credit programs but reflect the broader economic conditions as well as challenges in credit and financial markets throughout the country. The declining trend has significant implications for both program fees as well as for loan operations. With increasing numbers of loans requiring action on the part of the SBA, significant pressure is put upon operations centers to mange the increase in loan related activity.

In the following pages, the 7(a) and 504 programs are presented separately (individual charts and narratives). These two programs are highly suited to a variety of small business owners and, in many cases, small businesses qualify for both types of loans. However, the SBA is interested primarily in ensuring that small businesses have access to capital regardless what programs are used. Therefore, the following chart shows the combined number of 7(a) and 504 loans funded.

7(a) and 504 Loans				
Loans Funded	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
7(a) and 504 Loans Funded Combined (#)	97,819	100,203	102,958	73,144

7(a) Loan Program

Through its 7(a) loan program, the SBA enhances the access to capital for small businesses. Improving access to capital often improves the chances that a small business can create or maintain employment, increase revenue and survive. The 7(a) loan program is the Agency's primary business loan program to assist small businesses to obtain financing when they do not qualify for conventional credit. It is particularly valuable to those underserved businesses that have traditionally had trouble accessing the conventional credit market. Its flexibility enables small businesses to obtain financing of up to $2 million for various business uses, with a loan maturity of up to 10 years for working capital and 25 years for real estate. The program had seen growth over the past years, including FY 2007, despite the rising interest rate environment. However, that growth has not continued into 2008 due to a number of factors, including the current economic environment, resulting in a lessening of demand by small businesses for credit, reduced creditworthiness of small business borrowers, and some tightening by banks of credit in the commercial lending area, reducing volume for commercial lending overall.

One initiative that the SBA intends to build upon to help reverse this trend is the expansion of the Small/Rural Lender Advantage initiative which was launched at end of FY 2007. It provides smaller SBA lenders a more streamlined way to process standard 7(a) loans up to $350,000 as a way to encourage them to consider doing more SBA lending. If the initiative proves successful in FY 2009, the SBA would like to make it available to all lenders in FY 2010 for smaller dollar loans that are made in underserved markets, regardless of the size of the lender. This will encourage lenders to make more of these more costly loans in the communities that need them most. These smaller dollar loans have fallen off in volume, in part because they are the costliest to make.

7(a) Loan Program

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
Loans Funded (#)	Output	88,845	90,483	92,553	64,514	99,494	-35%
SB Assisted (#)	Output	83,102	80,303	84,666	59,019	91,016	-35%
USM - Lns Funded (#)	Output	N/A	N/A	33,388	25,119	36,727	-32%
USM - SB Assisted (#)	Output	N/A	N/A	30,529	22,978	33,581	-32%
Jobs Created/Retained (#)	Outcome	662,133	790,170	864,947	649,271	864,947	-25%
Cost per Loan Funded ($)	Efficiency	$ 559	$ 461	$ 452	$ 865	$ 442	-96%
Cost per SB Assisted ($)	Efficiency	$ 881	$ 903	$ 843	$ 1,468	$ 911	-61%

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000)	$ 73,238	$ 72,485	$ 71,387	$ 86,626
Loan Making ($000)	$ 49,672	$ 41,741	$ 41,822	$ 55,793
Loan Servicing ($000)	$ 16,362	$ 17,190	$ 5,674	$ 6,672
Loan Liquidation ($000)	$ 7,204	$ 13,554	$ 15,146	$ 20,120
Lender Oversight ($000)	N/A	N/A	$ 8,745	$ 4,041

Variance Explanation

All 7 (a) loan program performance indicators have a FY 2008 negative variance of 25% or greater - The reason is that there has been a significant reduction in number of loans approved than was forecast due to the unforeseen downward trend in the current economic environment resulting in a lessening of demand by small businesses for credit, reduced creditworthiness of small business borrowers, tightening by banks of credit in the commercial lending area reducing volume for commercial lending overall, as well as the failure of some lenders.

FY 2008 Accomplishments

The SBA is actively reaching out to its lending partners through a Lender Relationship Management Initiative. The initiative both reminds lenders that the Agency continues to be available to guarantee loans to small businesses and works with lenders to provide good customer service to ensure that both the SBA's and the lender's operational needs are met. The Agency is taking this proactive step to inform lenders of the improvements made in its products, technology and processes that make its lending programs even more attractive during these challenging economic times. This initiative involves both headquarters and field personnel throughout the Agency. The initiative has increased the knowledge in the lender community of product offerings and operational requirements. The Agency is able to improve the effectiveness of its programs by maintaining closer contact with lenders, their needs and their perceptions of SBA, as a part of this initiative.

The SBA successfully established the Small/Rural Lender Advantage initiative in FY 2008 to improve access to SBA products for community lenders and increase their ability to assist underserved customers. S/RLA is not a new product, but rather a stream-lined way for lenders with small SBA loan volume to gain experience with regular 7(a) lending. Features include a streamlined application and eligibility questionnaire to significantly reduce paperwork requirements, making the SBA's products and services more attractive to lenders and borrowers.

In FY 2007, the SBA embarked upon an initiative to update its Standard Operating Procedures governing 7(a) and 504 loan processing, servicing and liquidation and providing them it in a searchable format. This modernization initiative has proven highly successful in FY 2008. The first effort, a major revision of SOP 50 10 that describes the rules and policies to become a 7(a) lender or CDCs as well as 7(a) and 504 loan processing regulations, policies and procedures, has been completed and presents the Agency's policies in a much shorter and easier format to understand for its lending partners. This modernized edition is better organized by type of loan program, and is web-based and designed with searchable PDF technology, which has become the industry standard for large web-based documents.

The highly successful re-engineering of its National Guaranty Purchase Center (NGPC) in Herndon, Virginia allowed the SBA to surpass the key goal of the "Brand Promise Restored" Campaign that lenders would receive a decision on their guaranty pur-chase request within 45 calendar days of submission of a workable package. The center also eliminated a substantial backlog of pre-purchase reviews by the end of May 2008, as pledged at the launch of the BPR Campaign. The time to purchase a typical guaranty fell from more than 279 days at the beginning of September 2007 to less than 20 days by end of the campaign. In addition, the acceptable quality of guaranty purchase packages from the SBA's lending partners rose from less than 10 percent to more than 75 percent. A documented, standardized operations manual and review process were part of the re-engineering effort. As a result, the NGPC has doubled its productivity while improving the quality and effectiveness of the guaranty purchase review process. Lenders are paid faster, and their confidence in the predictability of the SBA guaranty has been restored. The NGPC continues to re-engineer other areas of its operation to gain further efficiencies and improve quality throughout the organization.

In addition to Herndon, center re-engineering and continuous improvement projects are under way in all of the SBA's loan pro-cessing, servicing and purchase/liquidation centers. By eliminating non-value added activities, the SBA is able to focus resources on those areas representing the most risk to the Agency, improve customer service and make sound business decisions driven by performance metrics that promote transparency and accountability. Work initiated in FY 2007, and continued in FY 2008 to implement performance management metrics and scorecards in all centers, will continue to be refined in FY 2009 and FY 2010 as key management tools for enhancing performance, quality, and accountability.

Workload in SBA service and liquidation centers has increased due to the substantial growth in the total loan portfolio over the last the last five years. As a result of this growth and the product life cycle of several newer loans products, in FY 2008 the Agency began to experience an increase the number of loan defaults, liquidation, and charge off activity. Higher defaults are a natural outgrowth of the large increase in new loan volume the SBA experienced since 2004, and are also likely exacerbated by the current state of the economy. Although new loan volume is down in FY 2008, the growth in loan servicing and liquidation transactions will persist for several years to come due to the growth experienced in the past several years.

Staffing in SBA centers was carefully reviewed during FY 2008 in order to ensure that adequate staffing was available to address the increases in volume. The SBA created balanced staffing models for all of its centers to model the impact of projected changes in workload and the impact on the ability of the centers to maintain continuity in all of their operations. By ensuring that there is adequate staffing to manage lending functions, the Agency is able to continue its efficient, timely, and quality level of service while performing at a higher level in the secondary functions vital to the center and ensuring the on-going quality and integrity of its loan programs. The models indicated that additional staffing is required to meet the incoming workload through FY 2009, and the SBA took immediate steps to reallocate staffing resources to meet those demands.

504 Loan Program

The 504 loan program serves small businesses requiring "brick and mortar" financing. A typical 504 loan project includes a loan secured from a private sector lender with a senior lien, and a SBA backed loan secured from a CDC in a second lien position. Thanks to particular features of this program, such as a statutorily-mandated job creation component, a community development goal, or a public policy goal achievement component, the program helps the SBA facilitate job creation and meet the Agency's mission to maintain and strengthen the nation's economy by enabling the establishment and viability of small businesses. As with the 7(a) loan program, the 504 loan program receives much support from SBA field offices which promote the program and train lenders and small businesses on the program's features. After several years of growth in 504 lending, the Agency is experiencing a reduction in the number of 504 loans approved in FY 2008.

504 Loan Program

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
SB Lns Funded (#)	Output	8,974	9,720	10,405	8,630	11,185	-23%
SB Assisted (#) [1]	Output	7,629	7,569	9,708	8,084	10,436	-23%
USM - SB Lns Funded (#)	Output	N/A	N/A	3,695	3,544	4,065	-13%
USM - SB Assisted (#)	Output	N/A	N/A	3,449	3,332	3,794	-12%
Jobs Created/Retained (#)	Outcome	135,022	135,479	140,778	121,723	152,040	-20%
Cost per SB Loans Funded ($)	Efficiency	$ 1,581	$ 1,651	$ 1,540	$ 2,103	$ 1,477	-42%
Cost per SB Assisted ($)	Efficiency	$ 2,859	$ 2,830	$ 2,566	$ 3,118	$ 2,465	-26%

[1] FYs 2005 and 2006 totals for these indicators only include the data for existing businesses. Start-up business were not included. Starting in FY 2007, all Small Businesses Assisted are included.

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000)	$ 21,812	$ 21,424	$ 24,915	$ 25,206
Loan Making ($000)	$ 14,190	$ 16,046	$ 16,028	$ 18,152
Loan Servicing ($000)	$ 5,452	$ 3,636	$ 2,590	$ 1,527
Loan Liquidation ($000)	$ 2,170	$ 1,742	$ 1,687	$ 3,011
Lender Oversight ($000)	N/A	N/A	$ 4,610	$ 2,516

Variance Explanation

All 504 loan program performance indicators have a FY 2008 negative variance of 12% or greater - The reason is that there has been a significant reduction in number of loans approved than was forecast due to the unforeseen downward trend in the current economic environment resulting in a lessening of demand by small businesses for credit, reduced creditworthiness of small business borrowers, tightening by banks of credit in the commercial lending area reducing volume for commercial lending overall, as well as the failure of some lenders.

FY 2008 Accomplishments

Re-engineering projects in the Citrus Heights Loan Processing Center reduced the turnaround time on 504 loan modification decisions from six days and over to three days or less on a consistent basis. In addition, policy improvements eliminated the need for SBA approval of certain actions normally processed by the center, freeing up resources for more value-added activities. Continuous process improvement of the activities that remain will allow the center to process more loans more efficiently.

The SBA introduced ETran, its direct electronic lender interface with the SBA that is widely used in the 7(a) program, into the 504 program to include 504 loan servicing actions. The Agency expects that ETran servicing will be particularly useful for the CDCs as there are often numerous minor changes to a 504 loan record just prior to loan closing. The Agency expects that all CDCs will have access to ETran before the end of FY 2008.

The Agency also re-engineered the 504 loan liquidation process in its two centralized locations, the Little Rock and Fresno servicing centers. The re-engineering leverages the efficiencies gained from centralizing the activity into a more performance-based environment where the emphasis is on timely, consistent and sound decisions to maximize recovery for the portfolio. The SBA's centers encourage participation with the CDCs in the liquidation process.

Microloan Program

Through the Microloan program, the SBA provides loans and technical assistance to intermediaries that provide very small loans to start-up and newly-established small businesses such as childcare centers needing small scale financing and technical assistance for start-up or expansion. Under this program, the Agency makes direct loans to nonprofit community based lenders (intermediaries) which in turn make loans to eligible borrowers in amounts up to $35,000. The microloans made by the intermediaries are not guaranteed by the Agency.

Microloan

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
Loans Funded (#)	Output	2,436	2,395	2,427	2,682	2,500	7%
SB Assisted (#)	Outcome	2,436	2,395	2,427	2,682	2,500	7%
Cost per SB Assisted ($)	Efficiency	$ 7,590	$ 6,626	$ 7,126	$ 6,860	$ 7,964	14%
Cost per Loan Funded ($) [1]	Efficiency	$ 1,584	$ 1,269	$ 1,536	$ 932	$ 1,608	42%

[1] Does not include the cost of Technical Assistance

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Resources ($000)	$ 18,489	$ 15,870	$ 17,294	$ 18,399
Total Loan Making ($000)	$ 3,859	$ 3,040	$ 3,727	$ 2,500
Loan Servicing ($000)	$ 387	$ 20	$ 312	$ 469
Loan Liquidation ($000)	$ 115	$ -	$ 157	$ 207
Technical Assistance ($000)	$ 14,128	$ 12,810	$ 13,098	$ 15,223

Variance Explanation

"Cost per SB Assisted ($)" has a variance of 13%. The reason is that the surge in microloan activities at the end of FY2008. As a result, the final numbers exceeded the goal, therefore since the costs did not increase, the Cost per SB Assisted improved.

"Cost per Loan Funded ($) has a variance of 25%. The reason is that the surge in microloan activities at the end of FY2008. As a result, the final numbers exceeded the goal, therefore, since the costs did not increase, the Cost per Loan Funded improved.

FY 2008 Accomplishments

The Microloan program is experienced a slight surge in activity at the end of last fiscal year. As late as early September 2008, the cumulative numbers had been running behind the prior year. Based on a surge in September, the final figures exceeded the prior year and the goal for fiscal 2008. This situation is attributed to the difficulty of obtaining regular bank financing. Currently, new microloan originations are running about 21% behind last year in terms of both number of loans and dollars loaned. This is attributable to the relatively strong performance during October-December 2007, and the weak conditions which have prevailed since October 2008. However, nearly 2,200 microloans are expected to be made to borrowers by year's end.

The program continues to be a major resource for entrepreneurial development and financing, especially among underserved communities. The SBA projects that the Microloan program will continue to effectively reach significant numbers of women and minorities with about 48 percent of its microloans going to businesses 51 percent or more owned by women, and about 53 percent going to minority-owned firms.

The SBA is strengthening the management of the Microloan program by conducting a top to bottom review of the program to identify opportunities for improvement. Additionally, the Microloan program is seeking to create greater transparency in the accounting and portfolio management of the loans to the program's intermediaries.

Credit Risk Management

The SBA works to maximize the efficiency of its lending programs by effectively managing program credit risk, monitoring lender performance, and enforcing lending program requirements. The Agency conducts a continuous risk-based, off-site analysis of lending partners through the Loan/Lender Monitoring System, a state-of-the-art portfolio monitoring system that incorporates credit scoring metrics for portfolio management purposes. In February 2006, Thomas H. Stanton, *Managing Information and Risk: Promising Practices of Federal Financial Systems*, sponsored by Deloitte and Touché USA, recognized this system as a promising practice in federal credit management.

With the implementation of the Loan/Lender Monitoring System and redesign of the on-site review process, oversight functions are focused on those 7(a) lenders, certified development companies, and microloan Intermediaries that pose the most risk to the SBA. In addition to overseeing lenders, the L/LMS provides policy, portfolio and program analysis. The Office of Credit Risk Management is divided into three teams: large lender oversight, small lender oversight, and program and policy analysis. The differentiation of lender oversight by lender size reflects the different forms of oversight needed for large lenders versus small lenders.

The Office of Credit Risk Management also assesses the quality of the overall SBA 7(a), 504, microloan, and disaster loan portfolios. The program's efforts not only help protect the interests of the taxpayer, but also help lending partners better understand how best to fulfill the requirements of the lending programs in a way that is mutually beneficial to lenders and the SBA. SBA lending partners are crucial to the overall success of these programs.

FY 2008 Accomplishments

Increased the Number of On-site Reviews — The implementation of the lender fee regulations enabled the Agency to increase the number of on-site risk-based reviews from 80 performed in FY 2007 to over 200 performed in FY 2008.

Improved Portfolio Analytics — The Agency undertook several initiatives that will assist in improving portfolio analytics to support lender oversight operations. A staffing analysis was performed to determine the appropriate effective level of staff resources the Office of Credit Risk Management needed to perform its function. As a result of the staffing analysis, the office revised its processes to make individual financial analysts responsible for lenders in specific geographic regions. This will improve the management of lender relationships within the Office of Credit Risk Management and allow the analysts to become more familiar with regional issues that may affect individual lender performance.

Developed a Communications Plan — In an effort to increase awareness of the risk management policies and procedures, a communications plan was created. The purpose of this plan is to improve understanding of the Office of Credit Risk Management's mission, objectives and oversight processes to increase transparency.

Enhancements to the Lender Loan Monitoring System — A rescaling was completed to address the Inspector General's concern about the "subjectiveness" of the SBA's former risk ratings scale.

Small Business Investment Company Program

The Small Business Investment Company program supports small businesses and the U.S. economy by providing private equity capital and long-term loans to small businesses. SBICs are privately owned and managed investment funds, licensed and regulated by the SBA. They use their own private capital plus funds borrowed with an SBA guaranty to make investments in qualifying businesses.

By increasing availability of venture capital to small businesses, the SBA is able to assist entrepreneurs during a critical phase of a company's establishment. SBICs make investments in small businesses that have exceeded the personal resources of the founder or the capacities of angels (private investors) but are often too small to merit the attention of the larger venture funds. In addition, unlike typical angel investors, SBICs provide strategic guidance to small businesses.

Due to deficiencies in the structure of the participating securities program, and the downturn in the stock market in 2001, the SBA estimates significant losses in that program. As a result, the participating securities program was not funded past FY 2004, and FY 2008 was the last year of leverage availability for the program. In order to help minimize the losses on the participating securities program, and to ensure the debentures program remains financially sound, the SBA has increased financial monitoring in the Office of Operations and the Office of Licensing and Program Standards.

In addition, since FY 2004, the SBA has focused on improving collections in the Office of Liquidations. As a result, since FY 2005, the recovery rate, as measured by total collections to average of beginning and ending leverage outstanding, has consistently exceeded subsidy model estimated recovery rates. (See the third performance measure in the Office of Management and Budget Program Assessment Review Tool at http://www.whitehouse.gov/omb/expectmore/detail/10009026.2007.html.)

SBIC

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
SB Assisted (#)	Outcome	2,298	2,121	2,057	1,905	1,770	8%
USM - SB Assisted (#)	Outcome	781	729	721	632	555	14%
Cost per SB Assisted ($) [1]	Efficiency	$ 6,908	$ 7,152	$ 7,656	$ 9,010	$ 10,558	15%

[1] The formula for calculating the Cost Per Small Business Assisted was revised in FY 2006 to include only the cost of loan making. Previously, this measure was calculated using Total Administrative Resources.

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000)	$ 15,874	$ 15,169	$ 15,749	$ 17,165
Loan Making ($000)	N/A	$ 3,648	$ 4,382	$ 2,489
Loan Servicing ($000)	N/A	$ 8,385	$ 8,459	$ 9,529
Loan Liquidation ($000)	N/A	$ 3,136	$ 2,908	$ 5,147

Variance Explanation

"USM - SB Assisted (#)" has a variance of 14%. The reason that we are over is that the goal was an estimate and reflected the anticipated impact of the termination of the participating securities program. However, the impact was less than expected. As

the participating securities program was the largest component on the SBIC program and this was our first experience with a termination of this magnitude, we had little historical experience to guide our estimates.

"Cost per SB Assisted ($)" has a variance of 15%. The reason for this variance is that the goal for small business assisted was an estimate and reflected the anticipated impact of the termination of the participating securities program. However, the impact was less than expected. As the participating securities program was the largest component on the SBIC program and this was our first experience with a termination of this magnitude, we had little historical experience to guide our estimates. As a result of the underestimated goal for small business assisted in FY08, the actual Cost per SB Assisted in FY08 was under its FY08 goal.

FY 2008 Accomplishments

FY 2008 marked the 50th anniversary of the SBIC program. As a small business progresses through the stages of its life cycle, the type of capital required may include venture or mezzanine financing. The SBA meets these types of financing needs through the SBIC program, principally in the $500,000 to $5 million range. In FY 2008, the Investment Division assisted approximately 2,000 small businesses with over $2.2 billion of capital.

In FY 2008, SBA's Investment Division implemented the Office of Liquidation Standard Operating Procedures, revised in FY 2007 to address the specific needs of the participating securities program and help maximize recoveries. The Agency will continue to monitor these activities to ensure that recoveries continue to occur in an efficient and effective manner. As a result of these efforts, the SBA expects to exceed its recovery rate goal as identified in the Program Assessment Review Tool in FY 2008.

In addition to its liquidation efforts, the SBA has focused on operational changes designed to ensure appropriate credit risk management practices and make the program more attractive to fund managers and investors. As part of this effort, the Agency has embarked on an enhancement of its data management functions via an extranet website to collect critical SBIC financial, investor, and capital information. The Investment Division awarded the contract in FY 2008 and expects to implement it in FY 2009.

New Markets Venture Capital Program

The New Markets Venture Capital program combines equity investing and hands-on technical assistance to foster new business growth and job creation in low-income areas. Businesses in these areas have traditionally lacked access to equity capital, and the program is helping to address this need. Through its unique combination of equity capital and no-cost technical assistance, New Markets Venture Capital companies offer entrepreneurs in low-income areas an enhanced opportunity to succeed.

Selected by the SBA through a competitive process, eligible companies are privately owned and managed for-profit entities with a unique perspective regarding the geographic areas in which they invest. They use their own private capital plus debentures obtained at favorable rates with SBA guaranties for investing. They also provide technical assistance to the enterprises in which they invest or intend to invest, using private resources matched by the SBA in the form of Operational Assistance grants.

The New Markets Venture Capital program is a small pilot program. The SBA will assess the future potential of this program as investment results become clearer.

International Trade Program

According to U.S. Department of Commerce data 97 percent of U.S. exporters are small businesses. The SBA estimates that in FY 2010 these businesses will account for over $600 billion in exports, equivalent to 29 percent of all U.S. anticipated exports. The SBA's Office of International Trade takes two approaches to enhancing the participation of small businesses in international trade. The first is a field-based export promotion and finance network of senior international trade specialists working in U.S. Export Assistance Centers. The second is policy-oriented collaboration with the government's international affairs agencies to advance U.S. international commercial, economic and diplomatic objectives.

Lenders are often hesitant to provide loans for export transactions because of the inherent degree of uncertainty and complicated characteristics of international trade. The SBA addresses these challenges by providing small businesses and lenders with training and technical assistance in order to facilitate access to capital. The Agency's network of export specialists at 18 U.S. Export Assistance Centers works closely with businesses and banks to deliver trade promotion and finance services.

The SBA also helps represent and advance U.S. interests with international organizations concerned with small business development and supports trade capacity building efforts as part of U.S. international trade agreements. The SBA's Office of International Trade also engages small business agencies in other countries to facilitate opportunities for small business linkages and exports.

International Trade

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
Loans Funded (#)	Output	2,638	3,082	2,767	3,090	2,975	4%
SB Assisted (#)	Outcome	2,484	2,851	2,513	2,908	2,702	8%
USM Assisted (#)	Outcome	N/A	N/A	1,007	1,248	1,108	13%
Cost per Loan Funded ($)	Efficiency	$ 2,047	$ 1,396	$ 1,900	$ 1,350	$ 2,013	33%
Cost per SB Assisted ($)	Efficiency	$ 2,174	$ 1,510	$ 2,092	$ 1,434	$ 2,216	35%

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000)	$ 5,400	$ 4,304	$ 5,258	$ 4,170

Variance Explanation

"USM Assisted (#)" has a variance of 13%. The reason that we are over is that the overall FY2008 actual international trade loan volume was up and the portion going to USM was up accordingly.

"Cost per Loan Funded ($)" has a variance of 33%. The reason that we are over is that the actual international trade loan volume was up in FY2008.

"Cost per SB Assisted ($)" has a variance of 35%. The reason that we are over is that the actual international trade loan volume was up in FY2008.

All of the above variances are relative to the increased loan volume that has significant impact on Underserved Markets and Small Businesses. Increased leveraging of loan-making by lenders through electronic processing has reduced the costs to SBA for underwriting and processing of such trade loans.

FY 2008 Accomplishments

In FY 2008 the SBA, through its Office of International Trade, approved over 3,000 loan guaranties to support small business exporters; trained over 3,200 lenders; counseled over 2,800 lenders; trained over 6,300 small businesses; and counseled over 4,500 small businesses.

The Agency took important steps to improve its international finance products, including the following:

- Issued new Export Working Capital Program SOP and Lender's Guide;
- Initiated a new policy designed to provide preferred lender status to the Export Working Capital program;
- Issued an updated EWCP loan authorization wizard;
- Conducted an international trade finance lender roundtable; and
- Created a marketing task force to ensure that products and services are available to both the lender and small business community, including a strong effort to enlist more participating lenders to provide working capital through the EWCP and Export Express loan programs.

The SBA coordinated the first Small Business International Trade Symposium in South Florida. This celebration of small business in international trade drew more than 400 people for a town hall meeting with the former Administrator Preston and Commerce Secretary Gutierrez, a small business exporter success story panel, a discussion on "What Free Trade Agreements Mean to Small Business," and a panel of local resource providers. Feedback was extremely positive. A second Small Business International Trade Symposium is planned for November 2008 in Washington, D.C.

The SBA participated in the Americas Competitiveness Forum. The presentation highlighted best practices to prepare micro, small, and medium-sized businesses to effectively engage in international trade. The ACF was hosted by the Commerce Department and the City of Atlanta.

During the September 2008 ASBDC Annual Conference, the Office of International Trade and the Trade Promotion Coordinating Committee conducted a six-hour training session for international trade technical assistance personnel (counselors and train-ers) from the SBDC network. Those counselors/trainers who successfully completed this training were awarded TPCC Training Certification.

Surety Bond Guarantee Program

Under the Surety Bond Guarantee program, the SBA guarantees bid, payment, and performance bonds on contracts up to $2 million for small and emerging contractors who cannot obtain surety bonds through regular commercial channels. The SBA guarantee gives sureties an incentive to provide bonding for eligible contractors and thereby increases a contractor's access to contracting opportunities. Under the surety guarantee, an agreement between a surety and SBA, SBA assumes between 70 percent and 90 percent of the loss in the event of contractor default.

Surety Bond Guaranties

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
Final SBG (#)	Output	1,680	1,706	1,617	1,576	1,800	-12%
Total Bonds (#)	Output	5,678	5,214	5,809	6,055	6,000	1%
USM- Final SBG (#)	Output	N/A	N/A	N/A	668	600	11%
Cost per Final SBG ($)	Efficiency	$ 2,906	$ 4,107	$ 4,283	$ 2,812	$ 4,196	33%
Cost per Total Bid Bonds ($)	Efficiency	$ 860	$ 1,344	$ 1,192	$ 732	$ 1,259	42%

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000) [1]	$ 4,882	$ 7,006	$ 6,926	$ 4,431

[1] Administrative resources do not include funds appropriated for the contingent liability in the revolving fund.

Variance Explanation

"Final SBG (#)" has a variance of -12%. The reason is that the FY2008 goal used an estimated percentage to calculate the find bonds and FY08 goal turned out to be overestimated. Final bond targets were based on a percent of total bonds. The percent (30%) was calculated using an average of the previous three years of total bonds; however, in FY 2008 actual final bonds were 26% of total bonds or 12% below the target. Due the nature of the estimation process, SBA does not feel any adjustments are required to the program or to future targets at this time."

"USM – Final SBG (#)" has a variance of 11%. The reason is that the FY2008 goal used an estimated percentage to calculate the USM portion of the Find Bonds and FY08 goal turned out to be underestimated.

"Cost per Final SBG ($)" has a variance of 33%. The reason is that FY08 actual full costs were 41% below the original estimate resulting in the positive variance noted here.

"Cost per Total Bid Bonds ($)" has a variance of 42%. The reason is that FY08 actual full costs were 41% below the original estimate resulting in the positive variance noted here.

FY 2008 Accomplishments

In FY2008, SBA guaranteed 6,055 bonds. As a result, $538 million in contract revenue has been generated for small businesses, and approximately 5,075 jobs have been created. While it is difficult to predict the spread between bid and final bonds, the key is that total bond activity is experiencing an upward trend.

In FY 08, several program initiatives designed to strengthen the Agency's partnership with the surety industry were completed. A proposed rule was drafted to address needed program changes that will enhance productivity and efficiency. We also conducted an independent study of the program to: (1) identify the approximate size of the small business market for the program, (2) evaluate marketplace factors that influence surety and small business participation in the program, and (3) identify actions required to enhance program efficiency and effectiveness. The study concluded that the small business market is significantly larger than is currently being served, and major program adjustments are needed to reduce the paperwork burden on small businesses and surety companies that discourages their participation in the program. Additionally, the study confirmed that broad marketplace factors, such as upturns and downturns in the economy at large affect the demand for surety bond guarantees, but that the program serves a useful purpose in smoothing out cyclical changes. Overall, the study recommended that the program office identify and adopt best practices from the reinsurance industry as a way to overcome complaints that the program is too paper intensive. Finally, the program office published a new Field Office Operating Guide to standardize best practices within our field offices, and new metrics were adopted in FY 08 to promote improved customer service.

Management and Technical Assistance

Each year over 1.4 million small businesses and entrepreneurs utilize the expertise of the SBA and its resource partners — the Small Business Development Centers, the Women's Business Centers and SCORE — to establish or grow a small business. This assistance includes support for business and strategic plan development, planning and conducting market studies, implementing new technologies, accessing capital, and many other undertakings vital to the success of a typical small business throughout its lifecycle.

In the following pages, the Office of Entrepreneurial Development programs — Small Business Development Centers, Women's Business Centers, SCORE, Drug Free Workplace, and services - the Small Business Training Network — plus other SBA programs that provide management and technical assistance — the 7(j) program, Native American Affairs, Faith-Based and Community Initiatives, and Veterans Business Development — are discussed.

Small Business Development Center Program

As the SBA's largest non-financing program, Small Business Development Centers meet the counseling and training needs of more than 600,000 business clients annually. SBDCs deliver management and technical assistance to small businesses using an extensive business education network comprised of 63 lead centers that manage more than 950 service center delivery points throughout the U.S. and the territories, including the District of Columbia, Guam, Puerto Rico, American Samoa and the U.S. Virgin Islands. SBDCs focus on providing marketing, financial and business planning services through counseling and training. Special emphasis areas include manufacturing, procurement, technology transfer, disaster recovery, technology, market research, and international trade.

Small Business Development Centers exist from a unique mix of SBA funding combined with state and private sector resources. By providing grant funding across the country, the SBA fosters economic growth of small businesses. These small businesses in turn foster local and regional economic development through business revenues generated and job creation and retention.

SBDC

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
Multi-Year Extended Engagement Clients (#)	Output	N/A	N/A	44,242	50,807	45,026	13%
SB Created (#) [1]	Outcome	N/A	N/A	7,331	12,730	6,000	112%
Capital Infusion ($ Billion)	Outcome	N/A	N/A	3.4	3.6	2.5	44%
Cost per Multi-Year Extended Engagement Clients (#)	Efficiency	N/A	N/A	$ 2,288	$ 2,190	$ 2,453	11%
Cost per SB Created ($) [2]	Efficiency	N/A	N/A	$ 13,810	$ 4,983	$ 8,404	41%

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000)	$ 105,593	$ 103,007	$ 101,241	$ 111,288

[1] The original projection for Small Businesses Created was implemented before it was measured using EDMIS. The FY 2008 and FY 2009 goals were reduced to reflect a more realistic goal based on the data analysis from EDMIS

[2] Prior to FY 2008, the SBDC program used full program budget dollars to calculate this metric. To better represent the program results, only program funding attributable to assisting nascent entrepreneurs is used in the calculation. This percentage is determined annually by the percentage of the client base that consists of nascent entrepreneurs. In FY 2008, the percentage of nascent entrepreneurs was 57%, which has also been applied in developing the FY 2009 & FY 2010 targets.

Variance Explanation

"Multi-Year Extended Engagement Clients (#)" has a variance of 13%. The program received an unexpected $10M increase in funding for FY 08 which we feel increased capability resulting in serving more clients than the original target goals promulgated under the lesser funding amount.

"SB Created (#)" has a variance of 112%. The reason is greatly improved data collection and reporting plus the additional $10M increase in funding which was not anticipated. Expanded training to grantees on reporting methodology for SBDC counselors has greatly improved the quality of data collection in this category. In addition, improvements were made in the analytical methodology of computing this category in 08. Goaling and reporting for '09 and '10 should be much more closely aligned than in past years because of these enhancements.

"Capital Infusion ($ Billion)" has a variance of 44%. Given the state of the current economy, it is surprising that the program elicited these results for this credit category. When the goaling was developed for 08, SBA was experiencing a dramatic downturn in its new loan portfolio and 08 goals were adjusted accordingly. However, it appears that the program was able to continue to get credit to its clients despite some of the economic factors at play. It is anticipated, however, that 09 results will show that SBDC clients have been more drastically affected by the credit crunch.

"Cost per Multi-Year Extended Engagement Clients (#)" has a variance of 11%. The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

"Cost per SB Created ($)" has a variance of 41%. The variance indicates greater efficiency based on the increased funding amount resulting in an increase in the number of businesses created at a lesser proportion than anticipated.

FY 2008 Accomplishments

FY 2008 saw some major improvements relative to financial and programmatic oversight of the SBDC network. Statutorily, the SBA is required to perform financial and programmatic reviews on a biennial basis. Thus, given 63 funding recipient organizations, 31 or 32 networks receive a financial and/or programmatic review annually.

In FY 2007-FY 2008, the Agency completed a re-engineering project that revised the methodology and frequency of financial examinations while still meeting the legislative mandate. The revised financial review process, frequency and extent of examination, is based on a risk model developed in consultation with the SBDC community, the Association of Small Business Development Centers, and the SBA. An SBDC's score on the model determines its level of risk and the appropriate extent of oversight necessary, ranging from limited documentation submissions to complete, onsite examinations. The new process is intended to reward those networks that demonstrate good financial management of their funding and encourage others to achieve a higher level of financial performance.

The Office of Small Business Development Centers re-engineered the management of the SBDCs with an increased focus on performance management. SBA field functions were addressed to make the field's role commensurate with its capabilities, and OSBDC program managers assumed a more proactive role in looking at individual network performance and working with SBDC state/region directors regarding that performance. Site reviews are now based more on need, service delivery, and level of performance instead of traditional compliance factors.

A business counselor certification process began in FY 2008. Scheduled to be completed in FY 2011, this certification is being developed to provide quality assurance across the national network of SBDCs as to the level of counselor capability and services being delivered to clients. This project is being developed and implemented in collaboration with the Association of Small Business Development Centers. Some individual SBDC networks have taken an active role as well.

Drug Free Workplace Program

The Drug Free Workplace program requires the SBA to award grants to eligible intermediaries to provide financial and technical assistance to small businesses seeking to establish Drug Free Workplace programs. The grantees are also expected to educate working parents on how to keep their children drug free. As part of the program, the SBA also awards contracts to Small Business Development Centers to provide information and assistance to small businesses with respect to establishing Drug Free Workplace programs.

DFWP grantees are expected to educate 1,450 small businesses on maintaining their programs. It is anticipated that 165 programs will be implemented in FY 2009.

Drug Free Work Place

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
SB Educated (#)	Output	5,150	531	2,731	2,280	1,450	57%
Programs Implemented (#)	Output	1,029	62	453	363	165	120%
Cost per SB Educated ($)	Efficiency	$ 201	$ 2,194	$ 311	$ 476	$ 1,023	53%

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000)	$ 1,033	$ 1,165	$ 849	$ 1,085

Variance Explanation

"SB Educated (#)" has a variance of 57%. There is no way to predict how many small businesses will request education on a DFWP. We provide a "best estimate" based on previous years' performance information, However that has not proven to be a good predictor of future performance.

"Programs Implemented (#)" has a variance of 120%. There is no way to predict how many small businesses will implement a DFWP. We provide a "best estimate" based on previous years' performance information, However that has not proven to be a good predictor of future performance.

"Cost per SB Educated ($)" has a variance of 53%. This variance is tied specifically to the variance in the number of small businesses educated.

FY 2008 Accomplishments

During fiscal year 2008, the DFWP grantees have:

- Financially assisted 1,682 small businesses;
- Technically assisted 1,703 small businesses;
- Small businesses have implemented 155 complete drug free workplace programs;
- Small businesses have implemented 208 partial drug free workplace programs; and
- Educated 2,280 small businesses.

Women's Business Ownership

The Office of Women's Business Ownership manages the Women's Business Center program whose mission is to provide quality counseling and training services to women entrepreneurs, especially those who are socially and economically disadvantaged. The program does this by reaching out to these targeted populations through 113 WBCs located throughout the U.S. and its territories. The WBCs provide training and counseling on such topics as writing a business plan, cash flow management, and other basic business functions.

The WBC program provides initial grants for a five-year period; and has historically given those who successfully complete this initial funding phase, an opportunity to receive sustainability grants for an additional five years. However, in 2007, Congress passed a bill providing for permanent 3-year renewable funding for all graduating WBCs, whether from the initial phase or from the sustainability phase. In three years, the sustainability grants will be phased out, leaving the initial 5-year grants and the continuous 3-year renewable option.

WBC grants are continued or new grants are awarded depending on the availability of funds and based on recipients' ability to demonstrate the following: milestone achievement, sound grant management practices (both financial and programmatic), sound financial systems, ability to meet match requirements, demonstrate successful market penetration in their target market, alignment with their host organization's mission, and be in compliance with their cooperative agreement as outlined by the Office of Women's Business Ownership.

WBC

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
SB Assisted (#)	Output	144,316	129,373	146,828	159,879	134,733	19%
Jobs Created/ Retained (#) [1]	Outcome	9,442	6,879	632	650	632	3%
SB Created (#) [1]	Outcome	N/A	N/A	618	727	618	18%
Cost per SB Assisted ($)	Efficiency	$ 163	$ 170	$ 139	$ 143	$ 162	12%
Cost per Job Created/Retained ($)	Efficiency	$ 2,495	$ 3,203	$ 32,329	$ 35,051	$ 38,926	10%

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000)	$ 23,555	$ 22,033	$ 20,432	$ 22,783

[1] Prior to FY2007, the SBA collected the number of Jobs Created/Retained from the WBCs through annual reports for which SBA had no way to verify the data. SBA now collects the information through EDMIS which is tied to the Form 641 Counseling records for each counseling session. While this number does not include impact data from training, it is an accurate reflection of the impact from counseling.

Variance Explanation

For all Variances except "Jobs Created/Retained"- The current Entrepreneurial Development Management Information System was first used beginning in FY2006. At the time of establishing FY2008 goals, FY2007 data was still being entered into EDMIS and therefore the goaling process was the best estimate based on 2006 data. FY2009 goals should be more accurate targets as the system has more data that can be used for estimates.

"Jobs Created/Retained ($)" has a variance of 3%. The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

FY 2008 Accomplishments

In FY 2008, the Office of Women's Business Ownership went through a complete re-engineering process. The effort included the conversion to a payment system housed at the Department of Health and Human Services. This system allowed grantees,

through an automated electronic system, to access their funds within 24 hours. This was a huge undertaking and required an enormous effort to migrate each grantee into the new system.

Staffing within the Office of Women's Business Ownership was realigned to better serve WBC grantees. Program managers were assigned SBA regions for which they have daily responsibility for oversight and management of the WBCs within their regions, working with the respective district offices. In addition, a financial team was assembled with oversight responsibility of the grants function. At the very end of FY 2008, a grants management specialist position was filled to oversee the entire grants function. These accomplishments were acknowledged by the SBA by presenting OWBO with one of the Agency's first Continuous Improvement Awards.

Finally, OWBO has begun a serious examination of all WBCs within the portfolio to assess risk and to take corrective action, including termination, of any WBCs that are in violation of their cooperative agreement by non-performance, lack of matching funds, or have demonstrated fraud, waste or abuse of federal funds through on-site financial examinations.

Entrepreneurship Education

SCORE

The Office of Entrepreneurship Education manages the national SCORE program and is the education, information and outreach office for the Office of Entrepreneurial Development.

SCORE mobilizes the experience and expertise of 11,000 business professionals who volunteer to assist entrepreneurs and emerging small businesses participating in America's ownership society. Distinct in the federal government as the only volunteer business advisor and mentoring program, SCORE adapts its structure and services to meet the needs of small businesses in changing economic conditions.

SCORE

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
SB Assisted (#)	Output	403,724	308,710	336,411	360,559	325,389	11%
SB Created (#) [1]	Outcome	N/A	N/A	1,082	943	1,082	-13%
Cost per SB Assisted ($)	Efficiency	$ 46	$ 55	$ 29	$ 29	$ 31	5%

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000)	$ 18,507	$ 16,932	$ 9,799	$ 10,609

[1] In the FY 2009 CBJ and the FY 2010 OMB Submission, the target (for the FY 2007 Actual and the FY 2008 Goal) was incorrectly identified as 19,732. That number did not represent "Small Businesses Created". We have since corrected the FY 2007 Actual and the FY 2008 Goal to reflect the correct actual and goal of 1,082. We will receive the FY 2008 actual January 15, 2009.

Variance Explanation

For all Variances except "Cost per SB Assisted"- The current Entrepreneurial Development Management Information System was first used beginning in FY2006. At the time of establishing FY2008 goals, FY2007 data was still being entered into EDMIS and therefore the goaling process was the best estimate based on 2006 data. FY2009 goals should be more accurate targets as the system has more data that can be used for estimates.

"Cost per SB Assisted" has a variance of 5%. The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

FY 2008 Accomplishments

In FY 2008, SCORE launched a unique website for the age 50-plus entrepreneur market on www.score.org. SCORE also revamped and enhanced the young entrepreneur online community website. The new online training workshops have been very successful. Two new entrepreneurship series were launched in locations around the country: *Business Disaster Preparedness* in partnership with Hewlett Packard, and *Speed Mentoring* in partnership with American Express OPEN. SCORE's online cyber counseling provides access to more than 1,500 business advisors with 800 business industry and functionality skill sets. SCORE's website in FY 2008 featured a business center, two newsletters on business trends and assistance, and has unique entrepreneurial communities for minorities, women, manufacturing and rural businesses.

The Office of Entrepreneurship Education led the Agency's Emerging 200 Underserved Markets initiative. The Emerging 200 initiative identified 200 inner-city businesses in 10 host cities across the country that demonstrated a high potential for growth and provided them the network, resources and motivation required to build a sustainable business of size and scale within a designated inner-city geographic location.

The SBA Emerging 200 initiative enabled the participating small businesses to engage in an intensive curriculum focused on developing a winning expansion strategy for their business, including options for capital access and contracting. Participants also had the opportunity to work with experienced mentors, attend workshops and develop connections with their peers, city leaders, and financial community.

The following cities were selected to participate in the SBA Emerging 200 initiative for 2008: Boston, Baltimore, Philadelphia, Atlanta, Memphis, Chicago, New Orleans, Albuquerque, Milwaukee and Des Moines.

The Office of Entrepreneurship Education also oversees the Office of Entrepreneurial Development's Economic Impact Study. The sixth year of this longitudinal impact study was conducted to assess the continued impact of resource partner services. It examines three key indicators of success: (1) client value added measures which measure the clients' perceptions of the services provided; (2) managerial and marketing operations/implementation measuring the extent clients implemented changes to their managerial and marketing operations; and (3) economic impact measuring the change in clients' business revenue and employ- ees based on the face-to-face counseling received and new business starts.

The Small Business Training Network

Consistent with its mission to inform and educate, the Office of Entrepreneurship Education provides a virtual campus for small businesses - The Small Business Training Network (SBTN). SBTN currently offers more than 26 free online courses. Greater than 10,400 clients each week register for SBTN courses. In FY 2008, this resulted in more than 500,000 small business clients en- rolling and benefiting from SBTN online training. In addition, Small Business Training Network online courses, which are available to all resource partners and SBA District Offices, significantly improve how, when and where SBA customers are served. Targeted courses provide the ability to create and deliver meaningful training plans that support small businesses in underserved markets and address very specific client needs, such as helping entrepreneurs navigate and survive these tough economic times.

FY 2008 Accomplishments

OED exceeded its internal performance goals for the number of clients registering for SBTN courses by 112 percent. Twelve new courses were added to the SBTN catalog of offerings, and multiple other offerings were improved. In addition, assessment tools were created and launched to evaluate client needs and lead them to targeted online training. Approximately 350,000 clients have completed such assessment tools.

7(j) Program

The SBA is authorized, under Section 7(j) of the Small Business Act, to enter into grants, cooperative agreements or contracts with public or private organizations that can deliver management or technical assistance to individuals and enterprises eligible for assistance under the Act. This assistance is delivered through the 7(j) Management and Technical Assistance program to 8(a) certified firms, small disadvantaged businesses, businesses operating in areas of high unemployment, or low-income or firms owned by low-income individuals.

Under the 7(j) program grants, cooperative agreements or contracts are awarded to qualified service providers who have the capability to provide business development assistance to eligible clients. Program funding is not available to finance a business, purchase a business or use as expansion capital for an existing business.

Assistance under the 7(j) program may be given for projects that respond to needs outlined in a solicitation announcement or for an unsolicited proposal that could provide valuable business development assistance for 8(a) and other socially and economically disadvantaged small businesses. Assistance may include accounting and marketing services, feasibility studies, marketing/presentation analyses and advertising expertise, loan packaging, proposal/bid preparation, industry specific technical assistance, and other specialized management, training and technical services. Additionally, an executive education program is offered for owners and senior officers of 8(a) firms to take part in intensive week-long training sessions.

7(j)

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
SB Assisted (#)	Output	2,107	2,317	2,486	2,021	2,244	-10%
Cost per SB Assisted ($)	Efficiency	$ 1,479	$ 988	$ 1,344	$ 2,365	$ 2,081	-14%

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Acual
Total Administrative Resources ($000)	$ 3,116	$ 2,289	$ 3,340	$ 4,780

Variance Explanation

"SB Assisted (#)" has a variance of -10%. The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

"Cost per SB Assisted ($)" has a variance of -14%. The reason is the cost of the program increased while the actual SB assets (#) went down.

FY 2008 Accomplishments

During FY 2008, the SBA continued to provide technical assistance to 8(a) firms and other 7(j) eligible firms utilizing 7(j) funding. Also, as part of the individual business development plan, the 8(a) Business Development Assessment Tool provided an assessment of program participants' management and technical assistance needs and recommended training. Using 7(j) funds, the SBA provided management and technical assistance training including Cost Pricing Levels I and II, Financial Management for Small Businesses, Managing Success in the 8(a) Business Development Program as well as providing all the 8(a) firms in the developmental stage with a publications highlighting the most successful graduated 8(a) firms and the insights from the former 8(a) chief executive officers.

Veterans Business Development

Through its Office of Veterans Business Development (OVBD), the SBA complies with it's responsibility, pursuant to statute, to provide "special" and "full consideration" to veterans and enhance successful small business ownership of veterans by conducting comprehensive outreach, through program and policy development and implementation, ombudsman support, coordinated Agency initiatives and direct assistance to veterans, service-disabled veterans, Reserve and National Guard members, and discharging active duty personnel. This is accomplished through enabled SBA district office veterans business development officer initiatives, through OVBD-developed and distributed materials, websites and partnering, through management of regional Veterans Business Outreach Centers, through direct guidance and assistance to agency veteran customers, through inter-agency assistance with other federal partners, and through enhancements to intra-agency programs targeting to and usability by the entrepreneurial military and veterans communities.

FY 2008 Accomplishments

OVBD enhanced veteran, service member and reservists business ownership opportunities through the following activities. The Associate Administrator conducted 69 major media interviews on behalf of the agency to increase public awareness of SBA programs and services for veterans and Reserve component members of the U.S. Military.

OVBD provided e-based assistance to 11,104 veterans and reservists seeking entrepreneurial, financial and procurement guidance and direction. Email requests are instrumental in identifying specific assistance veteran, service-disabled veteran and Reserve component members seek, while supporting OVBD's program and policy development role for the agency. In response, OVBD developed a PowerPoint module on DOD Procurement Technical Assistance Centers which was distributed to SBA veteran's business development officers for use in presentations and district office outreach and training events, and OVBD developed a service-disabled veteran federal procurement officer "Letter Packet" for use in securing enhanced procurement opportunities in the federal marketplace. OVBD provided 207 public presentations and training events both individually and through large group presentations to enhance veterans and external understanding of and access to SBA programs and partners to improve access to broader federal procurement opportunities, initiatives, and programs for veterans and for service-disabled veterans in compliance with Executive Order # 13360. OVBD also provides referrals to SBA district offices and SBA resource partners for locally based training and service delivery workshops and assistance where veterans live.

OVBD continued distribution of requested veteran's entrepreneurial resource material "Kits" to state offices of the DOD National Committee for Employer Support of the Guard and Reserve, to DOD military family support centers, to state National Guard Adjutants Generals, to state departments of veterans affairs, to all SBA program and partner offices, and to some 75 veterans serving organizations. In FY 2008 more than 52,629 "Kits" were requested by and distributed to resource partners nationally.

OVBD continued producing and distributing the *VETGazette* and Vet News/Business Opportunity alerts to more than 44,000 veterans, Agency employees and veteran's organizations to provide timely relevant information on federal procurement opportunities and other programs for veterans and transitioning active duty personnel participating in the Department of Labor and the Department of Defense Transition Assistance Program.

OVBD expanded its District Office-Veterans Outreach Initiative by providing competitive opportunities for SBA veteran's business development officers through their District Directors to secure OVBD funding for specific outreach coordination and training events and conferences for veterans to start, grow or restart small business concerns. In FY 2008, OVBD provided $58,050 to 17 SBA district offices for this targeted outreach, coordination and assistance. Through this initiative, and through OVBD material-supported (but non funded) initiatives, the veteran's business development officers build relationships with and coordinate outreach and training with hundreds of local partners, while reaching 34,244 veterans, discharging service members and reservists. Each year this program has grown and continues to operate at a cost of less than $2 per veteran customer reached and engaged.

OVBD hosts, funds and manages the SBA's Advisory Committee on Veterans Business Affairs to achieve their statutorily required meetings and annual reporting to Congress, the President, the Administrator, the Associate Administrator for Veterans Business Development and other U.S. policymakers. In FY 2008, OVBD managed the process of establishing this important Advisory Committee as a permanent SBA Advisory Committee.

OVBD continued to develop, update and provide veterans business web and resource guides, fact sheets, PowerPoint presentations, frequently asked questions, first steps to selling to the government, and pre and post mobilization business planning guides for reservists, veterans, service disabled veterans and discharging service members.

The OVBD funded Veteran Business Outreach Centers conducted their second annual Customer Satisfaction Survey in FY 2008. The centers survey two percent of their total of 54,817 veteran customer populations. The Survey revealed that 85 percent of the clients using the centers were satisfied or highly satisfied with the quality, relevancy and timeliness of the assistance provided; clients evaluating the centers gave 85 percent ratings for the training programs provided and 85 percent ratings for program evaluation; and the combined ratings for both training and program evaluation equated to an overall satisfaction rating of 85 percent. In FY 2008, the five centers provided counseling assistance, training and directed referrals to more than 54,800 veteran and reservists small business owners and entrepreneurs nationally.

In FY 2008, OVBD enhanced procurement opportunities across the federal marketplace specifically for service-disabled veteran-owned small business and veteran-owned small business. In implementing the requirements of the Presidents Executive Order No.13360, OVBD provided enhanced tools, one-on-one and group counseling and training, increased outreach, and provided specific guidance to other federal agency procuring offices and personnel. OVBD staff worked specifically with service-disabled veterans, their organizations and with SBA field personnel to improve government-wide opportunity and performance. In FY 2007, the number of federal agencies that achieved the three percent goal grew from three to ten agencies. Final FY 2008 data is not yet available.

In FY 2008, OVBD continued to assist other external and internal Agency partners in development of specific initiatives affecting veteran, service disables-veteran, Reserve component member, and discharging service member entrepreneurs with information and assistance. Examples included development and support of the Pilot "Army Advantage Fund" special recruitment initiative for the Department of the Army. OVBD updated the veteran's entrepreneurship chapters for the on line DOL Turbo TAP program and for the DOL TAP Seminar Facilitation Manual. OVBD participated on the DOL-VETS Advisory Committee on Veterans' Employment, Training and Employer Outreach and the DOL Office of Disability Employment Policy "America's Heroes at Work" Committees, bringing the perspective of veteran's entrepreneurship to the federal Veterans employment programs arena. The office developed program materials and program recommendations for Inclusion in the DOD "676 Committee" Report to Congress, and participated on the DOD Commission on the National Guard and Reserve Working Group, as well as the DOD Advisory Committee to the Yellow Ribbon Reintegration Program (YRRP) being developed and implemented for Reserve component members, veterans and their families. Internally, OVBD worked with the SBA Office of Native Affairs in development of a special outreach initiative targeting SBA assistance to Native American veterans; and OVBD assisted the SBA Office of Field Operations in developing special outreach initiatives targeted to veterans and reservists. OVBD assisted the SBA Office of Small Business Development Centers in the design and implementation of their new Veterans Assistance and Services program, and in their annual program SBDC announcement/agreement. OVBD also continues working with the DOD Office of the Assistant Secretary for Reserve Affairs, the Independent SBA Office of Advocacy and the U.S. Census Bureau in developing special data set runs to help determine the economic effects of Title 10 activations on self-employed Reserve component members of the U.S. military.

OVBD outreach, coordination, ombudsman responsibility and program and policy development resulted in a record number (more than 200,000) of veterans, service-disabled veterans, reservists, discharging service members, their family members, and external program partners utilizing SBA services and programs in FY 2008. These accomplishments were attained while operating within an extremely constrained program budget. However, other high-profile program and policy responsibilities were not met due to imposed funding constraints. These unmet responsibilities included expanding the number or Veterans Business Outreach Centers, conducting mandated studies, improving/creating a special loan program for veterans, and expanding SBA

participation in the DOL/DOD Transition Assistance Programs nationally for hundreds of thousands of service members and their families discharging annually from voluntary military service.

Faith-Based and Community Initiatives

The Faith-Based and Community Initiative helps the Federal Government Coordinate a national effort to expand opportunities for faith-based and other community organizations and to strengthen their capacity to better meet the social needs in America's communities. It also creates a level-playing field for faith-based and other community organizations so that they can work with the government. Although nonprofit community organizations have long performed a critical service by helping people in need, they have often encountered obstacles to providing federally-funded services. To facilitate their involvement in federal programs within constitutional parameters, the President launched the Faith-Based and Community Initiative in 2001.

SBA's Center for Faith-Based and Community Initiatives was established by Executive Order in 2004.The Center's main goal is to develop and coordinate outreach efforts to disseminate information on SBA programs through faith-based and other community organizations, particularly in underserved and economically distressed areas. Many faith-based and other nonprofit organizations support economic and community development. By working with these organizations, the SBA and its resource partners can more effectively reach entrepreneurs and small businesses to inform them of the wide range of SBA financial and technical assistance programs available.

FY 2008 Accomplishments

The Center continued its effort with the Office of Field Operations whereby SBA district offices partner with local faith-based and other community organizations to conduct outreach to entrepreneurs and small businesses and inform them about SBA programs and services. Much of this outreach focuses on reaching people in underserved communities and contributes to achieving the Agency's Strategic Goal One: "Expand America's ownership society, particularly in underserved markets… that have significantly higher unemployment and lower income levels than the Nation's averages."

In FY 2008 the district offices, in partnership with faith-based and other community organizations, held 4,502 meetings and workshops and provided information on SBA programs to 218,679 individuals.

Between FY 2005, when the district offices began reporting quarterly on their outreach activities, and FY 2008 the number of individuals who received information about SBA products and services and related instruction and training through meetings and workshops held in cooperation with faith-based and other community organizations doubled.

Separate data collection for faith-based and secular organizations began in October 2007. In FY 2008, the percentage of meetings and workshops conducted with faith-based organizations was 15 percent of the total outreach with community organizations.

The Center continued to work with program administrators to include appropriate guidance on equal treatment and religious freedom principles in the Agency's grant program announcements and cooperative agreements with its resource partners.

The Center collected the data requested by the White House Office of Faith-Based and Community Initiatives on participation of faith-based and other community organizations, including educational institutions, in the Women's Business Center Program. Seven of the 112 FY 2008 funding recipients are identified as faith-based organizations.

The Center implemented a Large Community Organization Outreach Test, which is designed to strengthen partnerships with larger faith-based and other community organizations, and to develop more efficient methods of outreach for underserved markets. Five district offices are participating in the test: Boston, Philadelphia, Atlanta, Albuquerque and Los Angeles. The test will evaluate new strategies of outreach to bring SBA services to first-time entrepreneurs, start-ups and existing small businesses. Given positive results, the best practices of the test will be communicated to all SBA field offices and integrated into the Agency's operations, goals and strategic plan.

The Center continued to implement strategies to expand the participation of grassroots faith-based and other community organizations in the provision of SBA programs and services. Because federal regulations restrict the provision of SBA financial and technical assistance to for-profit small businesses, these strategies focus on the participation of these organizations in outreach to the entrepreneurs and small businesses in their communities. The Center worked with the Office of Communications and Public Liaison and the Office of Disaster Assistance to include faith-based and other community organizations in the SBA's Disaster Information Network, which was created to provide SBA field offices and headquarters with ready access to disaster stakeholders. This effort contributes to the Agency's Strategic Goal Two, "Provide timely financial assistance to home owners, renters, nonprofit organizations and businesses affected by disaster."

Native American Affairs

The SBA Office of Native American Affairs is charged with providing assistance to American Indians, Alaska Natives, Native Hawaiians and the indigenous people of Guam and American Samoa. SBA loan guaranties and technical assistance services are available to members of these groups living in urban areas and certain rural communities. For Native Americans living in much of Indian Country, actual reservation communities where the land is held in trust by the U.S. federal government, SBA loan guaranties and technical assistance services are not available.

FY 2008 Accomplishments

Tribal Self Assessment Tool —- The Office of Native American Affairs hired a contractor to help develop a Tribal Self Assessment Tool and convene an Initiative Oversight Committee made up of approximately 30 individuals, mostly of Native American descent and coming from a wide geographic area. The committee is comprised of economists, lawyers, entrepreneurs, tribal leaders, corporate executives and leaders of not-for-profit organizations engaged in Indian Country. The group convenes for the purpose of providing oversight assistance to the contractor responsible for managing development of the Tribal Self Assessment Tool. Continuing initiatives include conducting TSAT workshops to train designated tribal members across Indian Country.

Interagency Agreement —- The Office of Native American Affairs entered into an interagency agreement supported by a memorandum of understanding with the Environmental Protection Agency for the purpose of developing a training program for SBA employees on working effectively with tribal governments.

Co-sponsorship Agreement —- The ONAA also entered into a co-sponsorship agreement with the American Indian Alaska Native Tourism Association for the purpose of supplying information on SBA programs and services to Native American entrepreneurs during the 10th Annual American Indian Tourism Conference.

CONTRACTING ASSISTANCE

The strength of the nation's economy is fortified when competitive and innovative small businesses are able to participate in the federal marketplace and provide solutions to the many challenges facing the federal government. The SBA works to increase the breadth and strength of the national industrial base and the number of jobs supported by the small business sector through programs having to do with federal contracting. The Agency assists other agencies in taking advantage of the resource represented by small business, at the same time that small businesses grow stronger by benefiting from federal contracting opportunities.

The SBA provides contracting assistance through its prime contracting and subcontracting assistance programs. Each program has a very different objective, yet their missions complement one another.

8(a) Program

The SBA 8(a) Business Development program was created to assist eligible small disadvantaged business concerns to compete in the American economy through business development. An applicant firm must: (1) be a small business; (2) be unconditionally owned and controlled by one or more socially and economically disadvantaged individuals who are of good character and citizens of the United States; and (3) demonstrate potential for success.

8(a)

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
SB Assisted (#)	Outcome	9,458	9,600	9,536	9,122	9,180	-1%
Cost per SB Assisted ($)	Efficiency	$ 3,319	$ 3,081	$ 4,320	$ 5,701	$ 4,853	-17%

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000)	$ 31,387	$ 29,582	$ 41,191	$ 52,001

Variance Explanation

"SB Assisted (#)" has a variance of -1%. The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

"Cost per SB Assisted ($)" has a variance of -17%. The primary reason for this variance was the staffing increases that occurred at the district level in order to enhance the business development opportunities for existing 8(a) firms.

FY 2008 Accomplishments

The Agency embarked upon several initiatives in an effort to improve program delivery and ensure that the 8(a) Business Development program is relevant to a changing industry. Initiatives included improvement to the 8(a) and SDB application and the development of the electronic annual review process.

In FY 2008, the SBA awarded a contract to develop the Business Development Management Information System (BDMIS) based on the Business Process Re-engineering initiative. BDMIS is a comprehensive, integrated system that supports the activities of the Office of Business Development. It consists of the following components:

- Electronic 8(a)/SDB certification application;
- Electronic annual review/continued eligibility; and
- Various back-office functions (defined below).

The new BDMIS was deployed on July 28, 2008.

The Office of Business Development developed *Insight: Guide to the 8(a) BD Program*, which is a self-paced online training program (with an indexed guide) that explains the 8(a) eligibility criteria, 8(a) application process and the resources available to assist 8(a) firms. In addition, the Office of Business Development created an assessment tool for potential 8(a) applicants. The 8(a) Suitability Assessment Tool is a web-based, fully automated tool designed to help prospective 8(a) firms better determine if they are a good fit for the program. The tool serves as a self-paced filter governing the number and quality of new 8(a) applicants, based on suitability and eligibility criteria.

The Agency also developed an on-line self-paced training program designed to help small business clients understand and participate in federal contract markets. This web-based tool includes over 40 web links highlighting the best contracting resources and directly engages customers in the contracting process, specifically CCR and DUNS registration and federal business opportunity searches.

In an effort to ensure greater oversight as it relates to 8(a) contracts issued by procuring agencies, the SBA's Office of Business Development has revised the language in the partnership agreements (between SBA and the procuring agencies) to clarify roles and responsibilities. The revised partnership agreements specifically require the procuring agencies to monitor 8(a) firm's compliance with contract performance. Partnership agreements have been executed between SBA and 38 procuring agencies.

Prime Contracting and Subcontracting Assistance Programs

The SBA works to create an environment for maximum participation in federal government prime and subcontracting by small businesses, including businesses owned and controlled by socially or economically disadvantaged individuals, women, veterans (including service-disabled veterans), and small businesses located in HUBZones. The SBA advocates on behalf of small business in the federal contracting world and administers several programs and services that assist small businesses in meeting the requirements to receive government contracts, either as prime contractors or subcontractors.

By increasing contracting opportunities for small businesses under procurement preference programs and full and open competition, the SBA encourages more firms to compete in the federal marketplace and promotes awards of federal contracting dollars to such firms. Because of these efforts, more small businesses are able to compete for a share of federal contract opportunities, strengthening and diversifying the nation's industrial base, and supporting an increased number of jobs.

Prime Contracting

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual [1]	FY 2008 Goal	FY 2008 Variance
Fed Contract Dollars Awarded to SB ($ Billion)	Output	$ 75	$ 78	83	2 QTR 09	$ 85	N/A
Jobs Created/Retained (#)	Outcome	562,000	612,000	605,000	2 QTR 09	601,209	N/A
Cost per Job Created/Retained ($)	Efficiency	$ 27	$ 31	$ 33	2 QTR 09	$ 38	N/A

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000)	$ 15,384	$ 18,853	$ 19,842	$ 24,260

[1] Data not yet available - FY 2008 actual data will not be available until 2rd quarter FY 2009.

FY 2008 Accomplishments

During FY 2008 the SBA improved the small business procurement scorecards for tracking the statutory goals and federal agencies' plans for meeting their proposed goals. For the first time, all chief financial office agencies have plans in place and are available to the public. This has increased transparency and accountability as well as the sharing of best practices for all to review and utilize.

Working with the Procurement Advisory Council, scorecard guidance was clarified.

The SBA hired additional procurement center representatives, increasing the number from 52 at the fiscal year beginning to 66 by the close. Training was conducted for all government contracting staff during the last quarter of the fiscal year. Additional training was provided to SBA's Procurement Center Representatives (PCR) 1102 workforce. PCR's are required to maintain Continuous Learning Points to sustain the 1102 Procurement Analyst certification.

A web-based internal performance management system was developed in conjunction with the Office of the Chief Information Officer.

The Offices of Government Contracting and Field Operations developed a working arrangement to ensure maximize effectiveness of use of district office and procurement center representative personnel. Procurement center representatives will concentrate on buying activities to maximize opportunities for small businesses and district offices will ensure necessary training opportunities to increase the small business contracting pool.

SBA completed a business case for the electronic procurement center representative (ePCR) system, a technology solution envisioned to improve the efficiency and effectiveness of the SBA's PCR function. As a web-based application, ePCR will increase PCR coverage of federal contracting activities and automate many of the business processes currently associated with the small business review of procurement requests and subcontracting plans. Once implemented, ePCR will provide SBA management with timely and accurate reporting to improve the effectiveness of PCRs and will aid federal agencies in meeting their small business goals, thereby supporting the SBA's mission to enable the viability of small businesses.

A comprehensive size review was initiated that included industry input. In addition, size adjustments were made for inflation, and fuel oil dealers' size standards were changed from revenue based to employee based because of the volatility of fuel prices. A comprehensive size standard review was initiated with draft proposed rule evaluating the size standards for the retail trade, other services, and food services and accommodations industries submitted to the Office of Management and Budget. .

Small Disadvantaged Businesses Program (Discontinued 9/30/2008)

The Small Disadvantaged Business program is intended to help small businesses be successful in the future. Companies just starting or in a growth stage can benefit from the wide range of services the SBA offers, such as support for government contracts, access to capital, management and technical assistance, and export assistance. The Agency's efforts help to build community-based small businesses which revitalize neighborhoods, create jobs and encourage economic growth. It uses a number of assistance intervention tools ranging from contract support to low interest loans for site acquisition, construction, and the purchase of new or upgraded equipment.

SDB [1]

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
SB Certified (#)	Output	968	734	474	789	800	-1%
Cost per SB Certified ($)	Efficiency	$ 1,667	$ 2,414	$ 2,605	$ 1,376	$ 1,618	15%

| Budgetary Resources | Budgetary Obligations Incurred | | | |
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000)	$ 1,614	$ 1,772	$ 1,235	$ 1,086

(1) As a result of dicussions with OMB and DOJ, the SBA no longer certifies small and disadvantaged businesses on behalf of other agencies for the Small Disadvantaged Business Certification. The cost of staffing and the certifications process no longer exists at the SBA.

Variance Explanation

"SB Certified (#)" has a variance of -1% - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

"Cost per SB Certified ($)" has a positive variance of 15 % primarily due to the reduced budget level for FY 2008.

FY 2008 Accomplishments

The SBA certifies small businesses that meet specific social, economic, ownership and control eligibility criteria. Once certified, the firm is added to an on-line registry of SDB-certified firms, making them eligible for special bidding benefits. Certified firms remain in the online registry for three years. Contracting officers and large business prime contractors may search this online registry for potential suppliers. In FY 2008, the SBA approved 613 applications for Small Disadvantaged Business certification.

HUBZone Program

The HUBZone program provides Federal contracting assistance for qualified small businesses located in economically distressed communities, known as historically underutilized business zones or HUBZones. The objective is to increase employment, capital investment and economic development in these areas, which includes Metropolitan Area Census Tracks; Non-metropolitan Counties; Federally recognized Indian Reservations; difficult Development Areas and former military bases closed as a result of the Base Realignment and Closure Act (BRAC). The program provides for set-asides, sole source awards, and price evaluation preferences for HUBZone certified small businesses.

HUBZone

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual [1]	FY 2008 Goal	FY 2008 Variance
SB Assisted (#)	Output	2,960	5,044	2,833	2Q 09	3,700	N/A
Annual Value of Federal Contracts ($ Billion)	Output	$ 6.1	$ 7.1	$ 8.5	2Q 09	$ 8.5	N/A
Cost per SB Assisted ($)	Efficiency	$ 2,625	$ 1,486	$ 2,389	2Q 09	$ 2,027	N/A
Cost per Federal Contract Dollar ($)	Efficiency	$ 0.0013	$ 0.0011	$ 0.0008	2Q 09	$ 0.0011	N/A

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000)	$ 7,769	$ 7,496	$ 6,767	$ 8,679

[1] Data not yet available - FY 2008 actual data will not be available until 2nd Quarter FY 2009.

FY 2008 Accomplishments

A search in the Dynamic Small Business Search showed that 10,772 certified HUBZone firms were listed on or before September 30, 2008. Although this is a healthy portfolio, representing various NAICS, the HUBZone program encountered several challenges. Specifically, a GAO audit, a GAO forensic investigation, and the Office of Advocacy report measuring the effectiveness of the program.

As a result of these challenges, the HUBZone program embarked on a complete analysis of the program. This included an independent audit to perform a sample inspection of its portfolio and a comprehensive business process re-engineering effort. The following improvements have taken place:

- The HUBZone maps, a web-based system that identifies qualified HUBZone areas, were updated. The update insures eligible firms the opportunity for Federal contracting assistance in the form of HUBZone set-asides, sole source awards, or price evaluation preferences in full and open competition.

- Procedures were put in place to minimize program risk by collecting additional supporting documentation of all HUBZone applications to support program eligibility. These procedures have improved internal control standards and enhanced the programs integrity by ensuring firms meet the HUBZone program criteria.

- A methodology for measuring the economic impact of the HUBZone Program was drafted and published in the Federal Register. The final version is expected to be finished and published in a Final Notice to the Federal Register in FY 2009. The methodology will assist in the determination of the programs effectiveness.

- The Business Process Re-Engineering (BPR) effort was deployed which will help create a roadmap to streamline the HUBZone program processes while maintaining program integrity.

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STRATEGIC GOAL TWO – PROVIDE TIMELY FINANCIAL ASSISTANCE TO HOMEOWNERS, RENTERS, NONPROFIT ORGANIZATIONS AND BUSINESSES AFFECTED BY DISASTER

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Disaster Assistance

By their nature, disasters inflict widespread destruction and distress — on families, businesses and communities. Disasters are unpredictable, but they are not unexpected. They are, unfortunately, all too frequent occurrences. To assist victims of physical disasters, the SBA operates a direct loan program and supports the servicing and collection of these loans after they have been made.

The disaster loan program is the only form of SBA assistance that is not limited to small businesses. Disaster loans help homeowners, renters, businesses of all sizes, and nonprofit organizations to fund rebuilding and recovery efforts. The Agency does this by focusing on the restoration of real and personal property and assisting businesses to return to operations as quickly as possible.

The SBA offers two types of disaster loans to respond to the long-term recovery needs of disaster victims: (1) physical disaster loans, which provide funds to repair or replace disaster damaged uninsured or underinsured real and personal property belonging to homeowners, renters, businesses of all sizes, and nonprofit organizations; and (2) economic injury disaster loans, which provide necessary working capital to small businesses, small agricultural cooperatives and private, nonprofits adversely impacted by the declared disaster until normal operations can be resumed.

In a Presidential disaster declaration, individuals who are homeowners or renters register first with the Federal Emergency Management Agency. FEMA refers qualified individuals to the SBA. Businesses may apply directly to the SBA for disaster assistance. SBA disaster loans have lower interest rates and longer terms than conventional lending offers. The disaster loans are a critical source of economic stimulation in disaster-ravaged communities and help generate employment and stabilize tax bases by protecting jobs. Small businesses in particular are helped by a stronger customer base and revitalized communities. Communities that have been devastated by disasters lack the customer base necessary for small businesses to become functional again. By providing integrated assistance, SBA increases the effectiveness of this federal assistance.

On average, the Agency makes disaster loans totaling approximately $1 billion each year and has an active portfolio of about $9 billion. The following table shows the number of applications processed and the number of loans funded for the past four years.

Loan Volume Over 4 Years	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Applications Processed (#)	Output	153,072	441,631	34,401	50,184
Loans Funded (#)	Output	41,651	137,803	13,716	15,128
Cost per Loan Application Processed	Efficiency	$ 2,574	$ 4,005	$ 16,985	$ 4,534
Cost per Loan Funded	Efficiency	$ 9,459	$ 12,835	$ 42,600	$ 15,040

The following tables lists the key performance measures used to judge the Office of Disaster Assistance's effectiveness, and the budgetary resources used to accomplish its mission.

Disaster Assistance

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
Disasters Having Field Presence Within 3 Days (%)	Output	100%	100%	100%	100%	95%	5%
Loans With Initial Disbursements Within 5 Days of Loan Closing (%)	Output	97%	55%	94%	99%	95%	4%
Time to Process 85% of Home Applications (Days)	Output	25	74	7	6	10	40%
Time to Process 85% of Business Physical Applications (Days)	Output	35	66	11	11	16	31%
Time to Process 85% of EIDL Applications (Days)	Output	24	29	12	12	16	25%
SB Sustaining Economic Injury That Remain Operational 6 Months After Final Disbursement (%)	Outcome	93%	77%	80%	92%	80%	15%
SB Sustaining Physical Damage Restored Within 6 Months After Final Disbursement (%)	Outcome	72%	74%	62%	69%	70%	-1%
Homeowners Restoring Their Homes Within 6 Months of Final Disbursement (%)	Outcome	75%	61%	58%	71%	85%	-16%
Renters Restored Within 6 Months After Final Disbursement (%)	Outcome	70%	65%	68%	73%	90%	-19%
Customer Satisfaction Rate (%)	Outcome	66%	57%	66%	65%	72%	-10%

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Resources ($000)	$424,748	$ 1,795,488	$613,825	$261,535
Total Loan Making ($000)	$393,956	$ 1,768,677	$584,296	$227,525
Loan Servicing ($000)	$ 30,792	$ 26,811	$ 29,529	$ 34,010

Loan Volume Over 4 Years	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Applications Processed (#)	Output	153,072	441,631	34,401	50,184
Loans Funded (#)	Output	41,651	137,803	13,716	15,128
Cost per Loan Application Processed	Efficiency	$ 2,574	$ 4,005	$ 16,985	$ 4,534
Cost per Loan Funded	Efficiency	$ 9,459	$ 12,835	$ 42,600	$ 15,040

Variance Explanation

"Time to process 85% of Home applications (Days)" has a variance of 40%. The improvements to the SBA's Office of Disaster Assistance resulting from the ACE Campaign, reduction in workload, and upgrades to the Disaster Credit Management System (DCMS) allowed the SBA to process all home applications within its performance goals.

"Time to process 85% of Business Physical applications (Days)" has a variance of 31%. The improvements to the SBA's Office of Disaster Assistance resulting from the ACE Campaign, reduction in workload, and upgrades to the Disaster Credit Management System (DCMS) allowed the SBA to process all business physical applications within the performance goal.

"Time to process 85% of EIDL applications (Days)" has a variance of 25%. The improvements to the SBA's Office of Disaster Assistance resulting from the ACE Campaign, reduction in workload, and upgrades to the Disaster Credit Management System (DCMS) allowed the SBA to process all economic injury applications within the performance goal..

"SB Sustaining Economic Injury That Remain Operational 6 Months After Final Disbursement (%)" has a variance of 15%. Improvements to the business processes allowed SBA to exceed its performance goal.

"SB Sustaining Physical Damage Restored Within 6 Months After Final Disbursement (%)" has a variance of -1%. The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

"Homeowners Restoring Their Homes Within 6 Months of Final Disbursement (%)" has a variance of -16%. Customer Satisfaction increased from the previous year but fell below the target level. SBA will continue to review and revise the approval and disbursement process.

"Renters Restored Within 6 Months After Final Disbursement (%)" has a variance of -19%. Customer Satisfaction increased from the previous year but fell below the target level. SBA will continue to review and revise the approval and disbursement process.

"Customer Satisfaction Rate (%)" has a variance of -10%. The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

FY 2008 Accomplishments

Through September 30, 2008, the SBA approved 15,128 disaster loans for $825,840,100. Throughout 2008, the Agency completed many key projects, highlighted by the following:

Electronic Loan Application (ELA) — The Office of Disaster Assistance has developed a website to expand its outreach. Victims of disasters now may apply for disaster loan assistance at their convenience over any computer connected to the Internet. The ELA website is accessible to the public from the SBA's main website of http://www.sba.gov. It simplifies the application process and speeds delivery of assistance to disaster victims across all eligible home or business loan applications. The ELA was available for public use starting on August 4, 2008.

Achievement Commitment Excellence Campaign (ACE) — The Office of Disaster Assistance launched a comprehensive campaign to improve the responsiveness and efficiency of its operations in the following areas: loan application, loan approval, loan disbursement, technology services, administrative services, and personnel services. The goals were to re-engineer and enhance the consistency and responsiveness of ODA's end-to-end disaster loan process as well as improve the productivity and quality of work by ODA staff to disaster victims. ODA initiated and completed 164 action projects as part of the ACE Campaign. Currently there are 19 ACE action projects are under further development in the Disaster Credit Management System with staged in implementation dates ranging from present, through July 2009.

Disaster Assistance Improvement Plan — DAIP was mandated by the President in Executive Order 13411. The Order mandates that federal agencies create a single application that fulfills the information requirements of all applicable federal disaster assistance programs. As a federal partner included in the mandate, the SBA must provide program application content, data elements, identify funding requirements and sources, modify disaster assistance systems to interface with the DAIP and provide ongoing program and technical support. The SBA has participated in weekly meetings throughout 2008 and has met the goals set by the Order. Costs associated with complying with this mandate have been included in the upcoming budgets.

STRATEGIC GOAL THREE – IMPROVE THE ECONOMIC ENVIRONMENT FOR SMALL BUSINESS

Strategic Goal Three is intended to ensure that all enterprising Americans have the maximum opportunity to succeed. The SBA makes government more responsive to small businesses by:

- Reducing excessive federal regulatory burden;
- Protecting them from excessive federal regulatory enforcement; and
- Providing automated tools and information on how to comply with laws and regulations.

The SBA fulfills these functions through the offices of Advocacy, the National Ombudsman, and the Business Gateway E-Gov initiative.

Strategic Goal Three is implemented according to the following Long-Term Objectives:

LTO 3.1 — Protect, strengthen and effectively represent the nation's small businesses to minimize the regulatory burden

LTO 3.2 — Foster a more small-business-friendly environment

REGULATORY ASSISTANCE

America's small businesses — some 27.2 million strong[1] — are a major sector of the national economy. They represent 99.7 percent of all employer firms,[2] account for half of the country's gross domestic product,[3] created 60 to 80 percent of net new jobs annually over the last decade,[4] and produce 13 to 14 times more patents per employee than do large firms.[5] Despite their importance to the economy, the cost of government regulation and excessive paperwork heavily burden small businesses. For businesses with fewer than 20 employees, federal regulations cost $7,647 per employee each year, an amount which is 45 percent higher than businesses with 500 or more employees.[6]

The regulatory burden imposed by the federal government can affect small businesses when regulations are established and when they are enforced. The SBA works on two fronts to minimize those burdens. The Office of the National Ombudsman helps address the burdens associated with unfair enforcement of existing regulations; and the Office of Advocacy ensures that small businesses have a voice in the regulatory development process.

Office of Advocacy

The SBA, through the Office of Advocacy, works to reduce the burdens that federal policies impose on small entities and provides vital small business research that informs policymakers. Simply stated, the mission of the Office of Advocacy is to encourage policies that support the development and growth of American small business by:

- Early intervention within federal agencies in the regulatory process on issues that affect small business;

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1   Source: Office of Advocacy estimates based on data from the U.S. Department of Commerce, Bureau of the Census (Census); and U.S. Department of Labor, Employment and Training Administration.
2   Source: Office of Advocacy estimates based on data from Census.
3   Source: Office of Advocacy-funded research by Kathryn Kobe, 2007 (www.sba.gov/advo/research/rs299tot).
4   Source: Office of Advocacy estimates based on data from Census.
5   Office of Advocacy-funded research by CHI Research, 2003 (www.sba.gov/advo/research/rs225tot.pdf).
6   Office of Advocacy-funded research by W. Mark Crain, 2005 (www.sba.gov/advo/research/rs264tot.pdf).

- Training federal agencies on how to comply with the Regulatory Flexibility Act;

- Producing research to inform policymakers on the impact of federal regulatory burden on small business and on the vital role of small business in the economy; and

- Increasing states' regulatory flexibility toward small business.

- Advocacy has five internal goals/measures which guide budget planning and measure effectiveness:

- Achieve one-time and ongoing regulatory cost savings of $5.5 billion, due to Advocacy interventions in FY 2010 (outcome);[7]

- Through online and classroom training, ensure that employees of all 66 federal agencies which promulgate regulations that impact small entities have in-house expertise on how to comply with the Regulatory Flexibility Act in FY 2010 (output);

- Ensure that there are 10 examples of states either continuing to introduce/improve small business regulatory flexibility laws/executive orders, or demonstrating successful implementation of existing small business regulatory flexibility laws/executive orders in FY 2010 (outcome);

- Ensure that there are 15 examples of universities/colleges with business/entrepreneurship programs using Advocacy data and reports as a resource for instruction and/or further research in FY 2010 (outcome); and

- Publish annually at least 25 research reports on small business issues (output).

Advocacy

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
Research Publications (#)	Output	34	28	32	27	25	8%
Regulatory Cost Savings to Small Businesses ($ Billion) [1]	Outcome	$ 6.60	$ 7.25	$ 2.60	$ 10.70	$ 5.50	95%
Regulatory Staff with In-House Regulatory Flexibility Act Expertise (#) [2]	Outcome	19	1	14	151	100	51%
States Considering Legislative/Executive Regulatory Flexibility Action (#) [3]	Outcome	19	11	12	10	10	0%
Research Publications and Data Reports in Curricula (#)	Outcome	18	16	16	19	15	27%
Cost per $1 Million Savings ($)	Efficiency	$ 1,430	$ 1,292	$ 3,792	$ 857	$ 2,004	57%

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000)	$ 9,439	$ 9,364	$ 9,858	$ 9,170

[1] The FY 2008 Actual ($10.70) is not final until Advocacy releases its Annual Report in February FY 2009.

[2] Beginning in FY 2008, the measure changed from the number of agencies with in-house expertise to the number of employees with in-house expertise. This measure was changed pursuant to Advocacy's new 5-year strategic plan.

[3] Beginning in FY 2008, the measure changed from the number of states considering regulatory flexibility legislation/executive orders to the number of states considering additional legislation/executive orders, and examples of successful implementation. This measure was also changed pursuant to Advocacy's new 5-year strategic plan.

Variance Explanation

"Regulatory Cost Savings to Small Businesses ($ Billion)" has a variance of 95%. The reason is that unusually large first-year cost savings resulted from action on two rules, including $5.3 billion in savings attributable to a single rule (Contractor Code of

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7   This figure is based on average cost savings over the last 6 years, minus outliers.

Ethics, promulgated by DoD, GSA and NASA). This outlier was one of fourteen rules for which Advocacy measured cost savings in FY 2008.

"Regulatory Staff with In-House Regulatory Flexibility Act Expertise (#)" has a variance of 51%. The reason is that Advocacy outreach efforts have resulted in increased demand from regulatory agencies for Regulatory Flexibility Act compliance training for their employees.

"Research Publications and Data Reports in Curricula (#)" has a variance of 27%. The reason is that increased outreach efforts by regional advocates were successful in expanding the number of institutions using Advocacy materials.

"Cost per $1 Million Savings ($)" has a positive variance of 57%. The reason is that FY 2008 cost savings were 95% greater than the FY 2008 goal, while at the same time actual FY 2008 obligations were 7% less than FY 2007 actuals.

FY 2008 Accomplishments

As of the end of FY 2008, Advocacy had achieved $10.7 billion in first-year cost savings and $2.2 billion in annual recurring savings. The office exceeded its goal for the fiscal year primarily because of two large regulatory outcomes achieved directly through its intervention. One saved small businesses $1.96 billion, and the other saved small businesses $5.3 billion.[8] It is impossible to predict with any degree of accuracy when federal agencies will publish final rules that reflect cost savings resulting from Advocacy's intervention, 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).

Advocacy has a goal of ensuring that 100 regulatory staff at federal agencies gain in-house Regulatory Flexibility Act expertise through the training Advocacy was directed to provide under Executive Order 13272. During FY 2008, 151 key federal officials received RFA regulatory compliance training. Advocacy exceeded its goal for the year by 51 percent.

Advocacy projected that 10 states would formally consider legislative or executive action to increase regulatory flexibility for small businesses, or demonstrate successful implementation of existing small business regulatory flexibility laws in FY 2008. Advocacy has met its year-end goal. Eight states considered legislative action;[9] four of those states enacted law;[10] and there was one example of successful regulatory flexibility implementation.[11] Advocacy attributes its success in reaching this goal to having a nearly full complement of regional advocates on board. The regional advocates work directly with state governments and state stakeholders to educate them about the benefits of regulatory flexibility.

Advocacy projected that a total of 15 universities/colleges with entrepreneurship programs would insert Advocacy's data into their curricula. The rationale behind this goal is to generate interest in entrepreneurship research among academics and to broaden awareness of existing research. During FY 2008, a total of 19 colleges/universities had inserted Advocacy's data into their curricula.

Advocacy had an output goal of releasing 25 small business research reports in FY 2008. These research reports inform policymakers by providing a snapshot of small business demographics, demonstrating the importance of the role of small business in the economy, and highlighting the impact of federal policies and regulations on small businesses. As the fiscal year ended, Advocacy had released 27 reports.

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8   Based on Advocacy's intervention, the Securities and Exchange Commission finalized an extension of the Sarbanes-Oxley Act's Section 404(b) auditor attestation requirement for smaller public companies, which resulted in $1.96 billion in cost savings to small businesses. In addition, per Advocacy's recommendation, the Department of Defense published the final contractor ethics rule with an exemption for small businesses, saving small businesses $5.3 billion.

9   Arizona (HB 2235), Florida (PCB GEAC 08-22), Hawaii (HB 2781), Iowa (SF 2227), Kansas (HB 2827), Louisiana (HB 368), New Jersey (A 832), Ohio (HB 285), and Utah (HB 53).

10 Florida (PCB GEAC 08-22), Hawaii (HB 2781), Kansas (HB 2827) and Utah (HB 53).

11 The California Office of Administrative Law now requires its attorneys to sign off on Form 399 (economic impact statement) before the agency can finalize a rule. This is a great step in enforcing the RFA currently on the books in California.

Advocacy management initiatives continue to improve efficiency and effectiveness.

Regional Affairs

- Regional advocate activity benchmarks ensure that all ten regional advocates remain focused on Advocacy's mission and expectations.

Web Technologies

- The office has developed its own listservs and RSS feeds to make Advocacy products easily accessible, reach a broad audience, and reduce printing costs. A "Regulatory Alerts" webpage was developed to alert small entities to regulations that may impact them and to provide links for submitting comments.

- Advocacy has initiated its own blog which deals with regulatory issues and small business research.

- A website, notify.advocacy@sba.gov, was created to allow agencies to notify Advocacy easily when a significant regulation is being proposed.

- A webpage was developed for Advocacy's "r3" initiative so that the public can submit information on regulations in need of review or reform, and so that stakeholders and government officials can track progress on nominated regulations. Over 80 nominations were received in FY 2008. Refinements of this webpage will continue.

Leveraging Resources

- In addition to searching federal regulatory agendae, dockets, the Federal Register, etc., Advocacy has developed additional methods to identify proposed regulations that are a priority of small entities. These include holding issue-based roundtables and trade association outreach.

- Advocacy has built a strong relationship with OMB's Office of Information and Regulatory Affairs (OIRA) and its staff in order to maximize joint resources and achieve better regulatory results for small entities. Ongoing brown bag lunches, employee details (Advocacy staff to OIRA) and regular meetings further solidify that strong relationship.

- Advocacy engages in co-sponsorships with organizations that promote entrepreneurship (*e.g.*, the Ewing Marion Kauffman Foundation) in order to share the costs of organizing small business conferences.

Quality Control and Administrative Simplification

- Advocacy has developed new procedures for internal document review and clearance.

- An employee orientation manual was developed for all new employees; it contains background information on current staff, useful forms, ethics rules, travel procedures, etc.

- Advocacy's quarterly and annual reporting procedures ensure that the office stays on track with respect to its goals.

Transparency to Stakeholders

- Advocacy has published a comprehensive *Background Paper on the Office of Advocacy*. Although this 327-page resource is intended especially for transition purposes and new staff, it is the most comprehensive document ever published on the history, mission, activities and accomplishments of the office. In keeping with Advocacy's belief that good policy requires good information and in the interest of transparency, this document is posted in its entirety on Advocacy's website at http://www.sba.gov/advo/backgr08.pdf.

Office of the National Ombudsman

The SBA ensures equity and fairness in the federal regulatory enforcement and compliance process through the Office of the National Ombudsman by:

- Raising awareness of the regulatory assistance available;
- Providing means to register comments about unfair regulatory enforcement and compliance actions by federal agencies; and
- Acting as a neutral liaison between the parties.

FY 2008 Accomplishments

FY 2008 was a very active year. The Office of the National Ombudsman conducted 27 RegFair public events, including hearings, roundtables, speeches, panel participations and key public meetings. The second annual national hearing for trade associations and chambers of commerce occurred with the participation of representatives of 13 national organizations. In addition, ONO received and processed 420 small business comments and carried out 780 responses to the public and customer service assistance actions. ONO produced, finalized, published and disseminated the FY 2007 Annual Report to Congress. Among other items, the report includes federal agency ratings of responsiveness to small business comments. The national ombudsman recruited and screened 12 RegFair Board applicants, then recommended candidates to the Administrator for a three-year appointment to the corresponding regional Regulatory Fairness Board. ONO organized and held the legislatively required national RegFair Board conference.

BUSINESS GATEWAY

The Business Gateway Initiative, managed by the SBA, is a collaborative effort for all federal agencies that interact with small businesses and that use information technology to improve the delivery of information and services to citizens. "The mission of Business Gateway has evolved to serve as an incubator of technologies that improves the delivery of federal information products and services for the nation's small business community. The initiative, which includes the Business.gov and Forms.gov websites, reduces the amount of time and money business owners spend on complying with federal regulations and associated paperwork so that more time can be directed toward running their businesses. Specifically, Business.gov simplifies and improves businesses' ability to locate government compliance guides and forms they deal with on a regular basis, thereby reducing the effort needed to comply with government regulations.

Despite their importance to the economy, small businesses are heavily burdened by the costs of government regulation and excessive paperwork. SBA research shows that firms with fewer than 20 employees annually spend 45 percent more per employee than do larger firms to comply with federal regulations. The SBA works to reduce the regulatory burden that federal policies impose on small firms and provide automated tools and information on how to comply with the laws and regulations that do exist.

The role that Business Gateway plays in assisting the Agency in achieving its strategic objective to foster a more small-business-friendly environment is very direct. Customer feedback supports this assertion. Between October 2007 and April 2008, 75 percent of Business.gov visitors surveyed reported that using the website saved them time. During that same time period, 53 percent of Business.gov users surveyed reported that it saved them money. By using Business.gov as a reference tool to find compliance information quickly, business owners are getting back to business and staying successful.

Business Gateway

Performance Indicator	Type of Meas...	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
Hours Saved (# in Millions)	Outcome	N/A	4.65	3.25	3.96	2.70	47%
Customer Satisfaction (%)	Outcome	N/A	76%	70%	72%	72%	0%
Referrals to Partner Sites per Month (%) [1]	Outcome	N/A	9%	9%	28%	11%	155%
Cost per Hours Saved ($)	Efficiency	N/A	$ 3.48	$ 3.28	$ 1.00	$ 3.00	67%

Budgetary Resources	Budgetary Obligations Incurred			
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual
Total Administrative Resources ($000)	$ 10,780	$ 16,180	$ 10,660	$ 3,969

[1] In FY 2009, www.Business.gov consolidates into a single website access to business compliance information from across the federal government as well as state and local governments. Increased awareness of the website combined with continual improvements to expand content and include new tools means business owners are finding more relevant information and linking away from the site to other authoritative websites at a higher rate.

Business Gateway Program Costs	FY 2008 Estimated	FY 2009 Planned	FY 2010 Requested
Interagency Contributions (from 21 agencies)	$ 4,230,400	$ 2,649,531	$ 1,567,360
SBA Contributions	$ 525,600	$ 538,248	$ 1,347,384

Variance Explanation

"Hours Saved (# in Millions)" has a variance of 47%. The variance reflects the direct benefit Business.gov brings to the business community. Site improvements, including continual content updates and search enhancements, led to increases in traffic, customer satisfaction, and the user-reported hours saved performance indicator. As goals are routinely adjusted based on the previous fiscal year actuals, Business Gateway projects that this variance will even out against the FY 2009 and FY 2010 goals.

"Referrals to Partner Sites per Month (%) has a variance of 155%. Increased awareness of Business.gov as a one-stop-shop on compliance information has allowed business owners to increasingly find more relevant information – including authoritative information on partner sites. In FY 2008, numerous content and links additions, coupled with increased site traffic, yielded a dramatic increase in partner site referrals. Accordingly, in FY 2008, Business Gateway adjusted the Referrals to Partner Sites Per Month (%) goals for FY 2009 and FY 2010.

"Cost per Hours Saved ($)" has a variance of 67%. As Business Gateway streamlines and trims down the program cost, citizens will continue to benefit while the cost per hours saved is minimized. BG has adjusted FY 2009 and FY 2010 goals and will continue to do so as appropriate.

FY 2008 Accomplishments

The Business Gateway team works to solicit input regularly from business owners and uses that feedback as the primary driver for enhancements in functionality and content to the site. The Business.gov website offers a powerful search engine focused solely on compliance information. Additionally, it pulls together plain language assistance links and points of contact from across the government for access to regulatory compliance information in one place.

Additional accomplishments for Business Gateway during FY 2008 include the following:

Features and Content

- Integrated federal, state and local resources into all service offerings, giving small business owners a single place to find regulatory compliance information from all levels of government; Business.gov is the only major federal information service to successfully provide access to business compliance data on such a broad spectrum.

- Enhanced *Permit Me* feature to allow business owners to search by city, state or zip code in order to get business licensing requirements from all levels of government.

- Launched a custom state and local search engine that improves upon Google.com by giving results specific to the place where a business owner is located.

- Published "Green Business Guides" on Earth Day 2008, promoting government services and resources that help small business adopt environmentally-friendly and energy efficient business practices.

- Created a Green Business Search Engine that allows business owners to search across resources that help business owners adopt environmentally-friendly business practices.

- Supported the SBA's statutory requirement to comply with the Energy Independence and Security Act of 2007 by working with the Environmental Protection Agency's ENERGY STAR program to create the Small Business Guide to Energy Efficiency.

- Launched Google Maps to help small businesses locate small business development centers and federal offices in their local communities.

- Launched social media and networking (Web 2.0) features including:

  - Business.gov page on Wikipedia.

  - YouTube video channel focusing on government information resources for small businesses.

  - Bookmarking to allow site visitors to add Business.gov links to their favorite networking site such as del.icio.us, Facebook, and Digg.

  - Business.gov toolkit known as a "gadget" that can be placed on websites to provide immediate access to essential online tools and resources to help you run your small business. The toolkit allows users to search for information, forms, and contacts from federal, state and local governments; find topics of current interest to the nation's small business community; get a listing of licenses and permits that apply to their business; or watch videos featuring expert advice from successful entrepreneurs and small business owners.

- Adopted "open source" technologies that allow the Business Gateway team to be technologically innovative by reducing dependencies on proprietary software vendors.

- Implemented a content management system that reduced the dependency on developer resources and shortened the cycle time for posting new content.

Partnerships

- Enhanced access to small business tax information by developing a content and promotional partnership with the Internal Revenue Service's small business and self-employed organization.

- Facilitated access to environmental regulatory requirements by expanding a content partnership with the Environmental Protection Agency to highlight the annual reporting requirement for businesses for the Toxic Release Inventory.

- Established over 50 links on state and local government sites, in addition to partner organizations such as IRS, EPA, National Federation of Independent Business and the National Small Business Association.

Outreach

- Provided overview of Business Gateway demonstration of Business.gov to representatives of the governments of Australia and the Netherlands.

- Represented SBA at a number of small business forums sponsored by federal partner agencies.

- Featured in news outlets such as *Black Enterprise* magazine, Washingtonpost.com, *Long Island Business News*, WTOP radio, Examiner.com and FoxBusiness.com.

- Promoted Business.gov to over 100 associations and all chambers of commerce through direct communication, events, and articles.

- Selected as a finalist or winner of several prestigious awards:

  - Selected by the Search Engine Strategies Conference for the prestigious Best Use of Local Search award on August 20, 2008, the only government finalist in any category. Business Gateway was selected over two private sector companies.

  - Awarded the GITEC 2008 Project Management Excellence Award in the category of "Delivering Mission Critical Services/Practical Innovations."

  - Won an Excellence.gov award for demonstrating how the program has improved organizational performance through the use of technology.

  - Acknowledged with the ACT/IAC 2008 Intergovernmental Solutions Award for demonstrating how adopting best practices can lead to measurable improvements in the efficiency and effectiveness of government programs.

  - Received AFFIRM's Leadership in e-Government Award for management of Business Gateway.

  - Selected as a finalist by the Web Content Managers Advisory Council for the 2008 Web Manager's Best Practice Award.

- Continued a series of regular user interviews and focus groups to more effectively probe the target audience to determine what they like and don't like about the Business.gov website. The Business Gateway team acted on user suggestions, internal metrics and other analysis to improve the website

STRATEGIC GOAL FOUR – ENSURE MANAGEMENT AND ORGANIZATIONAL EXCELLENCE TO INCREASE RESPONSIVENESS TO CUSTOMERS, STREAMLINE PROCESSES, AND IMPROVE COMPLIANCE AND CONTROLS

This Strategic Goal recognizes the fact that the SBA was created for the purpose of fulfilling its programmatic responsibilities of serving the interests of small business. The SBA's non-programmatic areas of general management and administration and the various other support functions exist primarily for the purpose of supporting SBA program areas in fulfilling their own objectives. For this reason, the best measure of successful leadership and support is the degrees to which these functions help maximize the efficiency and effectiveness of the SBA in achieving its programmatic goals, while also complying with relevant statutory and administrative mandates.

The above will be accomplished through the following three Long-term Objectives:

LTO 4.1 – Deploy a skilled workforce capable of executing high quality programs

LTO 4.2 – Provide a safe and secure information system environment to support business decisions and Agency operations

LTO 4.3 – Provide financial and performance management services to support efficient and effective program delivery

HUMAN CAPITAL MANAGEMENT

Long-Term Objective 4.1 — Deploy a skilled workforce capable of executing high quality programs

Office of Human Capital Management

The foundation of the SBA, and the key to its future success, rests with its workforce. The Office of Human Capital Management's continuing efforts and new initiatives are outcome-driven to support the strategic management of human capital in the accomplishment of the Agency's mission and strategic goals. The SBA continues the process of change that will lead it to becoming a modern organization with improved products and services and overall better business results. There remains, however, a lot more to do, and ultimate success depends on such things as solid leadership, sound planning, adequate resources and a commitment to improving the SBA. The Agency's strategic human capital plan takes into consideration these expectations, and the challenges the SBA has faced in the past few years, as well as what lies ahead. The plan is not expected to be a static document; rather it has been prepared to look forward over the next several years. It will be updated as significant events and accomplishments occur and new major requirements are added. The plan establishes a systematic, Agency-wide approach to human capital management, and aligns it with SBA's mission, vision and goals. It describes key human capital challenges and issues impacting the Agency's ability to achieve its core responsibilities.

The human capital outcome measures for FY 2009 and FY 2010 are:

4.1.1   Refine the number of identified mission-critical occupations and competencies through a more rigid systematic workforce planning process. Design training and training strategies to build on or improve these competencies within the current workforce where gaps exist.

4.1.2   Invest in employee, manager, and leadership training and development programs as a part of the strategic imperative.

4.1.3   Use enabling technology to reinvigorate training and development programs when it maximizes value and minimizes performance risks.

4.1.4   Capture and make available the wealth of expertise and experience of the current workforce to aid in developing the next generation of managers and technicians.

4.1.5   Align human capital plans, strategies and systems to achieve organizational effectiveness and mission accomplishments.

4.1.6   Fully integrate the performance management system to create strategic alignment of the Agency mission and employee responsibilities. Focus on creating a results-oriented performance culture through the Agency.

4.1.7   Maintain a rating of "green" for having met the criteria of Competitive Sourcing initiative of the President's Management Agenda.

FY 2008 Accomplishments

Outcome Measures 4.1.1 thru 4.1.3 — The SBA instituted the Executive Development Council to provide executive direction, oversight and support for the development of a strong team of leaders to meet the challenges of today as well as building and leading the organization of the future. The council accomplishes continuous development of employees at all levels of the organization. It creates a vision of development and designs the developmental strategy that supports the SBA mission and strategic goals. The SBA's actions also included analyzing the existing organizational structures from a service delivery, cost, and general workforce planning perspective. During this period, the Agency developed improvement plans for any identified leadership competency gaps and set targets for closure.

The SBA used a best practice approach to assess SBA's leadership skills by utilizing OPM's 360° Leadership Assessment tool which measured the individual's leadership competencies. SBA supervisors and managers at the SES, GS-15, GS-14, and GS-13 levels participated in the assessment. Executive coaches were provided to SES and GS-15 supervisors and managers to interpret the assessment results and develop of individual development plans. The SBA also offered on-line training to supplement courses included in the SBA University curriculum. The 360° Leadership Assessment will be an integral part of future SBA leadership readiness programs.

The Agency reinvigorated the Executive Resources Board (ERB) to oversee the executive resources challenges in the areas of succession planning, setting executive pay, and implementing legislative changes that impact career executives. This revitalization was accomplished by instituting regularly scheduled meetings, formal decision making processes, and holding ERB members accountable and responsible for their assigned activities. The SBA also implemented two training programs: Leadership Effectiveness through Active Development (LEAD), and the Mid-Level Development Program (MLDP). LEAD, which was incorporated into the SBA University curriculum, is designed to provide new and seasoned managers and supervisors with development opportunities in the areas of management, legal, communications, leadership and financial management required to lead, manage and motivate their staffs. The MLDP is designed to provide SBA employees with an in-depth understanding of the Agency, and its mission and strategic goals. Four SBA career employees completed the MLDP, which provided participants with opportunities to receive general and discipline-specific training designed to develop leadership competencies. During FY 2008, the SBA sponsored employees to participate in the Partnership for Public Service's Annenberg Leadership Institute. The Institute gave rising leaders from SBA the opportunity to learn best management practices and apply lessons learned by successful par-ticipation in the Annenberg Leadership Institute Program. The SBA participants partnered with employees from another agency on an action-learning project to assess factors impacting employee engagement and develop a set of solutions that will increase workplace satisfaction. In addition to project activities, the SBA Annenberg Fellows attended a series of courses taught by the nation's leading public and private sector experts in strategic thinking and project management, knowledge networking, leading innovation and change, driving performance and managing people, communicating and influencing, and crisis management and continuous self development. SBA conducted the Federal Competency Assessment Tool for Management (FCAT-M) to ensure that SBA focuses on the leadership training and development programs needed to meet the leadership competency gaps.

The SBA continued to promote employee development, offering employees on-line training courses available anytime through the Internet; and it continues to implement the e-training initiative focusing on unifying, simplifying, and increasing access to high

quality e-Learning products and services. SkillSoft, the on-line training provider, helps employees rapidly develop skills across a wide range of business and technology subjects, and provides instant access to learning resources. This is a comprehensive learning solution that meets the needs of all business units of the Agency, addressing formal and informal learning assets. SkillSoft Complete is a comprehensive suite of learning assets with over 1,900 courses. Employees have access to Books24X7, which contains on-demand business, technical and engineering content containing thousands of digitized "best-in-class" books, book summaries, research reports, and best practices. It enables users to search, browse, read and collaborate with other users, and it offers support to workers in acquiring knowledge when and where needed. In addition, technical and other specialized training was provided to employees to fill the gaps identified in the competency survey administered to employees holding mission critical positions. This training was provided through on-line and classroom opportunities, and progress was monitored through the Agency-wide implementation of individual development plans.

During FY 2008, the SBA launched the Senior Executive Service Candidate Development Program. This is a formal 18-24 month leadership development program designed to develop candidates at the GS-14 and GS-15 levels to assume SES leadership positions. The SBA has implemented an OPM-approved Leadership Succession Plan which is a consistent structured process that all SBA managers and executives will use to ensure that the Agency maintains skilled and ample bench strength in the talent pipeline and to achieve leadership continuity. Because the SBA feels strongly about the need to conduct succession planning, senior level management has committed multiple resources to ensure its success. This includes funds for formal leadership development programs, work time for employees to participate in developmental opportunities, and other internal developmental opportunities.

Baseline and staff surveys were administered to mission-critical employees, and an aggregate skills gap analysis was conducted. This determined the difference between the aggregated baseline data obtained from the surveys and the collective survey responses obtained from the employees. Subsequently, comprehensive curriculum mapping based on the skills gaps identified from the targeted competencies was established. The curriculum map illustrates and tracks the targeted competencies for each role and recommendations are made to narrow the identified gaps. Employees in Agency specific mission critical occupations (business development specialists and lender relations specialists, 465 employees; and loan specialists, 85 employees) were provided a variety of instructor-led and on-line training solutions to address gap closures. Employees in the mission critical occupations of procurement contracting representatives, procurement/contract specialists, IT specialists, and HR specialists were also provided with a variety of instructor-led and on-line training solutions to address gap closures. The training courses were delivered at SBA University in April and June 2008. Over 45 on-line training courses for economics and accounting, technology application, sales and marketing, written communication and financial management. Additionally, SBA instituted a comprehensive training program for SBA's acquisition workforce (Occupational Series 1102) to ensure compliance with the Federal Acquisition Certification in Contracting (FAC-C) Program. Forty-six Contracting Officers Technical Representatives were trained and certified to meet program office acquisition requirements.

Outcome Measure 4.1.4 and 4.1.5 — The SBA continued to build upon the success of SBA University with 95 percent of participants rating the University either "Excellent" or "Good." In FY 2008, the curriculum focused on the needs of managers, supervisors and headquarters staff and included two course tracks. SBA University 2008 was attended by 1,160 employees and managers during April, June, July and August. These employees were given instruction in job-specific areas, as well as continuing seminars to reinforce roles and responsibilities and to further enhance cross-organization information sharing and collaboration within the Agency. Core training was delivered to SBA employees on conflict management, written communica- tion, financial management, customer service, and decision making. Elective courses for employees focused on oral commu- nications, project management, Lean Six Sigma, and procurement contracting. Trained 650 managers and supervisors during SBA University 2008 with a specific leadership curriculum designed to close leadership competency gaps. SBA managers and supervisors were provided with a core curriculum including Lean Six Sigma, leading teams/coaching, leadership effective- ness through active development, generational training, and leadership philosophy. Ninety-five percent of all management attendees rated the leadership modules as Excellent to Good. The Agency designed and implemented a continuous learning plan that provides and reinforces employee learning and skills development year-round.

The SBA implemented a comprehensive strategy for improving the hiring process and ensuring highly qualified candidates are recruited and retained. Throughout the performance year, the Agency reduced and maintained a "time to hire" rate that is well below the 45 day target established by OPM, and notified applicants of the hiring decision for 70 percent of the hires. The SBA achieved a "hiring time" of 24 days on average and continues to improve. OPM noted that the SBA has the highest government-wide standard for making significant improvement in this area. In February 2008, OPM invited the SBA to share its recruitment model with other federal agencies and non-governmental organizations at the Chief Human Capital Officers Sub-Committee on Hiring and Succession. A key purpose of this roundtable was to showcase agency initiatives in improving aspects of the federal hiring process. The SBA also improved the hiring process and met targets based on the Chief Human Capital Officers Council Management Satisfaction Survey results. Hiring mechanisms were improved with implementation of USA Staffing, a web-based hiring system, which maximizes the size and quality of the candidate pool. It provides selecting officials with the best-qualified candidates. Prior to implementation of USA Staffing, SBA used a manual process for developing and announcing vacancies, recruiting, and issuing certificates for positions. USA Staffing gives candidates the convenience of applying online. It reduced the time needed to fill vacancies by more than 35 percent and yields over four times more applicants per position, on average, than the previous manual process. The SBA implemented a comprehensive strategy for improving the hiring process and ensuring highly qualified candidates are recruited and retained with the use of career patterns and by updating all standardized job templates. In addition to participating in multiple recruitment fairs, the SBA used the student employment program, the career intern program and the White House Fellows program to hire individuals at entry level to replace retiring employees as well as extend opportunities to internal employees seeking to transition into new career occupations.

SBA implemented the Career Patterns Initiative, which increased the quality of candidates, diversity efforts, and broadened the applicant pool. The Career Patterns Initiative is a new approach for bringing the next generation of employees into the Agency. The use of Career Patterns is a recruitment technique for identifying opportunities and crafting action plans to ensure employment efforts are successful. By using this approach, SBA increased the quality of candidates, diversity efforts, and broadened the applicant pool. This initiative focused on students, new professionals, mid-career professionals, and retirees. SBA continues to use and has required all vacancy announcements to operate in the Career Patterns environment. In addition, the Agency's automated staffing system has incorporated Career Patterns language into vacancy announcement templates. This allows seamless integration of Career Patterns into our vacancy announcements. Job templates for MCO vacancies include use of the Career Patterns Initiative.

During FY 2008, the SBA conducted the 2007 Annual Employee Survey with a 85% participation rate, which reflected a positive trend in the responses to the leadership questions that are directly related to leadership development, training and communication initiatives that SBA implemented in the aftermath of the 2006 Federal Human Capital Survey (FHCS). Survey results showed improvements in employee satisfaction across all survey dimensions from the 2006 Human Capital Survey results. In four of the five areas, overall satisfaction levels were the highest reported in the past 5-years. There was a 10 point increase in leadership satisfaction, reaching a 5-year high of 59 percent; a 6 point increase in performance culture satisfaction, reaching 49 percent; a 6 point increase in recruitment, development and retention satisfaction, reaching a 5-year high of 65 percent; a 5 point increase in work experience satisfaction, reaching a 5-year high of 71 percent; and a 4 point increase in overall job satisfaction, reaching a 5-year high of 66 percent. SBA also conducted the 2008 FHCS August 1 – September 19, 2008, with a participation rate of 78.5%, the highest in the Federal government.

Outcome Measure 4.1.6 — Fully integrate the performance management system to create strategic alignment of the Agency mission and employee responsibilities. Focus on creating a results-oriented performance culture through the Agency.

In FY 2008, the SBA used its Accountability Plan to capitalize on a wide range of measures by choosing the ones that best represent the activity under review. These included surveys, focus groups, data and narrative reports, reviews by external parties and independent on-site reviews conducted by internal teams. The Agency implemented measures to achieve a results-oriented performance culture that: (1) implemented an improved performance management system that clearly establishes a direct connection between employee performance expectations and the core mission and strategic goals; (2) ensured performance strategies

that provided incentives for high performers based on achieving desired mission results; (3) used a performance management system that effectively distinguishes between levels of employee performance; (4) used an automation tool to streamline the appraisal process for employees and managers; (5) assessed performance using appropriate measures; (6) identified developmental needs; (7) promoted accountability for achieving goals, and; (8) improved individual and organization performance. During March 2008, SBA, the SBA Office of Inspector General, and the Office of Personnel Management conducted a Delegated Examining Unit (DEU) audit of the Office of Human Capital Management, Personnel Services Division at Headquarters. A DEU audit of the Office of Disaster Assistance Personnel office was also conducted in June 2008 by the Office of Human Capital Management.

In FY 2008, the SBA was one of a few government agencies granted full certification on September 17, 2008, of its Senior Executive Service Performance Appraisal System by the Office of Personnel Management with the Office of Management and Budget's concurrence. The SBA's certification ensured that its performance standards link with rigorous oriented performance measures that demonstrate results. As a result of this certification, the SBA can make SES pay adjustments above the Executive level lll up to Level ll and have access to the higher aggregate pay limit. The SBA launched an electronic performance management system (GoalOwner) Agency-wide to ensure consistency in establishing and monitoring performance elements that are measurable, achievable and results oriented. Concurrently, the Agency continued to monitor the performance management culture and administer changes to the GoalOwner system based on feedback from OPM and from SBA executive management. The SBA continually assessed and revised, as appropriate, the organization's structure to ensure that it was in line with the Agency's strategic plan and strategic human capital plan.

SBA started to deploy technology initiatives across SBA in order to transition from paper-based processes to automated solutions. These technology initiatives will allow the Agency to streamline processes, reduce errors, modernize workflow processes as well as achieve compliance with mandated e-Gov initiatives. The SBA is moving forward with implementation of e-Clearance which, when fully implemented, will leverage information technology to improve the effectiveness and efficiency of the personnel security investigations process, speed the security clearance process, promote reciprocity among federal agencies, and save money. In addition, the SBA continued implementation of e-OPF which will provide employees and managers with a consolidated image and data view that digitally documents the employment actions and history of individuals employed by the SBA. E-OPF will enable management to report benefits and transfer human resources data electronically throughout an employee's lifecycle and will standardize human resources data. It will be a central repository for employee data and an electronic record that employees can securely access via the Enterprise Human Resources Integration portal. The SBA also implemented an electronic Labor Relations/ Employee Relations system to enhance the management and tracking of employee and labor management program activities. The system enables accurate and complete information regarding in an electronic format and allows management to identify trends and the subsequent training needed by managers to maintain good practices.

During 2008, the SBA expanded the employee safety program by purchasing and installing automated external defibrillators at the Washington, DC location and holding various safety training events, including CPR, AED, and building evacuation and shelter-in-place training. During FY 2008, the Agency developed and implemented the Emergency Alert System which drastically improved its ability to protect employees by providing them with timely emergency alerts and also providing managers with an invaluable employee accountability system. This web-based emergency alert and accountability system was implemented nationwide and is used to send critical information to employees regarding emergency scenarios involving evacuations, shelter-in-place, and transitioning to a continuity of operations plan. The system is also used for emergency training exercises and to convey emergency messages from management. It gives SBA the ability to account for its employees from a remote location. The Emergency Alert System also provides SBA managers the ability to alert all or a select group of employees (depending on the situation and the location of the emergency) to an impending or occurring event and provide specific instructions on what procedures are to be followed via alerts through computers (desktops and laptops), cellular devices, home and work telephones, and e-mail. The system also offers the ability for employees to call in to a 1-866 accountability line and receive further instructions. The SBA can also use the system's website so the media and general public can receive updates regarding specific emergency situations at the Agency.

Outcome Measure 4.1.7 — The SBA will maintain a rating of "green" for having met the criteria of the Competitive Sourcing initiative of the President's Management Agenda.

During FY 2008, consistent with SBA's submission to OMB of a revised Competitive Sourcing Green Plan, emphasis was shifted from active competitions to enhancing post-competition accountability activities. OMB accepted SBA's Draft Scorecard documenting a plan to hold no competitions in FY 2008. In the area of post-competition accountability, the SBA is developing a new task order to utilize its competitive sourcing contractor in the development and execution of a newly robust post competition accountability program. In addition, the Office of Human Capital Management has agreed to take on certain responsibilities in order to carry out recommendations contained within an SBA OIG audit. In FY 2008, the SBA posted its OMB-approved 2007 FAIR Act Inventory on the SBA website for public access and review. The SBA has also completed the development of its 2008 FAIR Act Inventory and submitted it to OMB by the June 30, 2008 deadline.

INFORMATION TECHNOLOGY MANAGEMENT

> **Long-Term Objective 4.2 — Provide a safe and secure information system environment to support business decisions and Agency operations**

Office of the Chief Information Officer

The SBA's information technology management program provides efficient and secure information systems and related technology to its internal and external customers. The Agency employs governance processes, including enterprise architecture and capital planning to ensure that investments in information technology complement existing systems and infrastructure and support the SBA's mission. The SBA's information technology program is presented in three main sections: Infrastructure and Mission Support Systems, Information Security and Privacy, and Information Technology Governance*.*

Office of the Chief Information Officer

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
IT Systems Availability (%)	Output	N/A	N/A	99.6%	99.8%	99.6%	0%
Unauthorized Network or Data Breaches (#)	Outcomes	N/A	N/A	0	4	0.0	-400%

Variance Explanation

"Unauthorized Network or Data Breaches" has a variance of -400%. The reason is the OCIO set its standards too high: "0" data breaches are a nice target, however, highly unlikely. Four breaches are reasonable.

FY 2008 Accomplishments

Infrastructure and Mission Support Systems

Introduction — The Office of Information Systems Support's (OISS), a division of the Office of the Chief Information Officer (OCIO), is dedicated to ensuring that SBA program offices have the information technology systems to achieve their mission, business goals, and objectives. This is accomplished by leading, directing and overseeing the requirements analysis, design, development, testing, implementation, enhancement, maintenance, and operations of SBA's Information Technology (IT) systems, hardware, software, and web presence in accordance with the SBA's Enterprise Architecture, System Development Methodology, and the IT Strategic Plan.

OISS manages SBA's day to day operation of IT applications, the Agency's SBA web presence and selected IT infrastructure. Normal operations consist of:

- Installation, configuration and management of Unix, Windows and database platforms including required hardware and software plus load balancing technologies;

- Management of commercial software packages supporting SBA program office operations and IT applications;

- Maintenance and management of remaining cobol-based mainframe applications;

- Development, enhancement and operation of major web-based applications;

- Technical management of SBA's web presence on the Internet and Intranet;

- Management of SBA's electronic publication and collaboration facilities via SharePoint and Adobe; and

- Day to day operations of SBA Internet (sba.gov) and Intranet (yes.sba.gov) sites.

Currently operations comprise seven distinct operational structures supported by a core group of federal government employees overseeing, directing and assigning tasks to a larger group of contractor staff comprised of developers, database administrators, web support specialists, systems administrators and project managers.

Application Development, Enhancements and Maintenance — Within the OCIO, OISS manages over 60 major web-based applications and continues to develop new ones in support of SBA component organizations. In FY 2008 OISS accomplished the following web applications development and enhancement projects:

Developed new web-based applications

- The Patriot Express Loan Program provides SBA programs and services to veterans and members of the military community who want to establish or expand their businesses. Beneficiaries include veterans, service-disabled veterans, active-duty service members eligible for the military's Transition Assistance Program, reservists and National Guard members, current spouses of any of the above, and widowed spouses of service members or veterans who died during service or of a service-connected disability.

- Marketing Segmentation Analysis Tool: Developed a new web-based application to be used by SBA district offices in conjunction with the Agency's commercial lending partners.

- Ombudsman Application: Developed a new system replacing a previous version that relied on prior e-mail and calendaring tools.

- Mentor Protégé Tracking System which allows the SBA to track the status of all new mentor protégé agreements (currently in testing environment).

Completed major enhancements to existing web-based applications

- *Surety Bond/Preferred Surety Bond Guaranty:* Phase III of this project included major enhancements to expand system capabilities. Over 100 functional changes were introduced to streamline, automate and refine work processes and to enhance search and report features. The SBG enhancement project was recognized with a "Continuous Improvement Award" to the Office of Surety Guarantees and OCIO in recognition of superior achievement.

- *ETran Enhancements Project:* Major enhancements to expand electronic capabilities of the systems, including streamlined, automated and refined work processes; improved search and improved interfaces with mainframe systems enabling replacement of some mainframe work processes. The ETran enhancement project was also recognized with a "Continuous Improvement Award" jointly presented to three SBA organizations — Capital Access, OCIO, and OCFO — in recognition of superior achievement.

- *Guaranty Purchase Tracking System (GPTS):* In support of the SBA Administrator's primary workflow initiative, work included upgrading GPTS to support the re-engineered workflow and process design decisions implemented at the SBA's National Guaranty Purchase Center in Herndon, Virginia. GPTS now features new reporting capabilities, including performance, inventory and aging reports. Overall results are better internal efficiency from improved coding and

greater responsiveness. Enhancements continue to utilize business intelligence software for additional analysis and reporting capabilities.

- *EDMIS Enhancement Project – Phase III:* Major enhancements accommodate new client business definitions, reporting requirements and additional automated system capabilities.

- *Correspondence Control Tracking System Program:* Redesign of the application to meet customer office needs, and development of new workflows.

- *Office of Hearing and Appeals Case Tracking System:* Various enhancements to accommodate current workflow. Converted the application to architecture (EA) compliant database and implemented SBA "look and feel" standardization.

- *E-8(a) Project (the SBA Administrator's Initiative) — Host Hardware and Production:* Built production hosting hardware and worked with application developer firm to migrate the application to production in the SBA premises; also stood up the Red Hat line production server platforms for housing the 8(a) submission application that had been built by the contractor.

- *Freedom of Information Act:* Converted from prior to current enterprise database and introduced with new reporting capabilities.

- *Microloan Program Reporting System Enhancements:* Changes related to the security improvements; standardized the JavaScript's look and feel; conversion to enterprise standard database.

- *Subcontractor Network Interface Development:* Worked with Veterans Administration to provide a link to "VA Financial and Logistics Integrated Technology Enterprise" where all related subcontracting opportunities will be listed as a way to provide many opportunities for small businesses to obtain subcontracts.

- *Field Cashiering System:* Enhancements to develop deposit reports, add FCS office access through the SBA's general login system (GLS) administrative accounting interface. This resulted in improved overall responsiveness and better integration with GLS.

Systems Infrastructure Development and Enhancement

- Business Gateway Infrastructure Development and Maintenance Support: Installation and configuration of new hardware and operating systems supporting production and disaster recovery.

- Installation of New Storage Area Networks: Provided the Office of the Chief Financial Officer with disk storage, supporting a very large volume of critical data.

- Upgrades to new version of enterprise operating systems software affecting six web servers and five database servers. A total of 53 of these enterprise servers now operate on the latest version of their applicable operating system software.

- Conversions to Enterprise Standard Database Software: Completed conversion of all external SBA databases from prior to current EA-compliant database software affecting 28 application databases in one instance and eleven application databases in another instance.

- Application Conversions: Several applications were upgraded to operate under new database software products in accordance with the Agency's Enterprise Architecture. These applications included those supporting:
    - Freedom of Information Act operations;
    - Microloan program electronic reporting system;
    - Centralized loan chronology system; and
    - General ledger only.

- Upgrades include enhancing processing for Business Gateway and Forms.gov by upgrading data base platforms and installation of a redundant application server. The Agency's LISTSERV application was upgraded to a current version with a revised user's manual posted for customers.

- Tape Back-up Capacity Enhancement: Implemented tape back-ups system applicable to 31 Windows platforms, as well as a large (multi-gigabyte) tape system for 58 other EA-compliant platforms.

- New Software Installations: Two new software installations were completed for enterprise applications operating on Windows-class servers:

  - Troux Software suite, supporting enterprise architecture; and

  - Primevera Software suite, supporting IT capital planning and investment control.

- Web Content Management: The following activities occurred in the area of web support operations:

  - New Rural Lenders Advantage website went into production;

  - The 2008 Small Business Week website went into production;

  - The National Women's Business Council web updates went live;

  - Support for the Administrator's live web cast on April 10, at 2 p.m.;

  - The Oracle/Stellent enterprise software upgrade was accomplished;

  - Established SBA's exit interview questionnaire using web-based survey application with the Office of Human Capital Management;

  - Upgraded SBA's public search capabilities to provide relevant search results for popular search terms at www.sba.gov; and

  - Implemented three new domain name servers to replace six-year-old hardware.

- Day-to-day Operations and Maintenance of IT Infrastructure: Work supporting daily operations:

  - Mainframe-day-to-ay operations of 18 mainframe-based applications;

  - Maintenance of 60 major web-based applications;

  - Maintenance of SBA Internet, Intranet, including electronic forms and enterprise software products such as Stellent, E-Works, SharePoint, Adobe and ESRI Geo-Coding;

  - Management of 114 databases of three types on 31 Windows and 58 Sun platforms supported by eight load balancing devices. Standard O&M management practices applied to these include new software releases and upgrades, patch application and management, and management of 48 commercial software packages.

Networks, Infrastructure, Telecommunications and Office IT Environment — Agency IT staff in the Office of the Chief Information Officer will sustain current operations while continuing to introduce current, reliable and efficient computing features that employ information technology to support the Agency's delivery of programs to the entrepreneurial public. Activities in planning or implementation during this period include:

- Wireless networking, initially at high density office locations;

- Likely adoption of agency-wide Voice Over Internet Protocol (VOIP) technologies for reasons of economy, flexibility and business utility;

- Migration to current version of personal and network computing operating system software, to maximize the Agency's investments in software and architecture-based applications;

- Planned replacement of office-based computing hardware (PCs, Servers, portable devices, including wireless personal digital assistants);

- Examination and possible pilot testing of "thin client" technology to support telecommuting and remote access;

- Evaluate, and upgrade where needed, both the Agency's Wide Area Network and data storage network;

- Evaluate and begin implementing improved agency-wide videoconferencing capabilities;

- Expand use of the Network Management / Help Desk enterprise software, with possible expansion of support the IT technical repair/upgrade arena;

- In line with evolving federal-wide technical standards, examine alternatives for acquiring and delivering data center services that support critical agency systems; and

- Implement e-mail archiving in the Agency's Microsoft Exchange/Outlook environment to improve performance and address current limitations on e-mail capacity for individuals.

In FY 2007 the Agency began a multi-year, phased upgrade of SBA's IT infrastructure aimed at improving delivery of program services to the public. The upgrade project included replacement of desktop and server hardware, installation of the Microsoft 2003 computer and server operating system software and major refinements to the Agency's e-mail system. The Office of Disaster Assistance performed similar upgrades under technical collaboration with the Office of the Chief Information Officer. The upgrade effort unfolded in three phases:

Phase 1

- Agency-wide replacement of aged desktops and CRT monitors with new computers and LCD display panels; new network printers installed in each office.

- Migrated Agency desktop, server and e-mail software to latest Microsoft versions.

Phase 2

- HQ Cable Plant: At the SBA headquarters building, the cable plant dated to 1990, when the Agency originally leased office space there. To improve data transmission rates among the 800 estimated SBA tenants, the cable plant and facility network backbone was upgraded to category 5e, potentially increasing data throughput rates tenfold. The project was completed in Q1, FY 2008.

Phase 3

- IPv6 Compliance: A key element of phase three was the upgrade of network router and switch devices throughout the Agency to achieve compliance with OMB requirements (M-05-22) for migration to Internet Protocol Version Six (IPv6). Core router and switch IPv6 performance was verified in a pilot project during Q3, FY 2008; the remaining IPv6 equipment is scheduled for installation early in Q4, FY 2008.

- As part of this network improvement, the Agency also took several steps to remove single points of failure within its data network. As a result, the it will achieve fail-over capability for all network traffic during Q4, FY 2008.

- New computers and software were also installed for SBA staff housed in U.S Export Assistance Centers located nationally within Department of Commerce offices in several states. These systems will be configured and supported by Department of Commerce technical staff under an agreement between the two agencies.

Enterprise Network Management and Customer Support — The Agency evaluated and then selected a new enterprise-wide software product to support network management asset tracking and IT helpdesk operations. This current version application includes new and expanded capabilities:

- Centralized monitoring of SBA's IT Infrastructure to confirm operational status and measure the performance of agency applications and services;

- Identification of problem events to enable root cause analysis, initiate problem resolution and perform trend analysis;

- Decreased time to resolve IT problems by broader use of automated incident records;

- Create uniform and accurate performance metrics for help desk operations;

- Provide IT asset and change management capabilities integrated with help desk operations; and

- Provide a customer assistance platform that can be expanded to support other customer service needs within the Agency.

Networx Telecommunications Contract Services — Networx is the federal successor to the FTS 2001 services contract. All agencies are engaged in some form of transition to Networx contract support for federal telecommunications services. The SBA is in transition from FTS 2001 to AT&T's crossover contract and then to Networx under a CIO-approved transition plan.

Improved Reliability for E-Mail and Personal Digital Assistant Devices — After researching alternatives, the Agency adopted a more robust redundancy and fail-over strategy for it's desktop and wireless messaging systems. The improvements, largely aimed at supporting the Agency's continuity of operations capabilities (COOP), include:

- Messaging systems restoration within four hours after a major failure event;
- Establishing multi level data redundancy for traditional e-mail and PDA services with e-mail and PDA functionalities duplicated at an alternate SBA facility outside the Washington, DC area;
- Eliminating single points of failure within the communications network;
- Creation of a combined e-mail and PDA COOP environment using multiple techniques to record, duplicate and recover PDA communications in the wake of service loss or disruption; and
- Centralized Personal Digital Assistant services: The Agency's PDA procurement strategy was changed in FY 2008 to unify purchasing and inventory. Funding to cover PDA services air time and hardware expenses is now housed within a single budget and yields better accountability and lower per unit costs. The centralized approach supports standardization, a single refresh/replace strategy and normalized training.

Positive Marks for SBA in National "Eagle Horizon" COOP Exercise — Eagle Horizon 08 was a multi agency national level COOP exercise designed to test and evaluate the ability of Executive Branch agencies to continue operations and perform their Primary Mission Essential Functions and Mission Essential Functions during and after a catastrophic natural or man-made event. The Office of the CIO was heavily involved in this test exercise, which was evaluated as successful and demonstrated that:

- SBA can successfully "failover" its E-mail, PDA and Internet platforms to an alternate location outside of the Washington DC metropolitan area with no loss of service.
- All HQ network communications could successfully operate from the designated alternate site.
- SBA can successfully recover E-mail, PDA and Internet platforms and their contents from the alternate site back to HQ.
- E-mail failover and recovery were accomplished with no loss of e-mail data and with little interruption to Agency users.
- Secure communications can be successfully executed from a remote site.
- The Agency successfully tested secure and non-secure voice and data equipment with NMCC, FEMA and DOI. IT Security specialists also headed a satellite communication test with a disaster coordinator at an SBA Disaster Assistance Office site well outside the Washington DC area.
- The Agency conducted a Business Resumption Plan Test at a designated recovery site. The test began at 8 a.m. and concluded less than one day later when six major IT network servers initiated operations at the test site.
- The Agency demonstrated to the exercise evaluators SBA's ability to communicate with prospective Disaster coordinators via satellite and cellular communications. Evaluators were in communication with coordinators via satellite phone.
- As scored by FEMA monitors, SBA's Eagle Horizon Score Card was eight green and five yellow rankings for the 13 evaluated categories.
- SBA received an overall green rating on its plans, procedures, operational phases and implementation as demonstrated during the simulation.

Securing Improved Identity Management; Homeland Security Presidential Directive (HSPD-12) — The HSPD-12 initiative is aimed at standardizing identification badging and data access authorization across the Federal Government. The modernized Personal Identity Verification (PIV) badges contain a computer chip and specialized artwork that can be recognized throughout the federal government to prevent forgery. These PIV cards are employed to electronically gain access to buildings and select federal office spaces, and are designed to be used to log into specific computer and network environments. A joint team of SBA information technology and facilities management staff led this project during FY 2008 and achieved one of the highest success levels among all government agencies. Their accomplishments included:

- Issuance of 521 FIP 201 standards - compliant PIV II cards;

- Demonstration of successful interoperability at two Department of Homeland Security test exercises;

- Remote issuance of 14 PIV II cards at an SBA off-site conference of Agency legal staff; and

- Selection by the Federal Emergency Management Agency to be one of the first agencies to participate in uploading federal emergency responder officials' information into an HR 1 mandated database.

Information Security and Privacy

In FY 2008, the Office of Information Security (OIS) made significant strides to prevent security breaches and compromises to the Agency's IT security infrastructure. A network topology assessment initiated in 2007 was successfully completed in Q1, FY 2008. As a result of both the topology study and internal and external penetration tests, OIS now has the information and data required to make the business argument for adding selected technologies and services to close identified gaps and thereby improve security controls that will minimize or counteract security threats. Following are the major accomplishments made in FY 2008 to enhance the day-to-day operations of the SBA's information security program:

- Two-factor authentication, a secure technology recommended by OMB, was made available to SBA staff and approved contractors. Ninety-eight percent of all SBA employees and contractors, who telecommute or access the network remotely on an ad hoc basis, are now using this technology.

- Encryption software for laptop computers was initiated in mid FY 2008 with a goal of installing this data protection solution on 475 laptops within three months. The applicable base includes laptops currently in use along with new laptops prior to issuance to using offices. As of Q4, FY 2008 500 laptops have been encrypted. This effort will continue throughout FY 2009 and be applied to all such devices as they are purchased. All laptops being serviced will be checked for encryption software as a matter of routine.

- The network topology project, previously referenced, was successfully completed. This project identified all instances residing on the network and helped establish the baseline for the Agency's network environment. Using this baseline, OIS began to devise a plan to test the strength of the security controls protecting the Agency's network and information systems.

- Two penetration tests were conducted by an independent contractor to determine the Agency's overall vulnerability against specific external attacks and to measure the overall strength of the controls protecting the Agency.

- With a concerted effort by staff and contractors, OCIO was able to close 16 of the 35 outstanding information security audit findings, complete the recertification of 7 major and 2 minor applications, completed new certification and accreditation of four minor applications and perform five C&A site visits.

- The unit also implemented the first significant revisions to the Agency's end-user computing policies, procedures and guidance. An independent contractor also performed a GAP analysis of existing security policies and procedures to identify other areas of potential weaknesses.

Additionally, the following information security improvements were made to the Agency's computer networks:

- Installed an event correlation tool with the ability to centralize monitoring of network logs and correlate relevant data for security devices, database servers and network servers and devices. Consequently, OCIO was able to close several outstanding audit findings and improve the Agency's monitoring capabilities.

- Successfully tested the IPv6 protocol and demonstrated during FY 2008 that full migration from IPv4 to IPv6 is feasible in FY 2009.

- Intrusion detection sensors were installed at key network segments to monitor network activity for suspicious or unauthorized events.

- Activated vulnerability scanning to provide the capability to explore vulnerabilities on the Agency's various IT platforms. This enabled vulnerability to be fine-tuned and the number of vulnerabilities sharply decreased. A total of 153 vulnerabilities were closed in FY 2008, a substantial increase when compared to previous years.

- The network firewall was upgraded to accommodate disaster recovery operations as outlined in the Agency's COOP. This upgrade provided the capability to recreate a COOP environment to conduct local disaster recovery tests and to identify and correct identified errors. As a result, the annual COOP test at the Agency's recovery facility was successful. In addition, the firewall upgrade supported the IPv6 test that allowed SBA to successfully meet an OMB requirement.

- The establishment of the Security Operations Center (SOC) and associated SOP was initiated. Primary SOC support equipment is ordered and a location has been determined. In addition, the Vulnerability Assessment Team (VAT) charter was fully implemented. The VAT is chaired by the chief information security officer.

- The Agency's Computer Security Awareness Training was transitioned to the U.S. Department of Defense ISS-Line of Business shared services. This tool is now supporting the Agency's mandatory annual training.

FISMA Reporting and Personal Information Protection

- Drafted an Agency Standard Operating Procedure (90 50), "Breach Notification Response Plan."

- Developed the Agency's Social Security Number Implementation Plan.

- Developed and published Agency procedures for responding to incidents involving risk to PII data, including instructions for required reporting to the US CERT.

- Posted Privacy Impact Assessments for Agency information systems containing PII data.

- Incorporated privacy training in the on-line self-paced IT Security Awareness Training.

- Established procedures for annual reassessment of PII holdings on an annual basis with the appropriate offices.

- Evaluated several FISMA tools for SBA use; selected the Environmental Protection Agency's ASSERT tool which is scheduled for implementation in FY 2009.

Information Technology Governance

Enterprise Architecture (EA) — During FY 2008, the SBA continued to strengthen its internal IT management policies and processes, in accordance with requirements of the E-Government Act, Clinger-Cohen Act, and Federal Information Security Management Act. These process improvements aim to ensure that future IT investments align with and clearly support the Agency's mission, vision and operating plans.

With respect to Enterprise Architecture and IT planning, the Agency:

- In accordance with *OMB Directive M05-22: IPv6 Transition*, staged and installed IPv6 equipment in SBA pilot offices at Baltimore, Richmond and Washington D.C. headquarters, replaced switches and routers in all other field offices, and met June 30th target for OMB's IPv6 capability demonstration test.

- Completed EA segment architectures – the strategic plan for a program office aligning its core mission line of businesses to technology needs – for the offices of Government Contracting and Business Development, Human Capital Management, Procurement and Grants Management, and the federal-wide Business Gateway.

- Updated an Agency-level EA Transition Plan for use as an essential planning guide in the SBA Capital Planning and Investment Control process beginning in FY 2008.

- Adopted an EA modeling tool and repository software suite (Troux, completing initial training for system administrators and pilot users. The software provides the Agency with a centralized EA repository, model design and visualization, and business intelligence capabilities. This software supports FEA Reference Models and can be integrated with the Agency standard CPIC and project management tools (Primavera's P6 and ProSight).

- The OCIO's EA staff coordinated the Agency response to OMB's annual EA data call, consisting of an agency evaluation of its EA practices relative to completion, use, and results criteria. The SBA received "green" for progress in this effort, known as OMB's EA Framework 2.2.
- Updated and published core Agency-wide EA documentation on the Intranet and Internet:
  - SBA EA Program Policies and Procedures, Version 1.02; and
  - SBA EA Migration and Sequencing Plan Version 2.00.

Capital Planning and Investment Control, IT Project Management

CPIC

- SBA IT staff conducted an assessment of the Agency's CPIC process, which yielded a roadmap to improve and enhance IT governance CPIC efforts within the SBA.
- The Agency successfully resolved deficiencies that had kept four major IT investment proposals on the OMB Management Watch list.

ITPMO

- SBA developed and implemented a "Project Health Report" (PHR) process for all major IT investment projects.
- OCIO staff led the implementation of the Primavera's P6 Project Management Tool and conducted a Primavera P6 training workshop to support project management and earned value management operations within the Agency.

IT Governance Enterprise-level Efforts

- Instituted "In-process reviews" of SBA's key IT investments to provide an additional layer of project oversight within the governance process.
- Developed and implemented criteria for evaluating the health of each investment presented to the Agency's IT investment review boards.
- Created a consolidated "IT governance portal."
- Established standard templates for uniform presentation of information to the Agency's IT investment review boards (visual slides, minutes and agenda).

E-Government Activities

- Achieved a rating of "green" on the PMA E-gov Scorecard for FY 2008 Q3.
- Created a new "e-Government portal" as part of the communication plan for the e-gov program.
- Successfully executed 11 Agency Memoranda of Understanding and funds transfers for federal e-Gov initiatives in which SBA participates.

FINANCIAL AND PERFORMANCE MANAGEMENT

Long-Term Objective 4.3 — Provide financial and performance management services to support efficient and effective program delivery

Office of the Chief Financial Officer/Performance Management Office

The Office the Chief Financial Officer conducts and promotes effective financial management activities for the SBA including budget, credit subsidy, financial operations, financial systems and internal controls. It develops and maintains integrated accounting and financial management systems; directs, manages, and provides policy guidance and oversight of all Agency financial management personnel, activities, and operations; approves and manages financial management systems design and enhancement projects; develops budgets for financial management operations and improvements; implements Agency asset management systems; and monitors the financial execution of the Agency budget in relation to actual expenditures.

The Performance Management Office is the driving force behind promoting operational effectiveness, accountability, and transparency within the SBA. This mission is accomplished by developing, coordinating, and maintaining Agency efforts to transition into an outcome-oriented, customer-focused, employee-enabled, more accountable and transparent organization. This office is also the leader in the Agency's Performance Improvement initiative. This initiative was designed to develop better performance measures in order to facilitate the SBA's continued movement from measuring activity outputs to measuring programmatic and Agency outcomes. The Performance Management Office provides tools and guidance to assist the Agency in expanding its capacity to conduct and make the most of the results of program evaluations. It builds Agency capacity for results-based management through training and outreach to program offices, and supports the Agency's strategic planning. It also prepares annual accountability and/or performance reports, and establishes and implements Agency-wide policies for management integrity and audit follow-up, including internal controls.

Office of the Chief Financial Officer

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Goal	FY 2008 Variance
Unqualified Opinions for Audit Year	Outcomes	Yes	Yes	Yes	Yes	Yes	0
Number of Material Weaknesses (#)	Outcomes	2	1	0	0	0	0

FY 2008 Accomplishments

The SBA's independent auditor issued an "unqualified" opinion on the Agency's FY 2008 financial statements, the fourth year in a row for this result. The independent auditor reported the Agency in conformance with the Federal Financial Management Improvement Act for FY 2008. KPMG did find a "significant deficiency" in the Agency's internal control over its information systems that the SBA plans to rectify in FY 2009. Financial system improvements to better manage disaster loan approval increases were made during FY 2008, and these will be will be automated during FY 2009. Finally, the Agency maintained the process to provide enhanced internal control over financial reporting as mandated by OMB Circular A-123 that has contributed to the SBA's improved financial management, including activities to bolster internal control over financial activities in business loans, disaster loans, grants and contracting, administrative activities, budget and the financial reporting process.

In addition, for the second time in a row, the SBA received the Association of Government Accountant "Certificate of Excellence in Accountability Reporting" The award reflects the Agency's continuing dedication and hard work towards the goal of financial management excellence.

Appendices

APPENDIX 1 – DATA VALIDATION AND VERIFICATION

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

- Ensuring the validity of performance measures and data. The SBA does this through assessing the relevancy of performance measures and data.

- Fostering organizational commitment and capacity for data quality. Achieving data quality through (1) training its managers to make sure they understand the need for quality data, how to develop valid performance measures and how to ensure data quality; and (2) managers attesting to the quality of the data under their management.

- Assessing the quality of existing data. Audits and reviews ensure the quality of its financial data systems. However, the SBA must assess the quality of loan and program data provided by its resource partners and will include data verification in its lender and resource partner oversight.

- Responding to data limitations. It is not enough to identify data quality problems. Where there are data limitations, the SBA is working hard to improve quality.

- Reconciling Finances and Performance Costs. The SBA will continue to ensure the accuracy of this cost-related performance data by reconciling that information with its financial statements. Achieving this important reconciliation means that the Agency has strengthened the integration of its financial and performance information.

- The SBA rates every indicator as to the quality of the data. Every indicator has been subject to critical review and has been rated at least "Acceptable". Any indicator that does not meet the standards of acceptability is rejected as an indicator.

APPENDIX 2 – SBA PROGRAMS AND OFFICES

Office of Advocacy

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

Office of Business Operations

The Office of Business Operations plans, directs, and executes all administrative management functions within SBA headquarters, and monitors administrative programs in field offices. It develops policies and procedures for the procurement of supplies, equipment, and non-personnel services. This office also implements and manages approved grants and cooperative agreements.

Office of Capital Access

The Office of Capital Access assists small businesses in obtaining the loans necessary for growth by being a gap lender, providing assistance to small businesses that would otherwise would not qualify for un-guaranteed financing, obtaining equity, or taking advantage of procurement opportunities. Programs include the following:

- The 7(a) loan program requires the SBA's lending partners to certify that the applicant was unable to qualify for loans elsewhere on reasonable terms.
- The 504 program, which has a statutorily mandated job creation component, fills another lending gap by providing long term, fixed rate financing for major assets such as real estate and heavy equipment.
- The Surety Bond Guarantee is a program that serves as a gap surety bond credit provider, expanding the bond credit and capacity of small contractors that would not otherwise be able to compete for public and private work.
- Small Business Investment Center financings generally support smaller transactions that may not otherwise receive funding from private venture firms or financial institutions.
- The Office of International Trade enhances the ability of small businesses to compete in the global marketplace; facilitates access to capital to support international trade; ensures the interests of small business are considered and reflected in trade negotiations; and supports and contributes to the U.S. Government's international commercial and economic agenda.
- The Office of Credit Risk Management provides risk management based on monitoring, reviewing, and oversight of the 7(a) and 504 lenders and microloan intermediaries; and monitoring and analysis of the 7(a), 504, microloan and disaster portfolios.

Office of the Chief Financial Officer and Performance Management

The Office the Chief Financial Officer conducts and promotes effective financial management activities for the SBA including budget, credit subsidy, financial operations, financial systems and internal controls. It develops and maintains integrated accounting and financial management systems; directs, manages, and provides policy guidance and oversight of all Agency financial management personnel, activities, and operations; approves and manages financial management systems design and enhancement projects; develops budgets for financial management operations and improvements; implements Agency asset management systems; and monitors the financial execution of the Agency budget in relation to actual expenditures.

The Office of the Chief Financial Officer and Performance Management provides tools and guidance to assist the Agency in expanding its capacity to conduct and utilize the results of program evaluations. It also helps the Agency develop better perfor-

mance measures in order to facilitate the SBA's continued movement from measuring activity outputs to measuring programmatic and Agency outcomes. It builds Agency capacity for results-based management through training and outreach to program offices and supports the Agency's strategic planning. The office also prepares annual accountability and/or performance reports, and establishes and implements Agency-wide policies for management integrity and audit follow-up, including internal controls.

Office of the Chief Information Officer

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

The OCIO manages the SBA's functional IT units encompassing systems development, operations, voice and data communications and user support. Directly or through contractors, the OCIO has responsibility for over 80 current, mission oriented IT systems that support SBA program delivery and enable the Agency to equip and outfit its employees with current hardware, software and computing tools, such as email, wireless capabilities and remote access for telecommuters. This office manages and maintains SBA's web presence on www.sba.gov and is also the federal managing partner for the *Business Gateway*, www.business.gov, a single site resource connecting government to the small business community and entrepreneurs.

The OCIO is also the Agency's lead office for information security, data privacy, electronic identity protection and incident reporting, including information technology aspects of *COOP*, continuity of operations planning.

Office of Communications and Public Liaison

The Office of Communications and Public Liaison has the principal responsibility for developing and implementing effective communications strategies to ensure that the SBA's mission, programs, services and initiatives are articulated clearly and consistently to the American public in general and the small business community in specific. It supports field and program offices with planning and implementation of effective communications strategies. OCPL plays the chief role in articulating, explaining and promoting Agency policy and goals to the national news media.

Through Community Relations and the Office of Strategic Alliances within OCPL, the SBA forms alliances with for-profit corporations, small businesses, non-profit organizations, trade and professional associations, academic institutions, and public-sector agencies. The alliances offer opportunities to network on areas of common interest.

Office of Congressional and Legislative Affairs

The Office of Congressional and Legislative Affairs (CLA) assists in the development of SBA legislative programs and serves as the communications focal point on legislation and Congressional activity. The CLA monitors legislation and policies introduced by Congress and government agencies to determine their effects on the SBA and small business. It furthers the goals of the SBA and enables Members of Congress to best serve their small business constituencies by promptly providing accurate, current, and continuous information to Members of Congress, Congressional committees, and others interested in SBA programs. It also devises and implements legislative strategy and has primary responsibility for all matters relating to the Congressional and legislative functions of the SBA. It provides liaison with legislative personnel at the White House, the Office of Management and Budget, and various federal departments and agencies. It coordinates with program offices and field offices to ensure continuity and consistency in the SBA's communications with Congress.

Office of Disaster Assistance

The Office of Disaster Assistance (ODA) plays a vital role in the aftermath of disasters. Through ODA, the SBA is responsible for providing affordable, timely, and accessible financial assistance to homeowners, renters, and businesses of all sizes affected by disaster. Financial assistance is available in the form of low-interest, long-term loans. The SBA's disaster loans are the primary

form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses. For this reason, the disaster loan program is the only form of SBA assistance not limited to small businesses. ODA makes two types of disaster loans:

- Physical disaster loans are for permanent rebuilding and replacement of uninsured or underinsured disaster-damaged privately-owned real and/or personal property. The SBA's physical disaster loans are available to homeowners, renters, businesses of all sizes and nonprofit organizations.

- Economic injury disaster loans provide necessary working capital until normal operations resume after a disaster. Economic injury disaster loans are restricted to small businesses only.

Executive Office of Disaster Strategic Planning and Operations

The Executive Office of Disaster Strategic Planning and Operations reports directly to the SBA Administrator and is responsible for integrating disaster planning, preparedness activities and disaster response programs for all SBA offices.

The office provides direction and oversight to the Agency's Office of Disaster Assistance in coordinating the utilization of SBA resources to assist citizens, communities and businesses in response to disaster occurrences and long term recovery needs. It also represents the SBA on various inter-governmental bodies related to disaster response and recovery and works to ensure that the Agency and its resource partners coordinate effectively to help serve disaster victims. The Agency's disaster training operations, exercises and simulation programs also fall under the purview of the Office of Disaster Strategic Planning and Operations as does the responsibility for monitoring internal and external communications in times of disaster.

Office of Entrepreneurial Development

The Office of Entrepreneurial Development (OED) serves the small business community through outreach and public/private sector collaborative ventures and other creative mechanisms, with the purpose of providing counseling and training to America's small businesses that otherwise would not be able to afford this type of assistance. OED provides entrepreneurs with free and low-cost education and training, topical information, and management assistance critical for sound decision-making in the start-up and growth phases of the business cycle. The tools used to accomplish this are OED's SCORE, Small Business Development Center, and Women's Business Center programs, the online Small Business Training Network, and delivery systems such as the SBA's district offices.

Office of Equal Employment Opportunity and Civil Rights Compliance

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

Office of Field Operations

The Office of Field Operations represents SBA field offices at headquarters. This office:

- Provides policy guidance and oversight to regional administrators and district directors in implementing Agency goals and objectives, and in solving problems in specific operational areas;

- Establishes and monitors performance goals for district offices;

- Provides associate administrators, program heads and the general counsel with a vehicle for overseeing field office program and policy implementation;

- Provides feedback to headquarters management regarding the performance of their programs;

- Ensures that field offices have adequate input into all policy formation and participate in policy deliberations at headquarters;

- Organizes reviews of field offices;

- Informs the SBA Administrator of field activity; and

- Provides coordination with the Office of Disaster Assistance when necessary.

Office of General Counsel

The Office of General Counsel provides legal advice in support of all SBA programs and initiatives. The office helps to minimize the Agency's legal risks and costs, reduce litigation exposure, and ensure compliance with the applicable statutes, regulations, Executive Orders and other legal requirements. OGC provides the legal support necessary to defend the SBA's interest in judicial and administrative actions, and proactively represent the Agency in all legal matters that arise in the context of its financial assistance, procurement and contracting programs, as well as labor and employment disputes.

Office of Government Contracting and Business Development

The Office of Government Contracting and Business Development promotes increased small business participation in the federal procurement market for goods and services. The office fulfills the SBA's statutory mission to ensure that a fair share of federal procurement goes to small businesses.

Working with federal agencies, the SBA negotiates procurement goals, monitors performance, encourages the use of small business sources, provides procurement training and technical assistance to small firms, and provides policy direction and guidance to federal agencies. Several of the government-wide goals are statutory, including small businesses, small disadvantaged businesses, women-owned small businesses, HUBZone small businesses, and service disabled veterans-owned small businesses.

Office of Hearings and Appeals

The Office of Hearings and Appeals was established in 1983 to provide an independent, quasi-judicial appeal of certain SBA program decisions. OHA formally adjudicates disputes rising in numerous jurisdictional areas. These include appeals regarding SBA formal size determinations; appeals from contracting officer designations of North American Industry Classification System codes for procurements government-wide; appeals regarding certain SBA determinations relating to development companies; and appeals from Agency and private certifier small disadvantaged business determinations, all of which, by regulation, may be decided either by an Administrative Judge or an Administrative Law Judge. OHA's jurisdiction also includes 8(a) BD program eligibility, suspension, and termination appeals, and salary offset appeals, all of which, by statute, must be decided by an administrative law judge.

Office of Human Capital Management

The Office of Human Capital Management (OHCM) develops and provides innovative human capital strategies. The OHCM advises SBA management with respect to selecting, developing and managing a high-quality, productive workforce. This office sets the SBA's workforce development strategy; assesses current workforce characteristics and future needs based on the SBA's strategic plan; aligns human resources policies with organization mission, strategic goals, and performance outcomes; develops and advocates a culture of continuous learning to attract and retain employees with superior abilities; identifies best practices and benchmarks studies; and creates systems for measuring intellectual capital and identifying links of that capital to organizational performance and growth. This office also implements laws, rules and regulations governing the civil service.

Office of the Inspector General

The Office of Inspector General is an independent office created by law within the SBA to conduct and supervise audits, investigations, and other reviews relating to SBA programs and supporting operations; detect and prevent waste, fraud, and abuse; and

promote economy, efficiency, and effectiveness in the administration and management of SBA programs. The inspector general keeps the SBA Administrator and the Congress fully informed of any problems, recommends corrective actions, and monitors progress in the implementation of such actions. The two operating components of the OIG are the Auditing Division and the Investigations Division. The Auditing and Investigations Divisions each administer their respective activities through staff located in various locations around the country. The Management and Policy and Counsel Divisions support both the inspector general and the operating divisions by providing policy, planning, administrative, and legal services, respectively.

Office of the National Ombudsman

The Office of the National Ombudsman fosters a more small-business–friendly federal regulatory enforcement environment by assisting small businesses when they experience excessive federal regulatory enforcement actions, such as repetitive audits or investigations, excessive fines, penalties, threats, retaliation, or other unfair enforcement action by a federal agency. It does this by evaluating how federal agencies treat small businesses during enforcement or compliance actions.

Office of the National Women's Business Council

The Office of the National Women's Business Council undertakes a variety of programs and initiatives in support of women-owned businesses. The council holds two public council meetings and other public roundtable events. It publishes research study reports, *Issue in Brief* reports (which synthesize and summarize federal and other research information for women business owners and policy makers on topics such as health care and federal procurement), and fact sheets on the numbers and growth of categories of women-owned firms. The council manages two web sites, www.nwbc.gov and www.womenbiz.gov, plus a bimonthly e-newsletter, *Engage!*

Office of Native American Affairs

The SBA, through its Office of Native American Affairs, coordinates Native American initiatives and develops policies and procedures to ensure that SBA assistance is made available to American Indians, Native Alaskans, and Native Hawaiians. The initiative consists of two major components: marketing and outreach, and training to enhance business opportunities.

Office of Policy and Strategic Planning

The Office of Policy and Strategic Planning is responsible for evaluating the existing policies and programs of the Small Business Administration as well as translating economic, social and demographic trends that have an impact on small business competitiveness into policy prescriptions that will allow the Agency to be more proactive in addressing the needs of small business.

Office of Veterans Business Development

Statutes direct the Office of Veterans Business Development (OVBD) to conduct comprehensive outreach on behalf of the Agency and to be responsible for the formulation, execution, and promotion of policies and programs of the Administration. To accomplish these tasks, OVBD operates its national outreach initiative and provides direct service delivery through utilization of funding agreements with resource partners, coordination of outreach and service delivery with other federal agency partners, and development of Agency program initiatives.

Center for Faith-Based and Community Initiatives

Faith-based and community organizations can play an important role in helping the SBA reach, train, and finance the entrepreneurs whose businesses will bring jobs and hope to economically distressed communities all across the nation. The Center for Faith-Based and Community Initiatives promotes SBA partnerships with faith-based and community organizations to help people receive training and credit assistance. The center provides information on grants for training, but does not make the actual funding decisions. Those decisions are made through procedures established by each grant program. There is no grant funding set-asides for faith-based organizations.

Executive Secretariat

The Office of the Executive Secretariat (ExecSec) works with senior management officials to formulate the Administrator's and Deputy Administrator's written correspondence. Under the leadership of the associate deputy administrator for management and administration, ExecSec reviews, edits, and manages correspondence, rules, and regulations. ExecSec also reports products to and from the Office of the Administrator, Deputy Administrator and chief of staff. Together with CLA, OGC, and program offices, ExecSec ensures that correspondence and written products are delivered in the most timely and efficient manner, while providing useful, reliable information, and advice to Congress, other federal agencies, and small business owners nationwide.

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SBA

U.S. Small Business Administration

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