

U.S. Small Business Administration

Congressional Submission Fiscal Year 2006

Performance Budget



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Executive Summary

FY 2004 Results

FY 2004 was both a very successful year and a year of significant change for the Small Business Administration. Under Administrator Barreto's continued leadership, the Agency set historic records within its programs while implementing fundamental management and organizational improvements in many key areas. By improving the economic environment for small businesses and by expanding the amount of financial and technical assistance available to them, the SBA has been one of the primary forces driving the Nation's economic growth engine – small businesses.

While the SBA's Strategic Goals reflect challenges ahead, the Agency's FY 2004 results demonstrate that SBA is on the right track to successfully meet them. Record accomplishments across the program areas, combined with both improved management of the Agency's resources and efficiencies achieved through technology, have resulted in the strongest year in the SBA's 50-year history.

The SBA achieved important results both in helping small businesses directly and in improving key aspects of Agency operations. The valuable service that the SBA provided to small businesses is described below in five major areas: financial assistance, technical assistance, procurement assistance, small business advocacy, and disaster recovery assistance. The success the SBA saw in improving Agency operations is also described below.

Financial Assistance

In FY 2004, the SBA made or guaranteed over \$21 billion in credit for small businesses, the most in its history. Since 2001, loans to small businesses, including those to minorities, more than doubled. Additionally, the SBA also reversed 7 years of decline and almost doubled the number of loans to veterans. The SBA guaranteed over 81,000 business loans (i.e., 7(a) loans) to help qualified small businesses obtain financing when they might not be eligible for business loans through normal lending channels, and over 8,300 Certified Development Company loans (i.e., 504 loans) that provide long-term, fixed-rate financing to small businesses to acquire real estate or equipment for expansion or modernization. These numbers represent a 21% and 22% increase, respectively, over the past year. The public benefit of this accomplishment is that these small businesses were able to get started, or to expand and grow, through access to capital that would not likely have been available without the SBA's involvement.

These accomplishments were achieved while increasing the efficiency of SBA's lending operations. During FY 2004, the SBA significantly reduced its costs to liquidate 7(a) loans by centralizing their processing. As a result, the annual cost of this activity will be \$16 million less than in FY 2003.

Technical Assistance

During FY 2004, over 1.5 million entrepreneurs received business counseling through the SBA and its resource partners, Small Business Development Companies (SBDC), SCORE, Women's Business Centers (WBC), and Veteran Business Outreach Centers (VBOCs). The SBA expects these numbers to continue their rapid growth as the Agency responds to its customers' requests for the delivery of more services via the Internet. The counseling that was provided included assistance in developing a business plan, conducting a market study, complying with employee tax withholding requirements, and similar topics vital to the success of a small business. The public benefit of this assistance was that these clients of the SBA were able to launch, continue, or grow their businesses more successfully than they would have without the technical knowledge provided by the Agency and its resource partners.

Procurement Assistance

The SBA also continued on its mission to support the Administration in meeting its statutory commitment to provide a fair share of contracting dollars to small businesses. In FY 2004, the SBA provided procurement assistance to over 37,000 small businesses. For example, Business Matchmaking gave small businesses around the Nation a better opportunity to obtain government and private contracts by introducing them to procurement officials who, otherwise, would be very difficult to meet. The program's goal was to stimulate jobs and growth for small businesses by taking advantage of opportunities that are normally relegated to distinct geographical areas such as the Washington, DC area or a city where a major corporation is located. In the past year, the SBA held events with over 12,000 face-to-face meetings and more than 1,350 facilitated telephone calls conducted in a dozen cities across the country. This allowed small firms to learn about and bid on procurement opportunities in their areas of expertise. As a result, 39 small businesses were awarded close to \$20 million dollars in Federal and private contracts. The majority of these businesses were women-owned.

Small Business Advocacy

American small businesses also benefited from the efforts of the SBA's Office of Advocacy, which helped to reduce regulatory costs on small businesses. The SBA's efforts to work with Federal agencies to find effective and less burdensome regulatory alternatives resulted in a significant benefit to the Nation's small businesses.

Disaster Recovery Assistance

For years to come, people will remember the tremendous work the SBA did in 2004 to help the Nation recover from the worst hurricane season on record. During FY 2004, the SBA Disaster program approved low-interest loans to over 28,500 homeowners and businesses totaling over \$883 million. As the SBA continues to work in the hurricane disaster areas, the Agency was provided supplemental appropriations to cover \$4 billion in lending. The direct public benefit of these SBA loans is that the businesses and local economies in disaster areas were able to recover much more quickly than would otherwise have occurred.

Improved Management

While the SBA achieved significant growth in loans, assistance and other services, the Agency dramatically reduced its cost structure. From FY 2001 through FY 2004, the SBA's appropriation decreased by 21% and full time-equivalent employees (FTE) declined by 16%, based on FY 2004 actuals. The Agency streamlined many processes and consolidated backroom operations as part of a comprehensive plan to reorganize the field staff. These improvements

contributed significantly to SBA's success in achieving record program levels with fewer resources.

As backroom operations were centralized, field personnel were able to focus on direct assistance to the small business community. The Agency will expand the reach of this assistance through the establishment of "Alternate Work Sites" (AWS), small offices in geographic areas that had not been served effectively by the existing field structure. Through AWSs, the SBA will have a presence in many more communities across the country than in the past.

In 2004, the SBA was a leader on the President's Management Agenda (PMA), moving to a "green" rating status for Budget and Performance Integration. The SBA has been rated green on PMA "progress" in four out of five areas. SBA's green rating for Budget and Performance Integration reflects the Agency's efforts to measure the impact and effectiveness of its programs and to focus its resources on those activities that produce the best results. For the first time in over a decade, during FY 2004, the SBA awarded a contract to begin a major evaluation of the Agency's assistance programs. The SBA also established an independent Audit and Financial Management Advisory Committee, making it one of few Federal agencies to add this additional level of accountability to its financial management process.

Progress made by focusing the Agency's attention on the Inspector General's Management Challenges resulted in an improvement of status in 30 of 117 actions. Most notably, the Agency moved 5 of the 13 most significant challenges from red to either yellow or green, reflecting major improvements in 38 percent of our management challenges. This reflects the real steps the SBA has taken to reduce opportunities for fraud, waste, and mismanagement.

Access and Efficiency through Technology

The Nation, its economy, and businesses of all sizes continue to evolve with advances in technology. For its products and services to remain relevant to the small business community, the SBA too must continue to leverage technology. A flagship example of this is the SBA's role as a managing partner of the Business Gateway, a user-friendly business portal. The portal, which was launched in FY 2004, provides a one-stop, common access point for business to interact with the Federal government.

During FY 2004, the SBA completed implementation of a new web-based loan application solution that saves lenders substantial time and resources when submitting a loan to the SBA. Loan guarantee requests are now submitted electronically via the newly created E-Tran System. The SBA also implemented its loan and lender monitoring system that significantly improves the Agency's ability to monitor and oversee SBA lenders and the 7(a) and 504 loan portfolios. Utilizing credit scoring methodologies, the SBA now has information about the credit quality of the loan portfolios and is able to use that information along with performance trends to rate SBA lenders and assess portfolio performance. This system also allows the SBA to better deploy its resources by monitoring and overseeing over 90% of SBA lenders off-site and use its resources to conduct more comprehensive on-site reviews of the remaining, most active lenders that hold almost 84% of SBA's outstanding dollars.

In the past year, the SBA has moved to a completely automated electronic application process for the 8(a) and Small Disadvantaged Business (SDB) Programs. As a result, the average time to process an 8(a) application has fallen from over 100 days to 45 days, and for SBD, the drop is

from 110 days to 40 days. Consequently, time and government resources are being used more efficiently, at the same time that better customer service is being given to small businesses.

FY 2006 Goals

The SBA's FY 2006 budget builds on this successful track record of assisting America's small businesses. Increasingly, the SBA's programs and operations mirror successful practices that have been adopted by the private sector. Today's small businesses are leaner, more agile, and driven by technology, innovation, and customer service. The SBA infuses these principles through all of its programs and operations with this FY 2006 budget request. The SBA's priorities for FY 2006 are:

- Building on the successes achieved for small businesses in FY 2004, the SBA is planning another year of record loan numbers and high rate of training and counseling in FY 2006. The SBA is proud to target loans and more effective counseling to the businesses that need them the most.
- Expanding the Agency's most successful programs while redesigning the least effective and most costly programs. Identifying which programs reach the highest number of small businesses facing competitive opportunities gaps, and developing strategies to expand those successful programs are essential for the SBA to make the most with its available resources. The SBA is committed to completing more program evaluations and concentrating resources on the programs that offer the best products and services to America's small business owners.
- Modernizing Agency business processes, service delivery methods, and workforce to meet the needs of small business in a global marketplace. The SBA's transformation and modernization efforts will facilitate the Agency's ability to be more responsive, serving more small business owners in more areas across the country.
- Creating a customer-centric, efficient, and accessible virtual SBA, e-Government is modernizing the Agency and making a customer-oriented service delivery and efficiency-driven approach possible. Success in and expansion of the Agency's e-Government initiatives will create a seamless integration of information and services to SBA customers and resource partners across federal and state levels. E-government will also drive key internal operating efficiencies that improve external customer service.

In FY 2006, the SBA will continue its successful performance management system – a web-based Execution Scorecard – to track progress toward achieving strategic goals and monitoring costs. The scorecard includes specific project milestones to ensure that day-to-day activities are leading to success in achieving the Agency's top priorities. Monthly scorecard reviews led by the Deputy Administrator with senior management have proven to be effective in ensuring goals are met.

The SBA's Strategic Plan includes four goals to support the Nation's entrepreneurs:

- Strategic Goal One – Improve the economic environment for small businesses;
- Strategic Goal Two – Increase small business success by bridging competitive opportunity gaps facing entrepreneurs;
- Strategic Goal Three – Restore homes and businesses affected by disaster; and
- Strategic Goal Four – Ensure that all SBA programs operate at maximum efficiency and effectiveness by providing them with high quality executive leadership and support services.

Each of these strategic goals has a series of Long-Term Objectives with specific and measurable outcomes that define success. As part of the SBA's commitment to performance and accountability, this budget request is organized around the Agency's Strategic Goals and Long-Term Objectives. In the annual Performance and Accountability Report (PAR), the SBA reports the results achieved for each of its strategic goals. The Agency has incorporated this results-oriented approach into its planning processes and daily operations and is well on its way to achieving the vision of incorporating the entrepreneurial concepts of innovation, simplification, and dedication throughout all of the SBA. The Agency's success resulted in the achievement of green in performance and budget integration.

FY 2006 Budget Request Overview

The SBA's total budget request for FY 2006 of \$593 million reflects both the SBA's strong commitment to America's small businesses and the Agency's commitment to effective and efficient management of taxpayer dollars. With this request, the SBA will be able to serve more small businesses than ever before, fund the Agency's operating expenses, continue its essential modernization and e-government efforts, and meet the needs of the nation's disaster victims.

Economic growth creates jobs, reduces the deficit and improves our quality of life. Small business is a key engine driving this economic growth. The availability of financial, technical, and procurement assistance as well as an environment conducive to business development is the fuel that makes this engine run. Our budget request proposes \$25 billion in financial assistance to small businesses including \$16.5 billion in 7(a) lending – an increase of almost 30% above the FY 2004 level. At these financing levels, the 7(a) financing program will assist over 71,000 existing businesses and almost 27,000 start-up businesses in FY 2006. We will be able to sustain this record level of assistance with a zero subsidy. (The subsidy for this program alone cost over \$100 million in FY 2004). In addition, the 504 program, at a loan level of \$5.5 billion, will assist approximately 7,400 existing businesses and 1,400 start-ups. We are also requesting a Small Business Investment Company (SBIC) Debenture program level of \$3 billion.

Our technical assistance programs will provide counseling and training to more than 1.3 million of prospective, nascent or existing entrepreneurs. SBA's Government Contracting and Business Development programs will simplify interaction with the Federal government through the use of the internet with automated 8(a), Small Disadvantaged Business, and HUBZone application and review processes. We will also continue and expand the very successful Procurement Matchmaking initiative. Through these activities, the number of HUBZone firms that will be

awarded contracts is expected to increase to 3% in FY 2006. As a result of our Advocacy program, \$5.6 billion is projected to be saved by reducing the regulatory burden on small businesses.

The SBA's Disaster program was fully supported by the Congress during the hurricane season of the end of FY 2004 and beginning of FY 2005. As the SBA continues to work in the hurricane disaster areas, the Agency was provided supplemental appropriations to cover \$4 billion in lending. At the same time, the SBA is maintaining its response to other Disasters and to small businesses affected by the activation of an owner or essential employee who is a member of a Reserve Component of the U.S. Military. In FY 2006 the Disaster program will provide \$810 million in direct loans to businesses and homeowners.

The SBA's Operating Budget Request

The Small Business Administration is planning to continue to streamline and strengthen its operations in FY 2006. Over the past year our continuing review of costs and associated performance characteristics has confirmed the validity of the direction we have taken since the implementation of our five-year Strategic Plan at the end of FY 2003. Following are highlights of our FY 2006 plans:

1. SBA must continue to develop rigorous, credible methodologies to quantify the results of our programs relative to the objectives in our strategic plan and identify any redundancies in our programs. Objective, third-party program evaluations that started in FY 2004 will be continued and expanded in fiscal years 2005 and 2006. We have included \$1.0 million in this request to continue and expand this activity.
2. The Agency must focus activities in key program areas and eliminate overlapping, duplicative program delivery systems that provide similar services to different segments of the small business community. We are asking for steady funding for Small Business Development Centers, SCORE, Women's Business Centers, Advocacy, and Veterans' Outreach. We are not requesting funding for Prime Technical Assistance, Small Business Innovation Research Technical Assistance, or Microloan Lending.
3. In order to achieve management efficiencies, the Agency is requesting separate line-item funding for grant programs only and the National Women's Business Council. Budget requests for the following activities are included in the Agency's operating budget: Advocacy Research, Ombudsman, 7(j), HUBZones, USEACs, and Native American Outreach.
4. The centralization of "backroom" operations reduces costs and improves consistency and control. It also frees up SBA personnel to assist small businesses directly. The centralization of 7(a) loan liquidation function alone is already saving \$16 million annually as compared to FY 2003. This savings, and the restructuring of our workforce, allow us to place more SBA personnel in a wider variety of geographic areas providing direct assistance to small businesses. We are requesting funding to maintain alternate work sites (AWS) to be opened in FY 2005 throughout the country. Placing staff in more

varied geographic areas will allow increased contact with customers in underserved markets, such as rural and minority-owned businesses, and contribute to small business development in these areas.

5. Through centralization of the liquidation function and the elimination of stovepipe line item programs, the Agency will be able to operate at reduced staffing levels in FY 2006. There will be only 2,248 regular operating staff at the end of FY 2006, as compared to 2,681 at the end of FY 2003 - a reduction of more than 16%.
6. The SBA has taken the initiative to reduce its rental of office space wherever possible. Although there is often an upfront cost to moving to smaller spaces and to prepare formerly occupied space for a new lease, our FY 2004 and 2005 rent initiatives will save the Agency about \$1.9 million annually starting in FY 2006. The requested rent initiative for FY 2006 will save an additional annual \$1 million by FY 2007.

SBA is requesting \$26.2 million in operating costs for the Office of the Chief Information Officer. As the Agency transforms itself to take advantage of 21st century technology, this funding will allow us to keep our Agency-wide staffing levels low, improve service to our clients, participate in e-Government initiatives, ensure the security of our critical Agency systems, standardize and improve the reliability of our IT infrastructure, and generate current and accurate information about our programs. The success of the following Agency investments is dependent upon a robust and secure IT infrastructure:

- **Business Gateway.** SBA is the government's managing partner on this e-Government initiative, which functions as a one-stop resource for small businesses interacting with the Government. Twenty-one Federal departments and independent agencies are expected to participate with us in this project.
- **Small Business Training Network.** This on-line training program is projected to cost a fraction of the per client cost with current, face-to-face technical assistance programs.
- **Loan and Lender Monitoring System.** This system significantly improves the Agency's ability to monitor and oversee SBA lenders and the 7(a) and 504 loan portfolios and to better direct its on-site review resources towards those lenders representing the highest risk to SBA.
- **E-Tran.** This loan guaranty origination solution allows participating lenders to submit loan guaranty requests to the Agency electronically. The system will provide accurate and timely data to support SBA's management and oversight of the portfolio.
- **Disaster Credit Modernization System.** This is the new web-enabled, paperless loan processing system used in the Disaster Assistance program to process loans for victims of disaster. The system allows the SBA to process loans anywhere in the country no matter where the disaster is located.

- Surety Bond Guarantee Web application system. This system is projected to increase the number of bonds by 15%.
- Entrepreneurial Development Management Information System. This system will allow SBA to collect accurate, timely information on its technical assistance programs.
- Automated 8(a) and SDB applications. These systems support the 8(a) annual review process, program business processes, and storage and retrieval systems.
- HUBZone automation. The automation of HUBZone business processes including internet certification, recertification, program examination, and protests and appeals are supported by this technology.
- E-Grants. SBA wants to develop an electronic grants system to link to the government-wide Grants.gov initiative in order to manage SBA's grants programs in an automated fashion.
- Oracle Federal Financials. The SBA upgraded to a new version of Oracle in FY 2005 and will integrate e-Travel by FY 2006.

SBA is a strong supporter of the President's Management Agenda (PMA). In FY 2004 we were rated green on Budget and Performance Integration. In order to support the PMA, the SBA is requesting the following:

- \$3 million for competitive sourcing.
- \$1.3 million for e-Government participation.
- \$0.5 million for e-Training, part of both the Human Capital Management e-Government PMAs.
- \$0.5 million for assistance with credit subsidy models and related independent validation and verification, contributing to SBA's progress in the improved financial performance PMA.
- \$1 million for program evaluations, which will further improve the Agency's progress on budget and performance integration.

Understanding the Budget Tables

Table 1: Summary of New Budget Authority

This table shows the amount of *new* funding appropriated by Congress for fiscal years 2004 and 2005 and requested from Congress for fiscal year 2006. *New* funding is different from *total* funding in that it does not include funds carried over from year to year and other sources of funding. This table may be cross-referenced with Table 2 as discussed below.

Table 2: Sources of Funds: Summary

This table shows the *total* resources that the Agency had at its disposal in FY 2004, projects to have in FY 2005, or requests for FY 2006 to cover program and administrative costs. The data is grouped by the source of funds. An explanation of these sources follows:

- *Total New Budget Authority* refers to the annual appropriations authorized by Congress. (This amount net of Rescinded Funds equals the same amounts shown in Table 1.)
- *Supplemental/ Other Appropriation* refers to funds provided by Congress in addition to the annual appropriation.
- *Carryover from Prior Year* refers to multiyear funds that were appropriated in a prior fiscal year, but were not spent and became available in the following fiscal year.
- *Carryover into Next Year* refers to multiyear funds that will not be fully spent in the current fiscal year and can be carried forward to the following fiscal year.
- *Transfer from Other Accounts* are non expenditure transfer funds received from other federal agencies.
- *Fee Income* refers to collections from the public for services provided and for which legislative authority permits collecting fees, e.g. certain licensing and examinations.
- *Reimbursable Income* is funding received for services performed by SBA for other Federal agencies.
- *Recoveries* are the results of loan cancellations through which unexpired subsidy budget authority is made available in the current year.
- *Rescinded Appropriation* contains the amounts that were taken back by Congress from appropriations.

To understand how this table relates to the other tables, first note that it contains the same data that is presented in Table 3, but from the perspective of sources of funds, rather than the name of the appropriation account. Second, it is also a summary of the detail presented in Table 8. Third, as already discussed, it can be also be cross-referenced to Table 1 through the amounts for New Budget Authority.

Tables 3: Sources of Funds Summary by Appropriation Account

This table shows the total resources that the Agency had or projects to have at its disposal for program and administrative operations. The resources are presented by the name of the appropriation account, e.g. Salaries and Expenses, rather than the type or source of funds, e.g. New Budget Authority, Carryover, Fee Income, or Recoveries (as in Table 2). Total amounts on this table tie to Table 2.

Tables 4 – 6: Uses of Funds - Salaries and Expenses

The top of Table 4 shows the major uses of the salaries and expenses budgetary resources. Detail on each category of Uses of Funds is provided for the six major categories:

- *Operating Budget Detail* (see bottom half of Table 4). These are the funds program and administrative offices directly manage for daily operations, e.g., travel, supplies, and contracted services.
- *Agency Wide Costs* (See Table 5). These are costs such as rent and telecommunications, which are managed centrally for the Agency. In an effort to consolidate budgeting and ensure that offices managing certain agency wide costs have full responsibility for those budgets, many for agency wide costs were moved into operating budgets in FY 2005. These are detailed on Table 5.
- *Compensation and Benefits* (See Table 5). All Compensation and Benefits for the Salaries and Expenses Account are managed centrally. The Full-Time Equivalents (FTE) supported by Compensation and Benefits appear in Table 11.
- *Non-Credit Programs* (See Table 6) These programs have received separate funding in our Salaries and Expenses account in the past. In an effort to better manage the agency's resources, avoid duplication of administrative systems, and to allow more flexibility in managing our resources, we are requesting that many of the current non-credit programs be merged into office operating budgets. These requests appear on Table 6.
- *Congressional Initiatives* (See Table 6). This is a separate group of non-credit programs that the Congress has added to our annual appropriation.
- *Reimbursable Expenses* (See Table 6). These are programs for which SBA receives reimbursable budget authority from other federal government agencies.

Table 7: Summary of Credit Programs

The table summarizes all credit programs (plus the Surety Bond Guarantee Program, a revolving fund). Credit program activity is displayed by total program level, subsidy amount, and subsidy rate for each fiscal year.

Table 8 : Sources of Funds: Appropriation Detail

This table shows the detail for Table 3 (Sources of Funds Summary by Appropriation Account.) The Disaster Assistance and Business Loans programs accounts have been further divided to show their administrative and loan program components. The Business Loan administrative account and a portion of the Disaster administrative account are transferred to and combined with the Salaries and Expenses account to cover the administrative operating expenses of those programs.

Table 9: Sources of Funds: Detail for Business Loan Programs.

This table shows the funding source detail for each of SBA's business loan programs.

Table 10: Sources of Funds: Detail for Disaster Loan Programs

This table displays the funding source detail for the Disaster loan programs.

Table 11 – Full Time Equivalent (FTE) Employees

This table shows the number of Full Time Equivalent employees by fiscal year and by major program activity. FTE is different from positions or headcount in that it reflects the average number of employees on board during the fiscal year.

Table 12 – Total Cost by Program and Activity

This table displays the full administrative cost of each of SBA's major programs and activities. In order to derive the full cost of these programs, SBA allocates its entire administrative budget to all its programs. Therefore, the cost of programs represented in this table includes basic operating budget, compensation and benefits for staff reporting any amount of time worked on a program, an allocation of agency-wide costs (such as rent and telecommunications), the costs of any direct grant programs (such as SBDC), and general agency management (e.g., an allocation of financial management costs to all programs.) This information will always vary significantly from Table 4, which only shows the operating budget costs for major offices' program and administrative activities. It also differs from Table 6, which shows the total direct program dollars devoted to grants but excludes many administrative direct, indirect, and overhead costs.

The information presented in Table 12 is the basis for the costs shown in SBA's Results and Budgetary Resources Tables that are included in the Performance Budget itself. This is also the same information which appeared in the audited 2004 Performance and Accountability Report.

Total obligations shown in Table 12 for each fiscal year will match Table 3, minus the business loan program, the disaster loan program, and surety bond guarantees. Subsidy Budget Authority and resources for those three programs are not included in the full administrative costing of the programs that appear in Table 12.

This year we have also included the cost of our major overhead activities, all of which contribute to the Agency's fourth goal. Note that the full cost of our overhead activities has already been allocated to the programs and activities reported in Table 12. It is provided here for information only and does not add into the grand total of actual (for FY 2004) or estimated (for FY 2005 and FY 2006) obligations because it is already included in that grand total.

Budget Tables

Table 1
FY 2006 Congressional Submission
SUMMARY OF NEW BUDGET AUTHORITY
(Dollars in Thousands)

	FY 2004		FY 2005		FY 2006		Increase/ (Decrease)
	Actual		Estimated		Requested		(Decrease)
New Budget Authority							
Salaries and Expenses							
<i>Original Appropriation</i>	\$ 371,153	\$	362,335	\$	307,159	\$	(55,176)
<i>Other Appropriation</i>	497		0		0		0
Business Loan Program							
<i>Administration</i>	128,000		126,653		129,000		2,347
<i>Loan Subsidy</i>	81,042		1,455		0		(1,455)
Disaster Administration							
<i>Appropriation</i>	114,363		113,159		56,000		(57,159)
<i>Transfer from Another Account</i>	30,000		0		0		0
Disaster Loan Program							
<i>Original Appropriation</i>	56,188		0		83,335		83,335
Inspector General	13,000		13,014		14,500		1,486
Surety Bond Guarantee	0		2,900		3,000		100
Rescinded Appropriation	(8,042)		(8,277)		0		8,277
Subtotal	\$ 786,201	\$	611,239	\$	592,994	\$	(18,245)
Disaster - Hurricane Supplemental							
<i>Administrative Expenses</i>	\$ 0	\$	428,000	\$	0	\$	(428,000)
<i>Loan Program Subsidies</i>	0		501,000		0		(501,000)
Subtotal	\$ 0	\$	929,000	\$	0	\$	(929,000)
Total	\$ 786,201	\$	1,540,239	\$	592,994	\$	(947,245)

Table 2
FY 2006 Congressional Submission
SOURCES OF FUNDS: SUMMARY
(Dollars in Thousands)

	FY 2004		FY 2005		FY 2006		Increase/ Decrease
	Actual		Estimated		Requested		
Summary, Total SBA							
Total New Budget Authority	\$ 763,746	\$	619,516	\$	592,994	\$	(26,522)
Supplemental/Other Appropriation	497		929,000		0		(929,000)
Carryover from Prior Year	75,285		75,143		100,481		25,338
Carryover into Next Year	(75,293)		(108,419)		(13,481)		94,938
Transfer from Other Accounts	30,000		0		0		0
Fee Income	3,450		3,000		3,000		0
Reimbursable Income	2,760		11,957		13,475		1,518
Recoveries	16,213		10,000		10,000		0
Rescinded Appropriation	(8,042)		(8,277)		0		8,277
Total	\$ 808,616	\$	1,531,920	\$	706,469	\$	(825,451)

Table 3
FY 2006 Congressional Submission
SOURCES OF FUNDS SUMMARY BY APPROPRIATION ACCOUNT
(Dollars in Thousands)

	FY 2004	FY 2005	FY 2006	Increase/ Decrease
	Actual	Estimated	Requested	
Summary, By Appropriation Account				
Salaries and Expenses	\$ 509,867	\$ 505,652	\$ 461,634	\$ (44,018)
Business Loan Program	102,803	2,166	0	(2,166)
Disaster Assistance Administration	104,000	497,439	107,800	(389,639)
Disaster Loan Program	78,587	510,469	118,635	(391,834)
Inspector General	13,359	13,333	15,400	2,067
Surety Bond Guarantee Program	0	2,861	3,000	139
Total	\$ 808,616	\$ 1,531,920	\$ 706,469	\$ (825,451)

Table 4
FY 2006 Congressional Submission
USES OF FUNDS
SALARIES & EXPENSES
(Dollars in Thousands)

	FY 2004		FY 2005		FY 2006		Increase/ Decrease
	Actual		Estimated		Requested		
Summary							
Operating Budget	\$ 40,722	\$	43,508	\$	63,495	\$	19,987
Agencywide Costs	49,411		47,890		49,762		1,872
Compensation & Benefits	231,354		228,979		227,402		(1,577)
Non-Credit Programs	140,232		133,752		107,500		(26,252)
Congressional Initiatives	45,419		39,466		0		(39,466)
Reimbursable Expenses	2,729		12,057		13,475		1,418
Total	\$ 509,867	\$	505,652	\$	461,634	\$	(44,018)
Operating Budget Detail							
Executive Direction	1/ \$ 4,639	\$	4,679	\$	7,009	\$	2,330
Capital Access	2/ 4,739		8,078		8,846		768
Gov Contr/Business Development	3/ 712		1,141		5,323		4,182
Entrepreneurial Development	4/ 303		603		1,338		735
Management and Administration	5/ 7,068		5,490		10,909		5,419
Chief Information Officer	6/ 19,419		19,481		26,245		6,764
Regional and District Offices	3,842		4,036		3,825		(211)
Total	\$ 40,722	\$	43,508	\$	63,495	\$	19,987

Explanation of significant changes from FY 2005 to FY 2006:

- 1/ Executive Direction in FY 2006 includes the Advocacy Research line item (\$1,300K) and \$1,000K for evaluations of Agency programs. Advocacy Research was funded as a line item in FY 2005. SBA has no funds budgeted for program evaluations in FY 2005.
- 2/ Capital Access in FY 2006 includes \$339K for a modernized Surety Bond Guarantee (SBG) Web system, \$156K for SBG audits, and \$64K in travel for marketing and outreach events.
- 3/ GCBD in FY 2006 includes \$2,000K for 7(j) (formerly a line item); \$964K for operating expenses for HUBZones, also formerly a line item; \$400K for the modernization of SACS/MEDCOR system to capture timely accurate data on 8(a) and SDB participation; \$600K for business matchmaking, and \$100K for the e Procurement Center Representative program.
- 4/ FY 2006 budget includes funding formerly provided as line item for Native American Outreach: \$800K.
- 5/ In FY 2006 M&A's budget includes \$3,000K to fund the results of competitive sourcing competitions; \$1,116 for digital mail meters and scales now required by GSA; \$620K for magnetometers and X ray guards in the main SBA building; \$200K for eGrants, to optimize use of the eGov initiative for Grants; \$100K to upgrade the controlled correspondence system; \$100K for labor relations to improve human capital management; and an additional \$150K for further rent reduction initiatives.
- 6/ OCIO investments in technology in FY 2006 above FY 2005 levels will include: \$1.4 M for enterprise architecture and records management; \$1.1 M for server consolidation; \$382K for a centralized IT Help Desk; \$635K for Business Gateway Project Management Office and eGov operations; \$1.1 M for an agency-wide e mail upgrade and archiving; \$2.2 M to modernize Internet and Intranet applications and content.

Table 5
FY 2006 Congressional Submission
USES OF FUNDS
AGENCYWIDE COSTS
(Dollars in Thousands)

		FY 2004		FY 2005		FY 2006		Increase/ Decrease
		Actual		Estimated		Requested		
Centralized Training	1/	\$ 398	\$	0	\$	0	\$	0
Credit Reports	2/	500		0		0		0
Federal Express		470		500		511		11
Interest Charges		120		0		0		0
Judgment Fund		482		500		750		250
Office Security		0		0		801		801
Oracle	3/	1,195		0		0		0
Performance Awards		0		2,129		2,178		49
Postage		1,228		1,138		1,160		22
Printing	4/	518		0		0		0
Reasonable Accommodations		35		50		76		26
Relocation		2,802		1,500		1,600		100
Rent		34,400		34,061		34,420		359
Telecommunications		3,645		3,308		3,598		290
Transit Subsidy		828		1,025		1,141		116
Unemployment Compensation		1,070		1,769		1,909		140
Workers Compensation		1,720		1,910		1,618		(292)
Total		\$ 49,411	\$	47,890	\$	49,762	\$	1,872
Compensation & Benefits		\$ 231,354	\$	228,979	\$	227,402	\$	(1,577)

1/ In FY 2005 and 2006, centralized training is \$500K each year and is included in the operating budget of Management and Administration (see Table 4).

2/ In FY 2005 and 2006, credit reports are \$500K and \$561K respectively, and are included in the operating budget of Capital Access (see Table 4).

3/ In FY 2005 and 2006, Oracle is \$947K and \$873K respectively, and is included in the operating budget of Executive Direction (see Table 4).

4/ In FY 2005 and 2006, centralized printing is \$518K and \$570K respectively, and is included in the operating budget of Management and Administration (see Table 4).

Table 6
FY 2006 Congressional Submission
USES OF FUNDS
NON-CREDIT PROGRAMS and REIMBURSABLE EXPENSES
(Dollars in Thousands)

		FY 2004		FY 2005		FY 2006		Increase/ Decrease
		Actual		Estimated		Requested		
Non-Credit Programs								
7(j) Technical Assistance Program	1/	\$ 1,963	\$	1,480	\$	0	\$	(1,480)
Advocacy Database	2/	1,084		1,085		0		(1,085)
Business Information Centers		396		0		0		0
Drug-Free Workplace		990		986		1,000		14
HUBZones Program	3/	1,974		1,953		0		(1,953)
Microloan Technical Assistance		14,655		13,813		0		(13,813)
National Ombudsman	4/	495		494		0		(494)
National Women's Business Council		731		740		750		10
Native American Outreach	5/	1,964		987		0		(987)
New Market Venture Capital		71		0		0		0
PRIME Technical Assistance		4,947		4,933		0		(4,933)
SBDC Grants		89,161		87,811		88,000		189
SBIR - FAST		1,979		0		0		0
SBIR Technical Assistance		247		0		0		0
SCORE		4,958		4,933		5,000		67
USEAC Program	6/	1,635		1,464		0		(1,464)
Veterans Business Development		737		740		750		10
Women's Business Centers Grants		12,245		12,333		12,000		(333)
Subtotal		\$ 140,232	\$	133,752	\$	107,500	\$	(26,252)
Congressional Initiatives		\$ 45,419	\$	39,466	\$	0	\$	(39,466)
Total, Non-Credit Programs		\$ 185,651	\$	173,218	\$	107,500	\$	(65,718)
Reimbursable Expenses								
Small Disadvantaged Businesses		\$ 1,477	\$	1,500	\$	1,500	\$	0
Business Gateway		0		8,957		10,315		1,358
Rural Business Investment Corporation		691		455		460		5
Other	7/	561		1,145		1,200		55
Total, Reimbursable Expenses		\$ 2,729	\$	12,057	\$	13,475	\$	1,418

1/ In FY 2006, \$2 M in funding for 7(j) is requested in the operating budget for Gov Contr/Bus Development (See Table 4).

2/ In FY 2006 \$1.3M of funding for Advocacy Research is requested in the operating budget for Executive Direction (See Table 4).

3/ In FY 2006, \$964K is requested for HUBZones in the operating budget for Gov Contr/Bus Development (See Table 4) and approximately \$1.3M is included for HubZones in the FY 2006 total compensation and benefits request (See Table 5).

4/ In FY 2006, \$500K of compensation and benefits formerly funded through the Ombudsman line item, is included in the total compensation and benefits request. (See Table 5).

5/ In FY 2006, \$800K of funding for Native American Outreach is requested in ED's operating budget (See Table 4).

Compensation and benefits is requested in the Agency's general compensation and benefits request (See Table 5.)

6/ In FY 2006, \$1.5M in funding for USEAC formerly funded through the USEAC line item is included the agency's compensation and benefits (See Table 5).

7/ Includes \$100K for Microloan Training in FY 2005.

Table 7
FY 2006 Congressional Submission
SUMMARY OF CREDIT PROGRAMS
(Dollars in Thousands)

Credit Program	Program Level				Subsidy Amount				Subsidy Rate			
	FY 2004 Actual	FY 2005 Estimated	FY 2006 Requested	Increase/ Decrease	FY 2004 Actual	FY 2005 Estimated	FY 2006 Requested	Increase/ Decrease	FY 2004 Actual	FY 2005 Estimated	FY 2006 Requested	Increase/ Decrease
Guaranteed Loans												
Section 7(a) Guaranty 1/	\$ 12,703,714	\$ 16,000,000	\$ 16,500,000	\$ 500,000	\$ 100,526	\$ 0	\$ 0	\$ 0	0.79%	0.00%	0.00%	0.00%
Section 7(a) Guaranty - STAR	8,868	9,000	0	(9,000)	94	95	0	(95)	1.06%	1.06%	N/A	N/A
Section 7(a) Guaranty - DELTA	0	0	0	0	0	0	0	0	1.56%	1.56%	N/A	N/A
Section 504 CDC Guaranty	3,966,133	5,000,000	5,500,000	500,000	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Section 504 CDC Guaranty - DELTA	0	0	0	0	0	0	0	0	0.62%	0.88%	N/A	N/A
New Market Venture Capital Program	0	3,157	0	(3,157)	0	506	0	(506)	16.05%	16.03%	N/A	N/A
SBIC - Participating Securities	4,000,000	0	0	0	0	0	0	0	0.00%	N/A	N/A	N/A
SBIC - Debentures	606,675	3,250,000	3,000,000	(250,000)	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Microloan - Guaranty	0	0	0	0	0	0	0	0	8.66%	8.66%	N/A	N/A
Total	\$ 21,285,390	\$ 24,262,157	\$ 25,000,000	\$ 737,843	\$ 100,620	\$ 601	\$ 0	\$ (601)				
Direct Loans												
Microloan Direct Program	\$ 22,859	\$ 15,256	\$ 0	\$ (15,256)	\$ 2,183	\$ 1,565	\$ 0	\$ (1,565)	9.55%	10.25%	N/A	N/A
Total	\$ 22,859	\$ 15,256	\$ 0	\$ (15,256)	\$ 2,183	\$ 1,565	\$ 0	\$ (1,565)	9.55%	10.25%	N/A	N/A
Total Business Loans	\$ 21,308,249	\$ 24,277,413	\$ 25,000,000	\$ 722,587	\$ 102,803	\$ 2,166	\$ 0	\$ (2,166)				
Secondary Market Guarantees	\$ 3,572,000	\$ 10,000,000	\$ 12,000,000	\$ 2,000,000	\$ 0	\$ 0	\$ 0	\$ 0	0.00%	0.00%	0.00%	0.00%
Disaster Assistance												
Disaster Assistance - Regular	\$ 664,136	\$ 3,969,432	\$ 810,350	\$ (3,159,082)	\$ 77,838	\$ 510,469	\$ 118,635	\$ (391,834)	11.72%	12.86%	14.64%	1.78%
Disaster Assistance - 9/11 Economic	2,896	0	0	0	672	0	0	0	23.20%	23.20%	N/A	N/A
Disaster Assistance - 9/11 Physical	658	0	0	0	77	0	0	0	11.72%	11.72%	N/A	N/A
Total	\$ 667,690	\$ 3,969,432	\$ 810,350	\$ (3,159,082)	\$ 78,587	\$ 510,469	\$ 118,635	\$ (391,834)				
Surety Bond Program 2/	\$ 594,669	\$ 1,672,000	\$ 1,672,000	\$ 0	\$ 0	\$ 2,861	\$ 3,000	\$ 139				

1/ In FY 2004, the subsidy rate was 1.06% from October 1, 2003 to April 4, 2004 and 0.58% beginning April 5, 2004 through September 30, 2004. 0.79% (see above) is the blended average rate.

2/ In FY 2005 and 2006, the funds requested for Surety Bonds are for Contingent Liability funding, which is not a subsidy amount. The Surety Bond Guarantee Program is a revolving fund.

Table 8
FY 2006 Congressional Submission
SOURCES OF FUNDS: APPROPRIATION DETAIL
(Dollars in Thousands)

	FY 2004 Actual	FY 2005 Estimated	FY 2006 Request	Increase/ (Decrease)
Salaries and Expenses				
New Budget Authority	\$ 371,153	\$ 362,335	\$ 307,159	\$ (55,176)
Supplemental Appropriation	497	0	0	0
Carryover from prior year	6,537	7,938	0	(7,938)
Carryover into next fiscal year	(7,938)	(7,938)	0	7,938
Transfer from Business Loans	126,785	125,061	129,000	3,939
Transfer from Disaster Loans	8,500	8,250	9,000	750
Reimbursable Expenses	2,760	11,957	13,475	1,518
Estimated Fee Income	3,450	3,000	3,000	0
Recoveries	2,124	0	0	0
Rescinded Appropriation	(4,001)	(4,951)	0	4,951
Total Budget Authority	\$ 509,867	\$ 505,652	\$ 461,634	\$ (44,018)
Business Loans				
<i>Administrative Expenses</i>				
New Budget Authority	\$ 128,000	\$ 126,653	\$ 129,000	\$ 2,347
Carryover from prior fiscal year	0	0	0	0
Carryover into next fiscal year	0	0	0	0
Transfer from Other Accounts	0	0	0	0
Transfer to Other Accounts	(126,653)	(124,961)	(129,000)	(4,039)
Recoveries	0	0	0	0
Rescinded Appropriation	(1,347)	(1,692)	0	1,692
Total Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0
<i>Loan Subsidies</i>				
New Budget Authority	\$ 81,042	\$ 1,455	\$ 0	\$ (1,455)
Carryover from prior fiscal year	26,824	4,230	3,400	(830)
Carryover into next fiscal year	(4,230)	(3,400)	(3,400)	0
Transfer to Other Accounts	(132)	(100)	0	100
Recoveries	152	0	0	0
Rescinded Appropriation	(853)	(19)	0	19
Total Budget Authority	\$ 102,803	\$ 2,166	\$ 0	\$ (2,166)
Disaster Assistance				
<i>Administrative Expenses</i>				
New Budget Authority	\$ 114,363	\$ 113,159	\$ 56,000	\$ (57,159)
Supplemental Appropriation	0	428,000	0	(428,000)
Carryover from prior fiscal year	4,155	34,409	67,984	33,575
Carryover into next fiscal year	(34,409)	(67,984)	(6,284)	61,700
Transfer from another account	30,000	0	0	0
Transfer to Inspector General	(500)	(500)	(900)	(400)
Transfer to Regular Salaries & Expenses	(8,500)	(8,250)	(9,000)	(750)
Rescinded Appropriation	(1,109)	(1,395)	0	1,395
Total	\$ 104,000	\$ 497,439	\$ 107,800	\$ (389,639)

Table 8
FY 2006 Congressional Submission
SOURCES OF FUNDS: APPROPRIATION DETAIL
(Dollars in Thousands)

	FY 2004		FY 2005		FY 2006		Increase/ (Decrease)
	Actual		Estimated		Request		
<i>Direct Loans Program</i>							
New Budget Authority	\$ 56,188	\$	0	\$	83,335	\$	83,335
Supplemental Appropriation	0		501,000		0		(501,000)
Carryover from prior fiscal year	37,619		28,566		29,097		531
Carryover into next fiscal year	(28,566)		(29,097)		(3,797)		25,300
Recoveries from prior years	13,937		10,000		10,000		0
Rescinded Appropriation	(591)		0		0		0
Total	<u>\$ 78,587</u>	<u>\$</u>	<u>510,469</u>	<u>\$</u>	<u>118,635</u>	<u>\$</u>	<u>(391,834)</u>
Inspector General							
New Budget Authority	\$ 13,000	\$	13,014	\$	14,500	\$	1,486
Carryover from prior fiscal year	150		0		0		0
Carryover into next fiscal year	(150)		0		0		0
Transfer from Disaster	500		500		900		400
Unobligated Balances	0		0		0		0
Rescinded Appropriation	(141)		(181)		0		181
Total Inspector General	<u>\$ 13,359</u>	<u>\$</u>	<u>13,333</u>	<u>\$</u>	<u>15,400</u>	<u>\$</u>	<u>2,067</u>
Surety Bond Guarantee Program							
New Budget Authority	\$ 0	\$	2,900	\$	3,000	\$	100
Carryover from prior fiscal year	0		0		0		0
Carryover into next fiscal year	0		0		0		0
Transfer from Disaster	0		0		0		0
Unobligated Balances	0		0		0		0
Rescinded Appropriation	0		(39)		0		39
Total Surety Bond Guarantee	<u>\$ 0</u>	<u>\$</u>	<u>2,861</u>	<u>\$</u>	<u>3,000</u>	<u>\$</u>	<u>139</u>
Total Financing Available	<u>\$ 808,616</u>	<u>\$</u>	<u>1,531,920</u>	<u>\$</u>	<u>706,469</u>	<u>\$</u>	<u>(825,451)</u>

Table 9
FY 2006 Congressional Submission
SOURCES OF FUNDS: DETAIL
BUSINESS LOAN PROGRAMS

(Dollars in Thousands)

	FY 2004 Actual	FY 2005 Estimated	FY 2006 Requested	Increase/ Decrease
<u>BUSINESS LOANS SUMMARY</u>				
New Budget Authority	\$ 209,042	\$ 128,108	\$ 129,000	\$ 892
Carryover from prior fiscal year	26,824	4,230	3,400	(830)
Carryover into next fiscal year	(4,230)	(3,400)	(3,400)	0
Transfer to/from Other Accounts	(126,785)	(125,061)	(129,000)	(3,939)
Recoveries	152	0	0	0
Rescinded Appropriation	(2,200)	(1,711)	0	1,711
Total Budget Authority	\$ 102,803	\$ 2,166	\$ 0	\$ (2,166)
Administrative Expenses				
New Budget Authority	\$ 128,000	\$ 126,653	\$ 129,000	\$ 2,347
Carryover from prior fiscal year	0	0	0	0
Carryover into next fiscal year	0	0	0	0
Transfer to/from Other Accounts	(126,653)	(124,961)	(129,000)	(4,039)
Rescinded Appropriation	(1,347)	(1,692)	0	1,692
Total Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0
7(a) General Business-Regular Program				
New Budget Authority	\$ 79,132	\$ 0	\$ 0	\$ 0
Carryover from prior fiscal year	19,772	0	0	0
Carryover into next fiscal year	0	0	0	0
Transfer to/from Other Accounts	2,455	0	0	0
Rescinded Appropriation	(833)	0	0	0
Total Budget Authority	\$ 100,526	\$ 0	\$ 0	\$ 0
7(a) General Business-STAR Program				
New Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0
Carryover from prior fiscal year	974	880	785	(95)
Carryover into next fiscal year	(880)	(785)	(785)	0
Transfer to/from Other Accounts	0	0	0	0
Recoveries	0	0	0	0
Rescinded Appropriation	0	0	0	0
Total Budget Authority	\$ 94	\$ 95	\$ 0	\$ (95)
7(a) DELTA				
New Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0
Carryover from prior fiscal year	2,455	0	0	0
Carryover into next fiscal year	0	0	0	0
Transfer to/from Other Accounts	(2,455)	0	0	0
Rescinded Appropriation	0	0	0	0
Total Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0

Table 9
FY 2006 Congressional Submission
SOURCES OF FUNDS: DETAIL
BUSINESS LOAN PROGRAMS

(Dollars in Thousands)

	FY 2004		FY 2005		FY 2006		Increase/ Decrease
	Actual		Estimated		Requested		
504 CDC DELTA							
New Budget Authority	\$ 0	\$	0	\$	0	\$	0
Carryover from prior fiscal year	547		547		547		0
Carryover into next fiscal year	(547)		(547)		(547)		0
Transfer to/from Other Accounts	0		0		0		0
Rescinded Appropriation	0		0		0		0
Total Budget Authority	\$ 0	\$	0	\$	0	\$	0
New Market Venture Capital Program							
New Budget Authority	\$ 0	\$	0	\$	0	\$	0
Carryover from prior fiscal year	506		506		0		(506)
Carryover into next fiscal year	(506)		0		0		0
Transfer to/from Other Accounts	0		0		0		0
Rescinded Appropriation	0		0		0		0
Total Budget Authority	\$ 0	\$	506	\$	0	\$	(506)
SBIC Debentures							
New Budget Authority	\$ 0	\$	0	\$	0	\$	0
Carryover from prior fiscal year	901		901		901		0
Carryover into next fiscal year	(901)		(901)		(901)		0
Transfer to/from Other Accounts	0		0		0		0
Rescinded Appropriation	0		0		0		0
Total Budget Authority	\$ 0	\$	0	\$	0	\$	0
Microloans - Guarantees							
New Budget Authority	\$ 0	\$	0	\$	0	\$	0
Carryover from prior fiscal year	908		908		908		0
Carryover into next fiscal year	(908)		(908)		(908)		0
Transfer to/from Other Accounts	0		0		0		0
Rescinded Appropriation	0		0		0		0
Total Budget Authority	\$ 0	\$	0	\$	0	\$	0
Microloans - Direct							
New Budget Authority	\$ 1,910	\$	1,455	\$	0	\$	(1,455)
Carryover from prior fiscal year	761		488		259		(229)
Carryover into next fiscal year	(488)		(259)		(259)		0
Transfer to/from Other Accounts	(132)		(100)		0		100
Recoveries	152		0		0		0
Rescinded Appropriation	(20)		(19)		0		19
Total Budget Authority	\$ 2,183	\$	1,565	\$	0	\$	(1,565)

Table 10
FY 2006 Congressional Submission
SOURCES OF FUNDS: DETAIL
DISASTER LOAN PROGRAMS

(Dollars in Thousands)

	FY 2004 Actual	FY 2005 Estimated	FY 2006 Requested	Increase/ Decrease
DISASTER LOAN SUMMARY				
New Budget Authority	\$ 56,188	\$ 0	\$ 83,335	\$ 83,335
Supplemental Appropriation	0	501,000	0	(501,000)
Carryover from prior fiscal year	37,619	28,566	29,097	531
Carryover into next fiscal year	(28,566)	(29,097)	(3,797)	25,300
Recoveries from prior years	13,937	10,000	10,000	0
Transfer to/from Other Accounts	0	0	0	0
Rescinded Appropriation	(591)	0	0	0
Total	\$ 78,587	\$ 510,469	\$ 118,635	\$ (391,834)
Disaster Program-Regular				
New Budget Authority	\$ 56,188	\$ 0	\$ 83,335	\$ 83,335
Supplemental Appropriation	0	501,000	0	(501,000)
Carryover from prior fiscal year	18,205	24,769	25,300	531
Carryover into next fiscal year	(24,769)	(25,300)	0	25,300
Recoveries from prior years	13,773	10,000	10,000	0
Transfer to/from Other Accounts	15,032	0	0	0
Rescinded Appropriation	(591)	0	0	0
Total	\$ 77,838	\$ 510,469	\$ 118,635	\$ (391,834)
Disaster Program-Economic				
New Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0
Carryover from prior fiscal year	19,341	3,797	3,797	0
Carryover into next fiscal year	(3,797)	(3,797)	(3,797)	0
Recoveries from prior years	160	0	0	0
Transfer to/from Other Accounts	(15,032)	0	0	0
Rescinded Appropriation	0	0	0	0
Total	\$ 672	\$ 0	\$ 0	\$ 0
Disaster Program-Physical				
New Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0
Carryover from prior fiscal year	73	0	0	0
Carryover into next fiscal year	0	0	0	0
Recoveries from prior years	4	0	0	0
Transfer to/from Other Accounts	0	0	0	0
Rescinded Appropriation	0	0	0	0
Total	\$ 77	\$ 0	\$ 0	\$ 0

Table 11
FY 2006 Congressional Submission
FULL TIME EQUIVALENT (FTE) EMPLOYEES

	FY 2004 Actual	FY 2005 Estimated	FY 2006 Requested	Increase/ Decrease
Regular Funds	2,423	2,344	2,248	(96)
Disaster Loan Making	694	1,473	694	(779)
Disaster Loan Servicing	148	222	222	0
Line Item Initiatives	39	36	0	(36)
Reimbursable Funds	11	11	11	0
Inspector General	98	103	107	4
Grand Total	3,413	4,189	3,282	(907)

Table 12
TOTAL COST BY PROGRAM AND ACTIVITY
FY 2000 - 2006 OBLIGATIONS
(Dollars in Thousands)

	FY 2004	FY 2005	FY 2006
Capital Access Programs			
International Trade Program	\$ 5,447	\$ 5,482	\$ 5,724
New Market Venture Capital	472	376	381
PRIME Technical Assistance	5,105	5,093	0
SBIC Program	13,490	12,607	12,866
Surety Bond Program	3,818	3,832	5,863
Subtotal	\$ 28,332	\$ 27,390	\$ 24,834
7(a) Loans			
Loan Making - 7(a) Loans	\$ 62,192	\$ 63,388	\$ 63,392
Loan Servicing - 7(a) Loans	7,789	7,868	8,360
Loan Liquidation - 7(a) Loans	12,747	15,356	15,962
Asset Sales - 7(a) Loans	129	0	0
Lender Oversight - 7(a) Loans	5,518	7,518	9,360
Subtotal	\$ 88,375	\$ 94,130	\$ 97,075
504 Loans			
Loan Making - 504 Loans	\$ 28,668	\$ 29,347	\$ 31,535
Loan Servicing - 504 Loans	2,696	2,611	2,985
Loan Liquidation - 504 Loans	1,706	1,787	1,917
Asset Sales - 504 Loans	18	0	0
Lender Oversight - 504 Loans	1,050	1,298	1,905
Subtotal	\$ 34,139	\$ 35,043	\$ 38,342
Microloans			
Loan Making - Microloans	\$ 6,216	\$ 6,382	\$ 0
Loan Servicing - Microloans	366	376	440
Loan Liquidation - Microloans	125	135	154
Microloans Technical Assistance	1,284	1,319	0
Microloans TA Training	100	100	0
Microloan Technical Assistance Grants	14,655	13,813	0
Subtotal	\$ 22,748	\$ 22,126	\$ 594
Advocacy			
Advocacy	\$ 9,360	\$ 8,697	\$ 9,128
Disability Initiative	0	0	0
National Women's Business Council	953	952	993
Ombudsman	1,469	1,270	1,407
Veteran's Business Development	3,167	2,968	3,012
Subtotal	\$ 14,949	\$ 13,888	\$ 14,539
GCBD Programs			
7(j) Program	\$ 4,626	\$ 2,995	\$ 3,672
8(a) Program	34,945	36,645	37,657
BusinessLinc	121	0	0
HUBZones Program	6,825	6,789	7,342
Prime Contract Program	23,158	19,381	19,949
Procurement Matchmaking	4,622	4,733	5,628
Small Disadvantaged Business	5,108	5,206	5,323
Subcontracting Program	3,408	3,284	3,487
Subtotal	\$ 82,812	\$ 79,033	\$ 83,057

Table 12
TOTAL COST BY PROGRAM AND ACTIVITY
FY 2000 - 2006 OBLIGATIONS

(Dollars in Thousands)

	FY 2004	FY 2005	FY 2006
Entrepreneurial Development Programs			
Business Information Centers	\$ 9,952	\$ 0	\$ 0
Drug Free Workplace	1,025	1,023	1,035
International Visitors Program	368	354	339
Native American Outreach	4,440	2,507	2,525
SCORE	17,209	18,831	19,048
Small Business Development Centers	103,541	105,511	106,910
Small Business Training Network	1,379	1,457	1,670
Women's Business Ownership	21,670	22,945	22,636
Subtotal	\$ 159,584	\$ 152,628	\$ 154,162
Total - Regular Funds	\$ 430,938	\$ 424,238	\$ 412,604
Disaster Assistance			
Loan Making - Disaster	\$ 104,330	\$ 493,371	\$ 106,155
Loan Servicing - Disaster	24,649	29,729	31,169
Asset Sales - Disaster	835	0	0
Subtotal	\$ 129,814	\$ 523,101	\$ 137,324
Other			
Inspector General	\$ 17,422	\$ 17,178	\$ 20,261
Congressional Initiatives	45,419	39,466	0
Rural Business Investment Program	1,028	725	908
Business Gateway	2,603	10,672	12,537
Other Reimbursable Programs	0	1,045	1,200
Subtotal	\$ 66,473	\$ 69,085	\$ 34,906
Total Obligations	\$ 627,226	\$ 1,016,424	\$ 584,834
Overhead (already included in the above cost estimates)			
General Planning and Management	\$ 25,967	\$ 24,598	\$ 24,768
Information Technology Management	24,503	25,016	30,969
Procurement and Administration	11,300	8,951	11,347
Improved Financial Performance	8,302	8,471	8,266
Budget and Performance Integration	2,705	2,149	3,097
Competitive Sourcing	366	343	3,413
E-Government	3,029	2,467	3,067
Human Capital Mgmt and Policy	5,927	6,072	6,079
Total	\$ 82,099	\$ 78,067	\$ 91,006

FY 2006 Performance Plan

Strategic Goal One

Improve the economic environment for small businesses

This Strategic Goal is intended to ensure that all enterprising Americans have the maximum opportunity to succeed. In FY 2004, the SBA saved small businesses money; protected them from excessive Federal regulatory enforcement; provided automated tools and information on how to comply with laws and regulations; worked to promote the interests of small business in the international marketplace; and played a key role in ensuring full and open competition to government contracts. As an advocate, the SBA improved the economic environment in which small businesses compete.

The table below is a summary of how successful the SBA was in achieving its goals under the various Long-Term Objectives that compose Strategic Goal 1. In FY 2004, the SBA exceeded 52%, met 33% and did not meet 14% of its goals under Strategic Goal 1.¹ Support of this Strategic Goal cost \$44,620,000.

Strategic Goal 1					
Improve the economic environment for small businesses.					
Program Annual Measures					
	Exceeds Green	Green	Yellow	Red	Total
	% >=10	10> % >0	0> % >-10	-10>=%	Total
Long Term Objective 1.1	3	2	0	1	6
Long Term Objective 1.2	3	2	0	1	6
Long-Term Objective 1.3	N/A	N/A	N/A	N/A	N/A
Long-Term Objective 1.4	N/A	N/A	N/A	N/A	N/A
Long-Term Objective 1.5	N/A	N/A	N/A	N/A	N/A
Long-Term Objective 1.6	5	3	0	1	9
Total	11	7	0	3	21
Percentage of Total	52	33	0	14	100

¹ If the variance between FY2003-goal and FY 2003- actual was 10% or greater the objective was considered green and had exceeded the expectations. If the variance between FY2003-goal and FY2003 – actual was between 0% and 10% the objective was considered green and successfully met expectations. If the variance between FY2003-goal and FY2003-actual was between 0% and -10% the objective was measured at yellow and substantially met expectations. Finally, if the variance was -10% or greater, the objective was considered red and had not substantially met their goal. The reasons for significantly negative variance are given in the performance report section under the corresponding program by Long-Term Objective.

Long-Term Objective 1.1

Minimize the regulatory burden on small business through effective advocacy.

FY 2004 Results

The SBA, through the Office of Advocacy, brought the voice of small business to policy makers inside the government, both in Washington, D.C. and in state capitals around the country. Economic research, policy analyses and small business outreach helped identify issues of concern. The SBA worked to reduce the regulatory burdens that Federal policies imposed on small firms and to maximize the benefits small businesses received from the government. As the key results table illustrates, FY 2004 achievements exceeded or met expectations for each of the outcome measures. These results were achieved, due in large part, to efforts by the Office of Advocacy to improve planning and to streamline its business processes.

FY 2005 and FY 2006 Planned Performance

US SMALL BUSINESS ADMINISTRATION Results and Budgetary Resources									
Strategic Goal 1. Improve the economic environment for small businesses.									
Long Term Objective 1.1: Minimize the regulatory burden on small business through effective advocacy.									
SBA Outcome Measures	SBA Annual Outcome Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	%FY03-07 Estimate by FY06	FY 2003 - 2007 Estimate
1.1.1 Achieve a yearly regulatory cost savings that increases at a rate of 10 percent annually over a base amount of \$3.8 billion set in 2002, due to Advocacy intervention, by FY 2008. (\$ billion).	4.4	21.1	6.4	4.6	17.1	5.1	5.6	139.2%	24.5
1.1.2 Ensure 66 Federal agencies have in-house expertise on how to comply with the Regulatory Flexibility Act (RFA) as amended by the Small Business Regulatory Enforcement Fairness Act of 1996, by FY 2008.	N/A	N/A	N/A	25.0	25.0	25.0	8.0	87.9%	66.0
1.1.3 Achieve a total of 50 states that have formally considered legislative or executive action to increase regulatory flexibility for small businesses, by FY 2008.	N/A	N/A	N/A	10.0	17.0	10.0	10.0	74.0%	50.0
1.1.4 Insert Advocacy data and reports into the curricula at 80 of the top 100 universities with major entrepreneurship programs, by FY 2008.	N/A	N/A	N/A	16.0	27.0	16.0	16.0	73.8%	80.0
SBA Output Measures	SBA Annual Output Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	%FY03-07 Estimate by FY06	FY 2003 - 2007 Estimate
Total Research Publications	17	18	30	20	21	20	20	91%	100
SBA Outcome Cost	SBA Annual Cost								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	%FY03-07 Estimate by FY06	FY 2003 - 2007 Estimate
Total Regulatory Burden Assistance Cost (\$000)	7,175	7,780	8,680	8,877	9,360	8,697	\$9,128	N/A	N/A

US SMALL BUSINESS ADMINISTRATION Results and Budgetary Resources										
Strategic Goal 1. Improve the economic environment for small businesses.										
Long Term Objective 1.1: Minimize the regulatory burden on small business through effective advocacy.										
Program Annual Output Measures										
SBA Programs	Output Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	%FY03-07 Estimate by FY06	FY 2003 - 2007 Estimate
Advocacy	Research publications	17.0	18.0	30.0	20.0	21.0	20.0	20.0	91.0%	100.0
	Total Research Publications	17.0	18.0	30.0	20.0	21.0	20.0	20.0	91.0%	100.0
Program Annual Outcome Measures										
SBA Programs	Outcome Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	%FY03-07 Estimate by FY06	FY 2003 - 2007 Estimate
1.1.1 Achieve a yearly regulatory cost savings that increases at a rate of 10 percent annually over a base amount of \$3.8 billion set in 2002, due to Advocacy intervention, by FY 2008.										
Advocacy	Regulatory cost savings to small businesses (\$ billion)	4.40	21.10	6.35	4.60	17.1	5.1	5.6	139.2%	24.5
	Total Regulatory Cost Savings (\$ billion)	4.4	21.1	6.4	4.6	17.1	5.1	5.6	139.2%	24.5
1.1.2 Ensure 66 Federal agencies have in-house expertise on how to comply with the Regulatory Flexibility Act (RFA) as amended by the Small Business Regulatory Enforcement Fairness Act of 1996, by FY 2008.										
Advocacy	Number of regulatory agencies with in-house RFA expertise	N/A	N/A	N/A	25.0	25.0	25.0	8.0	87.9%	66.0
	Total	N/A	N/A	N/A	25.0	25.0	25.0	8.0	87.9%	66.0
1.1.3 Achieve a total of 50 states that have formally considered legislative or executive action to increase regulatory flexibility for small businesses, by FY 2008.										
Advocacy	Number of states formally considering legislative or executive action	N/A	N/A	N/A	10.0	17.0	10.0	10.0	74.0%	50.0
	Total	N/A	N/A	N/A	10.0	17.0	10.0	10.0	74.0%	50.0
1.1.4 Insert Advocacy data and reports into the curricula at 80 of the top 100 universities with major entrepreneurship programs, by FY 2008.										
Advocacy	Research publications and data reports in curricula	N/A	N/A	N/A	16.0	27.0	16.0	16.0	73.8%	80.0
	Total	N/A	N/A	N/A	16.0	27.0	16.0	16.0	73.8%	80.0
Program Annual Cost										
SBA Programs	Cost Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	%FY03-07 Estimate by FY06	FY 2003 - 2007 Estimate
Advocacy	Program Cost Actual (\$000)	7,175	7,780	8,680	8,877	9,360	8,697	\$9,128	N/A	N/A
	Cost per \$1 million in savings (\$000)	1,631	369	1,367	1,930	549	1,705	1,630	N/A	N/A
	Total Regulatory Burden Assistance Cost (\$000)	7,175	7,780	8,680	8,877	9,360	8,697	\$9,128	N/A	N/A

Advocacy intends to achieve regulatory cost savings/reduced regulatory burden through its regulatory interventions. Advocacy relies on various types of interventions to achieve regulatory cost savings such as: participating in the SBREFA panel process for EPA and OSHA regulations, writing official comments to federal regulatory agencies on their compliance with the RFA and other rulemaking procedures, testifying before Congress on small business issues, responding to OMB referrals on proposed legislation, working with OMB on paperwork burden issues, and working with OMB (pursuant to a memorandum of understanding) during the Executive Order 12866 review process, etc. In FY 2005, Advocacy projects will achieve \$5.1 billion in regulatory cost savings, and \$5.6 billion in FY 2006.

Advocacy's Office of Interagency Affairs will continue training federal agencies on how to comply with the RFA—the statute that requires agencies to assess the impact of their regulations and develop less burdensome alternatives where appropriate. As mentioned previously, this training is required under Executive Order 13272 (EO 13272), and was announced in the President's Small Business Plan and signed by the President in August 2002. With the assistance of a contractor, a pilot training program for federal agencies was developed. The training was further modified based on input from the pilot, and since then, regular training sessions have been held at numerous federal agencies. Agencies have been responsive to the training and a few agencies have begun to implement better practices as a result. The next step is to develop an on-line module that agencies can use to update their training or train new employees. Providing agencies a better understanding of the RFA could have two separate, but equally desirable results—regulatory cost savings may increase or they may decrease if agencies start proposing less burdensome regulations from the outset. Advocacy expects to train an additional 25 federal agencies in FY 2005, and slightly fewer in FY 2006 as the bulk of agencies will already have received some training.

Advocacy, through its Regional Advocates, intends to continue educating state small business organizations and state legislators on the benefits of regulatory flexibility at the state level. Because research demonstrates that regulations disproportionately impact small entities, and because of the enormous cost savings generated at the federal level under the RFA, Advocacy continues to push this state regulatory flexibility initiative. The initiative has received broad support and has been endorsed by the American Legislative Exchange Council (ALEC)—possibly the first time this organization has endorsed a federal initiative. In FY 2005 and in FY 2006, Advocacy projects that an additional 20 states (ten in each year) will formally consider regulatory flexibility legislation.

Advocacy's Chief Economist, in conjunction with the Regional Advocates, will continue to press ahead on getting Advocacy's research into the curricula at the top universities with major entrepreneurship programs. It has always been a challenge to measure the impact of our research. Advocacy wants its research to get into the hands of individuals with the power to impact policy at the highest levels of government. The office wants policymakers and other stakeholders to realize how important small business is to the nation's economy. To accomplish this objective, Advocacy surmised that it is first necessary to broaden interest in small business research through outreach to academia. Working closely with academia, Advocacy hopes to interest future generations of economists in the study of entrepreneurship and small business. Through academia, Advocacy also strives to learn more about data gaps that exist and ways to achieve a broader audience for small business research. Advocacy anticipates that it will get 16 research publications and/or data into curricula in FY 2005 and the same amount in FY 2006.

New approaches and initiatives

There will be less focus in the next couple of years on major new internal processes, techniques, etc. and a greater focus on capturing and recording accomplishments. Having said this, there are a few new external actions and techniques that will be used to support our goals and budget request. For the first time, Advocacy plans to use video technology as an outreach tool in FY 2005. The idea, still in its infancy, is to produce one or two videos (for use by the SBA district offices, SCORE offices, etc.) that explain the federal regulatory process. Or, the video may be produced (for use by state legislatures or state small business organizations) to explain why regulatory flexibility legislation can be a valuable state tool for reducing unnecessary regulatory burden. Also, given the success of Advocacy's conference, *Entrepreneurship in the 21st Century*, Advocacy plans to hold an annual forward-looking conference on a variety of topics including, but not limited to, small business economic research.

Long-Term objective 1.2

Ensure equity and fairness in the Federal regulatory enforcement process.

FY 2004 Results

The SBA provides a means for small businesses to contest government actions without fear of retaliation. During FY 2004, the SBA assisted small businesses when they experienced 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. Additionally, Federal agencies made great strides in improving the Federal enforcement environment: response time improved and there was a dramatic increase in the compliance assistance offered to small business. The SBA's efforts in support of this Long-Term Objective were mainly accomplished through the Office of the National Ombudsman.

To raise awareness of the assistance available, the SBA engaged in a variety of outreach and marketing initiatives, including: hosting hearings and roundtables; utilizing the Ombudsman Website and media outlets; processing comments; and establishing partnerships with key Federal Agency decision-makers. This last approach paid off in FY 2004, as the agencies provided quality responses and the response rate increased.

Furthermore, for the first time since Federal agencies started reporting through the Small Business Paperwork Relief Act, the total monetary amount of civil penalty abatements, reductions or waivers was in excess of \$1 billion.

FY 2005 and FY 2006 Planned Performance

U.S. SMALL BUSINESS ADMINISTRATION									
Results and Budgetary Resources									
Strategic Goal 1. Improve the economic environment for small businesses.									
Long Term Objective 1.2: Ensure equity and fairness in the Federal regulatory enforcement process.									
SBA Outcome Measures	SBA Annual Outcome Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03- 07 Goal by FY06	FY 2003-2007 Goal
1.2.1 Achieve a 10 percent decrease in the annual number of Federal regulatory enforcement actions taken against small businesses.	N/A	N/A	N/A	N/A	N/A	-5%	UNAVAIL.	N/A	-10%
1.2.2 Achieve a 5 percent increase in the number of enforcement actions in which the civil penalty is reduced or waived, by FY 2008.	N/A	N/A	N/A	N/A	N/A	5%	UNAVAIL.	N/A	10%
SBA Output Measures	SBA Annual Output Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03- 07 Goal by FY06	FY 2003-2007 Goal
Total Regulatory Assistance Events (number)	N/A	N/A	N/A	34	40	35	36	0%	105
SBA Cost	SBA Annual Cost								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	% FY03- 07 Estimate by FY06	FY 2003-2007 Estimate
Total Receiving Assistance Cost (\$000)	\$935	\$2,945	\$1,200	\$1,480	\$1,469	\$1,270	\$1,407	N/A	N/A

Results and Budgetary Resources

Strategic Goal 1. Improve the economic environment for small businesses.

Long Term Objective 1.2: Ensure equity and fairness in the Federal regulatory enforcement process.

Program Annual Output Measures										
SBA Programs	Output Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03- 07 Goal by FY06	FY 2003 - 2007 Goal
National Ombudsman	Bi-lingual Reg Fair Hearings (number)	N/A	N/A	N/A	3	2	2	2	0%	7
	Inter-agency meetings (number)	N/A	N/A	N/A	2	2	2	2	0%	6
	Reg Fair Board Meetings (number)	N/A	N/A	N/A	5	5	5	6	0%	16
	Reg Fair Hearings & Roundtables (number)	N/A	N/A	N/A	15	18	18	18	0%	51
	Special Competitive Opportunity Gaps Meetings (number)	N/A	N/A	N/A	12	15	10	10	0%	32
	Total Regulatory Assistance Events (number)	N/A	N/A	N/A	34	40	35	36	0%	105
Program Annual Outcome Measures										
SBA Programs	Outcome Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03- 07 Goal by FY06	FY 2003 - 2007 Goal
1.2.1 Achieve a 10 percent decrease in the annual number of Federal regulatory enforcement actions taken against small businesses and a 5 percent increase in the number of enforcement actions in which the civil penalty is reduced or waived, by FY 2008.										
National Ombudsman	Percentage of reduction of civil enforcement actions	N/A	N/A	N/A	N/A	N/A	-5%	-5%	N/A	-10%
1.2.2 Achieve a 5 percent increase in number of enforcement actions in which the civil penalty is reduced or waived, by FY 2008.										
National Ombudsman	Percentage of increase in the number of enforcement actions with reduced or waived penalties.	N/A	N/A	N/A	N/A	N/A	5%	5%	N/A	10%
Program Annual Cost										
SBA Programs	Cost Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	% FY03- 07 Estimate by FY06	FY 2003 - 2007 Estimate
National Ombudsman	Program Cost Actual (\$000)	\$935	\$2,945	\$1,200	\$1,480	\$1,469	\$1,270	\$1,407	N/A	N/A
	Cost per Regulatory Event	N/A	N/A	N/A	\$43,529	\$36,726	\$36,286	\$39,083	N/A	N/A
Total Receiving Assistance Cost (\$000)		\$935	\$2,945	\$1,200	\$1,480	\$1,469	\$1,270	\$1,407	N/A	N/A

Federal Agencies are required by the Paperwork Relief Act of 2002 to have established, for the first time, a baseline by 12/31/03 and to measure and report against the baseline by 12/31/04 (NOTE: Each of these deadline dates correspond to the previous fiscal year. In actuality many Federal Agencies did not report until well into the 2nd quarter.). What this means is that measurable data will not be available until at least the 2nd quarter of FY 2005 corresponding to FY 2004 activity. Comparisons and outcome performance

studies will, therefore, not take place until all Agency reports are received, compiled and published.

As indicated in the accompanying Result and Budgetary tables above, during FY 2005 and FY 2006, SBA's goal is to achieve the following levels of performance under each of the outcome measures: for 1.2.1, 5% reduction in 2005 and 5% in 2006; for 1.2.2, 5% in 2005 and 5% in 2006.

In order to meet these targets, the SBA will continue to fulfill its goal of improving the economic environment for small businesses by working to ensure equity and fairness in the Federal regulatory enforcement process. Based on its recent experiences the SBA has determined that its efforts will be even more effective if we continue to engage and support the SBA's field office structure in the marketing and outreach of Ombudsman activities. It is initiating the following change to its activities in 2005 and 2006: request sufficient budgetary support to assist district offices to carry out critical Ombudsman activities.

These efforts will require the SBA to achieve certain output levels of program activity, as reflected in the table above. For example, the SBA will achieve this goal by conducting at a minimum fifteen hearings and roundtables across the country and hosting two Inter-Agency meetings. The Inter-Agency meetings will serve to inform Federal agency representatives about the SBA's activities and to develop and promote positive actions on behalf of small business. The Agency representatives are encouraged to attend the hearings and roundtables on regulatory fairness held in each region throughout the year.

As directed in the enabling legislation, the SBA utilizes its network of 10 Regulatory Fairness Boards comprised of small business volunteers (5 volunteers per region) to provide valuable feedback and insight into small business regulatory issues and communicate the capabilities of the SBA to provide meaningful assistance, without fear of retaliation, to small business owners and non-profit entities. The SBA will continue to expand its outreach nationally through trade associations and national conventions of small business dedicated organizations.

These activities are elements of three broad strategies for achieving the specified levels of outcome:

1. Work with each agency with regulatory authority over small businesses to ensure that small business concerns that receive or are subject to an audit, on-site inspection, compliance assistance effort, or other enforcement related communication or contact by agency personnel are provided a means to comment on the enforcement activity conducted by such personnel.
2. Establish a means to receive comments from small business concerns regarding actions by agency employees conducting compliance or enforcement activities and seek to maintain and protect the identity of the person and small business concern making such comments on a confidential basis.

3. Based upon substantiated comments received from small business concerns and the Regulatory Fairness Boards, annually report to Congress and affected agencies evaluating the enforcement activities of agency personnel including a rating of the responsiveness to small business.

Long-term Objective 1.3

Minimize the taxation burden on small business through effective advocacy.

FY 2004 Results

In May 2003, the Jobs and Growth Tax Relief Reconciliation Act of 2003 (Jobs and Growth Act) was signed into law by the President. In FY 2004, nearly 24 million small businesses received tax relief totaling estimated \$75 billion².

The SBA contributed to this achievement by sponsoring a series of educational roundtables throughout the country on the importance of reducing taxes on small businesses to improve the economic environment. The SBA also improved the economic environment by acting as effective “eyes and ears” and advocates for small business, bringing their issues to the policy makers, making information more accessible, affordable and user-friendly, and educating the public. The SBA, through the Office of Field Operations, assisted in the completion of 17 tax conference events that educated both the public and the small business community about the many advantages of the President’s plan to support business owners and entrepreneurs with tax incentives. The intended result of educating small business through these events is an increase in tax savings.

Additionally, the SBA, through the Office of Advocacy, assessed the effect of current tax laws on small businesses. For example, during FY 2004, the SBA determined that small incorporated firms benefit more than larger firms do from the meals and entertainment deduction.

The cost associated with this Long-Term Objective was included among the costs associated with the Agency’s overhead.

FY 2005 and FY 2006 Planned Performance

The SBA through the Office of Intergovernmental Affairs will establish local government links to the SBA’s electronic services as a coordinated effort between Advocacy and other the SBA offices. The result of this strategy will achieve a regulatory cost savings for small businesses. In FY 2005 and FY 2006 the goal is to include a link in all state government websites (that allow for outside links) to the SBA’s webpage.

² Tax savings estimated at time that the legislation was passed (2004), according to US Treasury.

Long-Term Objective 1.4

Minimize the health care cost burden on small business through effective advocacy.

FY 2004 Results

In addition to reducing tax burdens and opening markets, the President's Small Business Agenda calls for reducing the cost of doing business in America. The cost of health care represents a significant portion of the costs incurred by small businesses. Affordable health care was the single most important issue for small businesses in a 2004 poll conducted by the National Federation of Independent Businesses.

In response to the Administration's desire to give small business owners more power to provide health care for their uninsured employees and to improve the health care options for employees who already have insurance, the SBA conducted regional roundtables comprised of congressional offices, officials from the Departments of Labor (DOL) and Department of Treasury, small business leaders, trade associations and regional Chambers of Commerce. The purpose of the roundtables was to educate the public on the advantages of National Health Savings Accounts and Associated Health Plans.

The cost associated with this Long-Term Objective is included among the costs associated with the Agency's overhead.

FY 2005 AND FY 2006 Planned Performance

National Health Savings Accounts and Associated Health Plans. National Health Savings Accounts and Associated Health Plans Project or AHPs allow small businesses to offer affordable healthcare to their employees by grouping together with trade associations and organizations to offer health insurance options. Health Savings Accounts were passed by Congress and signed into law in December of 2003. Health Savings Accounts couple high deductible health plans with pre-tax savings plans that allow those participating to set aside pre-tax dollars for health care needs while only having to pay a much lower insurance premium on a catastrophic or high deductible insurance policy. Either individuals or their employer can make contributions to the Health Savings Account. This is an excellent tool for small businesses in an environment of rising health care costs. Associated Health Plans will allow large industry associations and other groups formed on the basis of factors other than expected health care costs to pool together to offer health insurance options. The regional roundtables will consist of 10-14 participants, including the regional administrators, congressional offices, officials from the Departments of Labor (DOL) and Department of Treasury, small business leaders, trade associations and regional chamber of commerce. Educating small business through these events will assist them in achieving tax savings.

Long-Term Objective 1.5

Simplify the interaction between small business and the Federal government through the use of the Internet and information technology.

FY 2004 Results

Led by the Office of the Chief Information Officer, in FY 2004, the SBA helped simplify the interaction of small businesses with the Government by maturing the Business Gateway E-Government Initiative (Business Gateway). Business Gateway is a cross-government e-government initiative, managed by the SBA and supported by 22 participating federal agencies. Its purpose is to simplify the business community's interaction with the Federal Government, by providing a single, internet-based access point to government services and information. In February 2004, the Federal Chief Information Officer Council awarded to the Business Gateway the Excellence.gov Award, in recognition for outstanding achievements in developing technology tools and in simplifying business-to-government interactions. As part of Business Gateway, in FY 2004, SBA also -- in conjunction with its federal partner agencies-- successfully launched:

- ***Business.gov***. This web portal simplifies businesses' interactions with the Federal Government by eliminating the need to search through multiple federal websites to locate and access information on government services and legal/regulatory guidance. *Business.gov* centralizes information on a range of topics, including: launching, managing, and growing a business; business laws; employees; finances; government contracting; international trade; entrepreneurship; taxes; training; and working environments.
- ***Forms.gov***. This electronic catalog of federal forms provides the business community with easy, online access to federal forms. By centralizing access to over 4,000 forms, the portal saves time and money for small businesses.

FY 2005 and FY 2006 Planned Performance

U.S. SMALL BUSINESS ADMINISTRATION Results and Budgetary Resources									
Strategic Goal 1. Improve the economic environment for small businesses.									
Long-Term Objective 1.5: Simplify the interaction between small businesses and the Federal government through the use of the Internet and information technology.									
SBA Outcome Measures	SBA Outcome Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
1.5.1 Achieve a savings for businesses through the creation, operation and maintenance of the Business.gov, a "one-stop" interagency, intergovernmental Web portal containing information on government programs, services, forms and compliance assistance for business. (\$ million).	N/A	N/A	UNAVAIL.	56.0	N/A	56.0	56.0	50%	224.0
1.5.2 Achieve savings by reducing the unnecessary paperwork burden on small businesses, by creating a web portal by which they can find all relevant government -to-business and government-to-citizen forms online in one location. (\$ million)	N/A	160,000	UNAVAIL.	1,000	N/A	123.7	123.7	67%	371.0
1.5.3 Achieve savings through the deployment of electronic tools to facilitate compliance with government laws and regulations. (\$ million).	N/A	20.0	21.0	50.0	N/A	123.7	123.7	75%	358.0
SBA Output Measures	SBA Output Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
Total Time Saved	N/A	N/A	N/A	N/A	N/A	350,000	525,000	59%	1,475,000
Total Visitors per Month (number)	N/A	170	250	UNAVAIL.	140	300	500	85%	1,400
Total Cost Reduction Assistance	N/A	20	21	50	N/A	123.7	123.7	64%	421
SBA Cost	SBA Annual Cost								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	% FY03-07 Estimate by FY06	FY 2003-2007 Estimate
Total Savings Assistance Cost (\$000)	N/A	N/A	UNAVAIL.	2,533	2,603	10,672	12,537	N/A	N/A

U.S. SMALL BUSINESS ADMINISTRATION
Results and Budgetary Resources

Strategic Goal 1. Improve the economic environment for small businesses.

Long-Term Objective 1.5: Simplify the interaction between small businesses and the Federal government through the use of the Internet and information technology.

Program Annual Output Measures										
SBA Programs	Output Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal
Business Gateway	Time saved in locating relevant government information and forms (hours)	N/A	N/A	N/A	N/A	N/A	350,000	525,000	59%	1,475,000
	Visitors per month (000)	N/A	170	250	UNAVAIL.	140	300	500	85%	1,400
	Reduced costs to businesses and regulatory agencies (\$ million)	N/A	20.0	21.0	50.0	N/A	123.7	123.7	64%	421
	Total Time Saved	N/A	N/A	N/A	N/A	N/A	350,000	525,000	59%	1,475,000
	Total Visitors per Month (number)	N/A	170	250	UNAVAIL.	140	300	500	85%	1,400
	Total Cost Reduction Assistance	N/A	20.0	21.0	50.0	N/A	123.7	123.7	64%	421.0
Program Annual Outcome Measures										
SBA Programs	Outcome Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal
1.5.1 By FY 2008, achieve a savings for businesses of at least \$56,000,000 annually through the creation, operation and maintenance of the Business.gov, a "one-stop" interagency, intergovernmental Web portal containing information on government programs,										
Business Gateway	Business Savings (\$ million)	N/A	N/A	UNAVAIL.	56.0	N/A	56.00	56.00	50%	224.0
1.5.2 By FY 2008, achieve a savings of \$370,980,000 by reducing the unnecessary paperwork burden on small businesses, by creating a web portal by which they can find all relevant government -to-business and government-to-citizen forms online in one locat										
Business Gateway	Business Savings (\$ million)	N/A	160,000.0	UNAVAIL.	1,000.0	N/A	123.7	123.7	67%	371.0
1.5.3 By FY 2008, achieve a savings of \$358 million through the deployment of electronic tools to facilitate compliance with government laws and regulations.										
Business Gateway	Business Savings (\$ million)	N/A	20.0	21.0	50.0	N/A	123.7	123.7	75%	358.0
Program Annual Costs										
SBA Programs	Cost Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	% FY03-07 Estimate by FY06	FY 2003- 2007 Estimate
Business Gateway	SBA Operating Cost (\$000)	N/A	N/A	UNAVAIL.	\$2,533	\$2,603	\$1,715	\$2,222	N/A	N/A
	Investment Initiative (\$)	N/A	N/A	UNAVAIL.	UNAVAIL.	UNAVAIL.	\$8,957	\$10,315	N/A	N/A
	SBA cost per user (\$)	N/A	N/A	UNAVAIL.	UNAVAIL.	\$18,593	\$5,717	\$4,444	N/A	N/A
	Total Savings Assistance Cost (\$000)	N/A	N/A	UNAVAIL.	\$2,533	\$2,603	\$10,672	\$12,537	N/A	N/A

FY 2005 and FY 2006 Planned Performance

The SBA through the Office of the Chief Financial Officer (OCIO) will focus on the following priority goals and programs, in order to: support program efficiencies and improved customer service to the Nation's small business community; improve the Agency's President's Management Agenda Scorecard ratings; increase the security of Agency systems and information; improve Agency-wide technological standardization; and improve the reliability of Agency data and of the Agency's IT infrastructure.

- Progress and maturation of the Business Gateway
- Intensive IT Security Remediation Activities and Agency-wide Information Security Coordination

- Modernizing the Agency IT Infrastructure, including upgrading enterprise email platform
- Maturation of the Agency Modernization Blueprint (Enterprise Architecture)
- Establishment of an Enterprise Information Management Program

Business Gateway

A key mission of government is to regulate and provide services to its citizens and businesses. To help guide the Nation's businesses through the maze of government rules and regulations and to provide simplified access to services to help businesses start, grow and succeed, Business Gateway is focused on the following activities for FYs 2005 and 2006:

- **Business.gov Portal:** Simplifies B2G interface with an online one-stop-shop for government services and information.
- **Forms.gov:** Provides the business community with easy, online access to federal government forms.
- **Data Harmonization:** Streamlines and automates reporting processes so that data businesses provide electronically can be shared across agencies (federal, state, and local), thereby reducing the reporting burden on businesses.
- **Compliance Assistance:** Helps businesses comply with laws and regulations by providing easy, online access to relevant information, guidance, and compliance assistance "tools

According to statistics compiled by government agencies, complying with laws and regulations costs American businesses billions of dollars each year. Business Gateway will reduce this burden on the business community by eliminating the need to search through multiple web sites to locate and access government information, services, and legal/ regulatory requirements and forms.

The Business Gateway's program activities will yield the following benefits:

- Reduction in "time of receipt" of critical information
- Reduction in time spent learning individual agency systems
- Familiarization, planning, and compliance actions for businesses based on changing regulations

Business Gateway will also help government realize administrative efficiencies, including the following:

- Reduction in filing errors thru use of automated calculations
- Improved escalation efficiency for compliance issues
- Migration of information queries to more cost effective channels
- Data harmonization
- Reduction in error rates

Long-term Objective 1.6:

Increase the effectiveness of federal agencies to provide opportunities for small business.

FY 2004 Results

A new report released by the SBA reveals that over 99 percent of all American businesses are small, they create approximately two-thirds of new private sector jobs, and they employ over half of the Nation's non-farm private employees. Small businesses are critical to the Nation's economy.

The SBA has long assisted the other Federal agencies in providing opportunities to small businesses. With such inter-Agency assistance, the SBA has concentrated its technical knowledge and resources on the opportunity gaps that exist in the small business community. This has allowed for a more efficient use of funds and assets and has opened new opportunities for small businesses, which have contributed to the creation of a growing economy.

This Long-Term Objective was reformulated during FY 2004 to better reflect the purpose and function of the programs contributing to it, and to emphasize the cross-cutting character and the synergy resulting from the SBA's contribution to the efficiency and effectiveness of other Federal agencies. The Agency achieves this objective in the areas of Federal contracting and international trade through the Office of Government Contracting and Business Development (GCBD) and the Office of Capital Access.

SBA Trade Assistance

In addition to National economic issues, small businesses are also greatly affected by international commerce and trade. Trade liberalization can especially benefit small business by helping reduce the impact of trade barriers. The 1993 North American Free Trade Agreement illustrates this. U.S. small business exports to NAFTA partners Canada and Mexico increased from \$25.0 billion in 1992 to \$60.2 billion in 2001 to Mexico and Canada. SBA's supporting financial assistance spans both the National and international trade arenas.

In FY 2004, through the Office of Capital Access, the SBA served on inter-Agency trade working groups led by the Office of the U.S. Trade Representative to support negotiations for the U.S.-Southern Africa Free Trade Agreement, Central America Free Trade Agreement and negotiations with the Andean Pact countries of South America. In FY 2004, the SBA also negotiated and coordinated the signing of a Memorandum of Understanding with the Export-Import Bank (EXIM), consummating two years of negotiations on an Export Working Capital Program (EWCP) Co-Guaranty Program. This agreement will enhance the ability of small businesses to gain access to capital to support their export transactions and allow EXIM and the SBA to cooperate more effectively in providing trade finance support to U.S. small businesses.

SBA Technical Assistance

During FY2004, the SBA provided prime and subcontracting technical assistance to 38,754 small businesses, exceeding its goal by 84%. Technical assistance includes one-on-one counseling for small businesses seeking contracts, training for groups of small businesses on various aspects of Federal contracting, and assistance provided through business matchmaking. One of the reasons for exceeding the goal is that, for the first time, the SBA captured the technical assistance from Business Matchmaking. Additionally, the Prime Contracting program exceeded expectations of small businesses trained or counseled by 61%.

SBA Procurement Assistance

By statute, the goal of the Federal government is to award 23 percent or more of total prime contracting dollars to small businesses. The SBA administers a small business goal setting program across all other Federal agencies to assist in the achievement of this government-wide goal. **In FY 2003, 23.6% of all prime contract dollars, a total of \$65.5 billion went to small businesses, exceeding the government-wide goal.**

Traditionally, the SBA's performance measure for prime contracting assistance has been the achievement of the statutory goal. In FY 2005, we are taking a different approach, in the interest of developing a better understanding of the processes and procedures that both promote and deter goal accomplishment. The knowledge gained as we partner with select agencies under the new goals described below will assist the SBA in influencing improved goal performance government-wide:

- Increase prime contract goal achievement by 3 percent of prior year contract dollars at high impact Federal procuring agencies, as defined by an Agency's failure to meet the statutory small business goals.
- Increase subcontract contract goal achievement by 3 percent of prior year contract dollars at five low performing and/or high impact Federal procuring agencies, as defined by an Agency's failure to meet the negotiated small business subcontracting goals.

Additionally, in FY 2004, the SBA aggressively implemented the Business Matchmaking initiative. Business Matchmaking helps to increase small businesses' access to Federal contracting opportunities. Federal, county and state agencies, as well as private sector contractors, are matched with small business sellers either in person or through facilitated telephone conversation. In FY 2004, 12,061 face-to-face meetings and 1,361 facilitated telephone calls were conducted. Over the life of the initiative, business matchmaking generated more than **\$20 million in contract awards to small businesses.**

FY 2005 and FY 2006 Planned Performance

U.S. SMALL BUSINESS ADMINISTRATION									
Results and Budgetary Resources									
Strategic Goal 1. Improve the economic environment for small businesses.									
Long Term Objective 1.6: Increase the effectiveness of federal agencies to provide opportunities for small business									
Agency-level Assistance									
SBA Outcome Measures	SBA Annual Outcome Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
1.6.1 By 2008, small businesses, assisted by Federal agencies, benefiting from federal contracts or international assistance, will exceed the national average survivability rate.	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	TBD
1.6.2 By 2008, small businesses, assisted by federal agencies, benefiting from federal contracts or international assistance, will exceed the national average job creation rate.	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	TBD
1.6.3 By 2008, small businesses, assisted by federal agencies, benefiting from federal contracts or international assistance, will exceed the national average revenue growth rate.	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	TBD
SBA Output Measures	SBA Annual Output Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
Total Receiving Technical Assistance	N/A	N/A	N/A	21,000	38,754	26,403	26,400	98%	93,803
Total Receiving Procurement Assistance	N/A	9,400	11,065	10,400	20,169	15,714	31,000	125%	62,150
Total Receiving Trade Assistance	N/A	N/A	N/A	N/A	9	9	9	75%	36
SBA Cost (\$000)	SBA Annual Cost								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	% FY03-07 Estimate by FY06	FY 2003-2007 Estimate
Total Technical Assistance Cost (\$000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Procurement Assistance Cost (\$000)	29,544	28,516	27,795	32,418	36,296	32,604	34,387	N/A	N/A
Total Trade Assistance Cost (\$000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

SBA Trade Assistance

U.S. SMALL BUSINESS ADMINISTRATION									
Results and Budgetary Resources									
Strategic Goal 1. Improve the economic environment for small businesses and its Long Term Objective.									
Long Term Objective 1.6: Increase the effectiveness of federal agencies to provide opportunities for small business									
SBA Program Level - Trade Assistance									
Program Annual Output Measures									
SBA Program Outputs	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal
Capital Access									
International Trade									
Participation in interagency working groups (number)	N/A	N/A	N/A	N/A	9	9	9	75%	36
Favorable policies inclusion in International Trade (number)	N/A	N/A	N/A	N/A	5	5	5	75%	20
Total Receiving Trade Assistance	N/A	N/A	N/A	N/A	9	9	9	75%	36
Program Annual Cost									
SBA Cost (\$000)	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	% FY03-07 Estimate by FY06	FY 2003 - 2007 Estimate
Capital Access									
Trade Assistance									
Trade Assistance Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Trade Assistance Cost (\$000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

International trade assistance will be accomplished through a number of program activities that will increase international opportunities provided for small business by Federal agencies. The SBA will work with the Federal international affairs and commercial agencies – Commerce and State Departments, U.S. Trade Representative (Executive Office of the President), Agency for International Development and Trade and Development Agency – to help create a small business-friendly environment in international trade and promote trade and commercial policies that maximize the participation of small business.

The SBA is in a unique position to define and advance a small business international agenda. As the Government's small business agency, it also contributes to international commercial initiatives including export policy, international economic forums and international development as related to small business. The SBA will accomplish this in collaboration with Federal agencies through the implementation of effective strategies in three primary areas: Trade Agreements, International Economic Policy, and National Export Strategy.

1. **Trade Agreements:** The SBA supports the Government's policy of trade liberalization and participates with the Government's international trade agencies to assure consideration of the small business viewpoint in trade agreements and negotiations. The SBA does this because small businesses typically are disproportionately impacted by trade barriers (large business relies on economies of scale, foreign affiliates, and international lawyers on staff to reduce the impact of trade barriers.) Efforts to liberalize trade can especially benefit small businesses by helping them overcome these challenges. Also as part of supporting U.S. trade agreements, the SBA is called upon to assist with a relatively new aspect of U.S. trade

policy called trade capacity-building. This is the effort to work with trading partners to more fully develop their economies and make them better customers for American exports.

The SBA anticipates supporting these trade agreements in the fiscal year: the Free Trade Area of the Americas (FTAA), U.S.-Chile Free Trade Agreement, U.S.-Andean Pact Free Trade Agreement, U.S.-Southern African Customs Union (SACU) and World Trade Organization. It will primarily do this by working with the Executive Office of the President/U.S. Trade Representative and Commerce Department through cooperation on trade capacity building for small business. The Office of International Trade (OIT)-initiated SME Congress of the Americas is intended to help small business take advantage of increasing trade opportunities in the Western Hemisphere, including the anticipated FTAA. This hemispheric network of micro, small and medium enterprise (SME) service providers was created to enhance the ability of small business to effectively participate and benefit from international trade.

The SBA believes this will be an effective strategy to help achieve the FY 2005 and FY 2006 goals under Outcome Measure 1.6.1. This is because the SBA is required under the Small Business Act to advise the U.S. government international trade agencies on the role of small business in international trade and to increase their ability to compete in international markets. SBA does this by ensuring that the interests of small businesses are adequately represented in bilateral in multilateral trade negotiations. [Section 2(b)(1)(F) of the Small Business Act]

2. **International Economic Policy:** By participating in activities related to international economic policy, SBA helps assure a favorable environment in the world for small business trade by promoting market-based economic systems, private enterprise, a predictable environment for trade based on international agreements and a growing world economy receptive to U.S. products, services and ways of doing business. The U.S. does this through multilateral economic cooperation, that is, by collaborating with like-minded countries and official multilateral organizations to pursue these goals. The SBA anticipates collaborating with the State and Commerce Departments during the fiscal year to advance the U.S. agenda in these settings: Asia-Pacific Economic Cooperation, Organization for Economic Cooperation and Development, U.S.-Mexico Partnership for Prosperity, Digital Freedom Initiative and Summit of the Americas.

The SBA believes this will be an effective strategy to help achieve the FY 2005 and FY 2006 goals under Outcome Measure 1.6.1 because the U.S. is the world's largest exporter, and small business has a substantial stake in the functioning of the international trade and economic system (240,000 small businesses export). Because the SBA is part of the Government, SBA's support for the Nation's international economic policies also helps achieve U.S. foreign affairs objectives in regions such as Mexico, Latin America and other countries. The SBA has become a valued resource to U.S. diplomacy because of the strong worldwide interest in the role of small business in economic development and its ability to raise living standards. This, in

turn, helps to generate economic activity through increased purchasing power. Overseas, this means better customers for U.S. small business exports.

The SBA administrator, deputy administrator and other senior agency officials have represented the Government in official high-level international economic, commercial and trade meetings.

3. **National Export Strategy:** The SBA will participate in the formation of the U.S. national export strategy, a formal statement of Government intentions with regard to international trade policy. Almost a quarter of a million small businesses export, totaling one billion dollars per day, so small business considerations are indispensable to the development of the Nation's export strategy. To advance the small business agenda, OIT will be an active participant on the Cabinet-level Trade Promotion Coordinating Committee and the President's Export Council. It will also work with TPCC counterpart agencies, such as the Export-Import Bank, on harmonizing our respective export loan products.

The SBA believes this will be an effective strategy to help achieve the FY 2005 and FY 2006 goals under Outcome Measure 1.6.1 because small businesses are responsible for 30% of U.S. exports, and supporting trade liberalization efforts increases their access to international markets. A favorable international commercial environment assures growing markets for U.S. small business exports, which amount to over \$300 billion per year. Small business trade also acquaints other countries with U.S. commercial practices and increases the likelihood of their doing business with U.S. counterparts.

SBA Technical Assistance

U.S. SMALL BUSINESS ADMINISTRATION										
Results and Budgetary Resources										
Strategic Goal 1. Improve the economic environment for small businesses and its Long Term Objective.										
Long Term Objective 1.6: Increase the effectiveness of federal agencies to provide opportunities for small business										
SBA Program Level - Technical Assistance										
Program Annual Output Measures										
SBA Program Outputs	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal	
Gov Contracting / Business Development										
Prime Contracting Assistance	Small businesses trained (number)	N/A	N/A	N/A	10,500	16,896	10,500	10,500	91.3%	41,500
	Small businesses counseled (number)	N/A	N/A	N/A	10,500	16,946	10,500	10,500	91.4%	41,500
Business Matchmaking	Small businesses trained & counseled (number)	N/A	N/A	N/A	N/A	4,912	5,403	5,400	N/A	10,803
	Total Receiving Technical Assistance	N/A	N/A	N/A	21,000	38,754	26,403	26,400	98%	93,803
Program Annual Cost										
SBA Cost (\$000)	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	% FY03-07 Estimate by FY06	FY 2003 - 2007 Estimate	
Gov Contracting / Business Development										
Prime Contracting	Technical assistance Cost (\$000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Total Technical Assistance Cost (\$000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

An important component of small businesses' successful bids for contracts is their knowledge of how to prepare winning proposals. During FY 2005 and FY 2006, the SBA's goal is to provide technical assistance to 26,403 and 26,400 small businesses, respectively. The SBA has intentionally made its FY 2005 and FY 2006 technical assistance goals lower than the actual number achieved in FY 2004. A large part of the technical assistance provided is counseling and training performed by SBA's Procurement Center Representatives (PCRs). The SBA recognizes that this counseling and training is helpful to small businesses, but wants its PCRs to partly shift their focus to reviewing and influencing procurements. Procurement related counseling and training is also available from the Procurement Technical Assistance Centers, individual agency Offices of Small and Disadvantaged Utilization, SBA's District Offices, and other resource partners, so increasingly concentrating PCRs on procurement reviews should not jeopardize the competitiveness of small businesses. However, PCRs are on site advocates for small businesses at the largest buying activities, and as such can offer unique insights into the procurement process, so it is important that they continue to provide this training and counseling.

SBA Procurement Assistance

U.S. SMALL BUSINESS ADMINISTRATION										
Results and Budgetary Resources										
Strategic Goal 1. Improve the economic environment for small businesses and its Long Term Objective.										
Long Term Objective 1.6: Increase the effectiveness of federal agencies to provide opportunities for small business										
SBA Program Level - Procurement Assistance										
Program Annual Output Measures										
SBA Program Outputs		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal
Gov Contracting / Business Development										
Prime Contracting Assistance	Agencies mid-year reviewed for goal compliance (number)	N/A	N/A	22	22	22	22	22	80%	110
	Monthly reviews conducted for targeted agencies (number)	N/A	N/A	N/A	N/A	N/A	5	5	67%	15
	Surveillance reviews conducted of procurement activities (number)	N/A	N/A	18	24	24	6	24	75%	96
	Increase number of requirements reviewed for potential set asides (Percentage)	N/A	N/A	N/A	N/A	N/A	5.0%	5.0%	80%	12.5%
SDB	Small businesses certified (number)	N/A	N/A	N/A	900	856	950	16,000	53%	33,850
Business Linc	Clients served (number)	N/A	9,000	3,094	3,500	5,891	N/A	N/A	257%	3,500
Business Matchmaking	Small businesses assisted via pre-scheduled selling meetings (number)	N/A	400	7,971	6,000	13,422	14,764	15,000	146%	24,800
	Events held (number)	N/A	1	3	12	9	9	9	50%	60
Total Receiving Procurement Assistance		N/A	9,400	11,065	10,400	20,169	15,714	31,000	125%	62,150

Results and Budgetary Resources

Strategic Goal 1. Improve the economic environment for small businesses and its Long Term Objective.

Long Term Objective 1.6: Increase the effectiveness of federal agencies to provide opportunities for small business

SBA Program Level - Procurement Assistance

Program Annual Intermediate Outcome Measures

Program Intermediate Outcomes		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal
Gov Contracting / Business Development										
Prime Contracting Assistance	Increase goal achievement at five of the lowest performing Federal procuring agencies (percentage)	N/A	N/A	N/A	N/A	N/A	3.0%	3.0%	N/A	9.3%
	Increase goal achievement at five of the lowest performing Women-Owned Federal procuring agencies (percentage)	N/A	N/A	N/A	N/A	N/A	N/A	3.0%	N/A	9.3%
	Increase goal achievement at five of the lowest performing Service Disabled Veteran-Owned Federal procuring agencies (percentage)	N/A	N/A	N/A	N/A	N/A	N/A	3.0%	N/A	9.3%
	Increase goal achievement at five of the lowest performing HUBZone Federal procuring agencies (percentage)	N/A	N/A	N/A	N/A	N/A	N/A	3.0%	N/A	9.3%
	Increase goal achievement at five of the lowest performing Small Disadvantaged Businesses Federal procuring agencies	N/A	N/A	N/A	N/A	N/A	N/A	3.0%	N/A	9.3%
	Commercialization Rate (percentage) SBIR	40%	41%	42%	42%	42%	44%	45%	91%	46.0%

Results and Budgetary Resources

Strategic Goal 1. Improve the economic environment for small businesses and its Long Term Objective.

Long Term Objective 1.6: Increase the effectiveness of federal agencies to provide opportunities for small business

SBA Program Level - Procurement Assistance

Program Annual Intermediate Outcome Measures

Program Intermediate Outcomes		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal
Gov Contracting / Business Development										
Subcontracting Assistance	Increase goal achievement at five of the lowest performing Federal procuring agencies (percentage)	N/A	N/A	N/A	N/A	N/A	N/A	3.0%	N/A	9.3%
	Increase goal achievement at five of the lowest performing Women-Owned Federal procuring agencies (percentage)	N/A	N/A	N/A	N/A	N/A	N/A	3.0%	N/A	9.3%
	Increase goal achievement at five of the lowest performing Service Disabled Veteran-Owned Federal procuring agencies (percentage)	N/A	N/A	N/A	N/A	N/A	N/A	3.0%	N/A	9.3%
	Increase goal achievement at five of the lowest performing HUBZone Federal procuring agencies (percentage)	N/A	N/A	N/A	N/A	N/A	N/A	3.0%	N/A	9.3%
	Increase goal achievement at five of the lowest performing Small Disadvantaged Businesses Federal procuring agencies (percentage)	N/A	N/A	N/A	N/A	N/A	N/A	3.0%	N/A	9.3%
SDB	Reduce application processing period (days)	N/A	N/A	N/A	60	45	45	35	78%	35

Program Annual Cost

SBA Cost (\$000)		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	% FY03-07 Estimate by FY06	FY 2003 - 2007 Estimate
Gov Contracting / Business Development										
SDB	Program Cost (\$000)	\$3,239	\$4,003	\$4,750	\$5,741	\$5,108	\$5,206	\$5,323	N/A	N/A
Prime Contracting	Program Cost (\$000)	\$21,138	\$18,892	\$16,507	\$19,734	\$23,158	\$19,381	\$19,949	N/A	N/A
Business Matchmaking	Program Cost (\$000)	N/A	N/A	\$434	\$450	\$4,622	\$4,733	\$5,628	N/A	N/A
	Cost per Business Assisted (\$000)	N/A	N/A	\$54	\$75	\$344	\$321	N/A	N/A	N/A
Subcontracting	Program Cost (\$000)	\$5,167	\$5,621	\$6,104	\$6,493	\$3,408	\$3,284	\$3,487	N/A	N/A
Total Procurement Assistance Cost (\$000)		\$29,544	\$28,516	\$27,795	\$32,418	\$36,296	\$32,604	\$34,387	N/A	N/A

In order to evaluate the effectiveness of program efforts that are intended to support the outcomes under LTO 1.6, the SBA has developed several *Intermediate Outcome Measures*:

- Increase prime contract goal achievement by 3 % at five of the lowest performing Federal procuring agencies and/or high impact agencies, as defined by an agency's failure to meet the statutory small business goals.
- Increase subcontract contract goal achievement by 3 % at five of the lowest performing Federal procuring agencies and/or high impact agencies, as defined by an agency's failure to meet the negotiated small business subcontracting goals.

In order to achieve these intermediate outcomes, the SBA's goal, through the Office of Government Contracting and Business Development is to generate the following outputs:

- In FY 2006, coordinate five regional small business matchmaking events and five Federal contract workshops.
- Conduct 22 mid-year reviews for Federal agencies using FPDS-NG.
- Conduct monthly reviews for five targeted agencies using FPDS-NG.
- In FY 2005, conduct 6 surveillance reviews of procurement activities, and education activities as to the results of the prior 42 surveillance review, returning to 24 reviews in FY 2006.
- Increase the number of requirements reviewed for potential set-asides by 5 %, and baseline the number of resulting set asides for development of a suitable outcome metric.
- Increase the percentage of procurements above the bundling threshold reviewed (baseline to be established) (Measure TBD).
- Train and counsel 30,000 small businesses through Area Office Staff or MOSs.
- Assist 7500 small businesses via pre-scheduled selling meetings with procurement officials.

Strategies

In order to achieve the levels of output and outcome identified above, the SBA plans to implement a number of initiatives as part of its strategies for FY 2005 and FY 2006, including the following:

In collaboration with other Federal agencies, improve the equitable distribution of Federal contracts to 8(a) companies, and will increase the number of 7(j) eligible firms who receive business development and technical training.

During fiscal years 2005 and 2006, increase the opportunities for small businesses to receive open and fair access to Federal contracts by providing early business development training to 2,000 certified small disadvantaged businesses and others

in low income, high unemployment communities. In addition, the SBA will coordinate small business certification with other Government agencies, such as DOT and EPA, to increase certification reciprocity.

Use surveillance reviews to identify systemic barriers to goal achievement at procuring activities. During FY 2005, SBA plans to restructure its surveillance review process to focus more on identifying and removing barriers to small business goal achievement. Following completion of pilot reviews at six contracting activities, a review and goal tracking process will be implemented on all reviews conducted during FY 2006.

Identify and mitigate statutory and regulatory barriers to small business contracting. In 2005, the SBA plans to undertake a review of Sections 15 and 24 of the Small Business Act and the enabling regulations and FAR provisions. The SBA's goal is to develop a report and draft legislative and regulatory proposals to mitigate the identified barriers. In FY 2006, the SBA plans to undertake a review of Sections 31, 32 and 35 of the Small Business Act and the enabling regulations and FAR provisions, providing a similar report and draft language, with the goal of simultaneously implementing the changes recommended in the FY 2005 report.

Use the E-SRS system to increase SOAR and Compliance reviews. In 2004, the SBA worked with the Office of Federal Procurement Policy and the Integrated Acquisition Environment to develop the E-SRS system. In FY 2005, the SBA intends to implement the system, to better track subcontracting awards to small businesses and prime contractor compliance with subcontracting plans, with full operating capability available in FY 2005. In FY 2006, this initiative will allow trend analysis, so that underperforming agencies and prime contractors can be targeted for compliance assistance, education, and enforcement.

Strategic Goal Two

Increase small business success by bridging competitive opportunity gaps facing entrepreneurs

This Strategic Goal is intended to benefit those small businesses that deal through direct interface with the SBA and the Agency's established network of resource partners. The SBA empowers individual entrepreneurs to take advantage of the opportunities the market offers by providing knowledge, skills and technical assistance; access to loans and equity; and procurement opportunities either directly or through its partners. While the SBA programs benefited all entrepreneurs seeking its assistance, the Agency places particular emphasis on groups that own and control little productive capital and have limited access to markets.

The table below is a summary of how successful the SBA was in achieving its goals under the various Long-Term Objectives that compose Strategic Goal 2. In FY 2004, the SBA exceeded 42%, met 27% and did not meet 18% of its goals under Strategic Goal 2.⁵ Support of this Strategic Goal cost \$475,474,000.

Strategic Goal 2					
Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.					
Program Annual Measures					
	Exceeds Green	Green	Yellow	Red	Total
	%>=10	10>%>0	0>%>-10	-10>/=%	Total
Long Term Objective 2.1	8	2	2	1	13
Long Term Objective 2.2	14	10	6	7	37
Long-Term Objective 2.3	6	6	1	4	17
Total	28	18	9	12	100
Percentage of Total	42	27	13	18	100

⁵ If the variance between FY2003-goal and FY 2003- actual was 10% or greater, the objective was considered green and deemed to have exceeded the expectations. If the variance between FY2003-goal and FY2003 –actual was between 0% and 10%, the objective was considered green and deemed to have successfully met expectations. If the variance between FY2003-goal and FY2003-actual was between 0% and -10%, the objective was measured at yellow and deemed to have substantially met expectations. Finally, if the variance was -10% or greater, the objective was considered red and deemed not to have substantially met expectations. The reasons for significantly negative or positive variances are given in the performance report section under the corresponding program by Long-Term Objective.

Long-term Objective 2.1

Increase the positive impact of the SBA assistance upon the number and success of small business start-ups

FY 2004 Results

SBA Financial Assistance

During FY 2004, the SBA exceeded the expectations set by its goal under Outcome Measure 2.1.1 by providing financial assistance to at least 23,847 prospective and start-up small businesses, and ensured that at least 25.5% of the small businesses that it assisted financially were start-up. As detailed in the performance section, this past year's performance reversed a several-year downward trend in the percentage of assistance by the SBA that was directed to start-ups small businesses. This increase in small business ownership was achieved by the Agency's 7(a) and 504 lending programs, as reflected in the fact that the SBA met its goals for those two major programs. Small business start-ups often experience difficulty obtaining credit and are more sensitive to shifts in the economy, which makes this focusing of the SBA resources a very important tool for increasing business ownership.

The SBA guaranteed 20,631 7(a) loans to start-up small businesses during FY 2004, which amounts to 25.4% of the total number of 7(a) loans approved, well in excess of the SBA's goal of 20%. Also, it is estimated that approximately 1,022 small businesses received start-up financing under the MicroLoan program, exceeding the goal of 925. However, the Agency was not able to meet its goal for the percentage of venture capital dollars invested in start-ups, which reflects a continuation of the downward trend in venture capital financing of start-up financings since the "bubble" collapse of 2000.

SBA Technical Assistance

The Agency met its FY 2004 goals under Outcome Measure 2.1.1 of providing technical assistance to more than approximately 1,078,239 prospective, nascent and start-up small businesses. This is an important achievement because technical assistance can be the critical element determining the success or failure of a start-up business. The main focus of the SCORE program and Women Business Centers is on nascent and prospective entrepreneurs, both programs achieved their goals for clients trained and counseled. These programs served 383,997 and 98,170 start-up entrepreneurs in FY 2004 respectively. The SBA recently launched the Small Business Training Network (SBTN), which supported the President's Management Agenda e-government initiative by serving more than 660,965 online prospective, nascent and start-up users, achieving 130% of its goal.

FY 2005 and FY 2006 Planned Performance

U.S. SMALL BUSINESS ADMINISTRATION									
Results and Budgetary Resources									
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.									
Long Term Objective 2.1: Increase the positive impact of SBA assistance upon the number and success of small business start-ups (SSB).									
SBA Agency-level Assistance									
SBA Outcome Measures	SBA Annual Outcome Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
2.1.1 Prospective and start-up small businesses assisted.	888,890	982,745	1,066,273	1,095,169	1,013,579	787,342	813,569	78%	4,717,669
2.1.2 Percentage of prospective and start-ups from among those small businesses assisted.	72.5%	72.8%	73.0%	72.6%	74.9%	TBD	TBD	TBD	TBD
2.1.3 By FY2008, the percentage of successful business start-ups lasting at least one year that were assisted will exceed the national average for successful start-ups as measured by firm births, firm terminations, change in revenue.	N/A	N/A	TBD	N/A	TBD	TBD	TBD	TBD	TBD
2.1.4 Median customer satisfaction rate	84.0%	85.3%	84.3%	85.5%	91.5%	86.9%	90.0%	98.9%	90.0%
SBA Output Measures	SBA Annual Output Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
Total Receiving Financial Assistance	14,408	15,456	18,962	20,911	23,847	25,643	29,020	86%	113,995
Total Receiving Technical Assistance	874,482	967,289	1,047,311	1,074,258	989,732	761,699	784,549	78%	4,603,673
SBA Programs Annual Costs	SBA Annual Cost								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	% FY03-07 Estimate by FY06	FY 2003-2007 Estimate
Total Financial Assistance Cost (\$000)	70,370	73,357	70,487	45,096	64,679	37,186	36,107	N/A	N/A
Total Technical Assistance Cost (\$000)	108,713	104,295	95,404	102,371	113,945	107,008	100,412	N/A	N/A

SBA Financial Assistance

U.S. SMALL BUSINESS ADMINISTRATION										
Results and Budgetary Resources										
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.										
Long Term Objective 2.1: Increase the positive impact of SBA assistance upon the number and success of small business start-ups (SSB).										
SBA Program Level - Financial Assistance										
Program Annual Output Measures										
SBA Program Output Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal	
Capital Access										
7(a) Loan Program	Loans approved (number)	12,396	13,427	15,588	18,000	20,631	22,671	26,837	82%	104,854
504 Loan Program	Loans approved (number)	978	989	1,321	1,245	1,460	1,200	1,408	88%	6,100
Microloan Program	Loans approved (number)	1,034	1,040	1,118	925	1,022	1,022	N/A	N/A	N/A
SBIC Program	Financings (number)	1,719	1,178	1,364	1,824	1,160	1,350	1,350	55%	9,450
	Value of financings (\$ million)	2,000	848	848	756	790	840	840	79%	4,200
	Small businesses receiving financings (number)	N/A	N/A	935	741	734	750	775	105%	3,041
International Trade	Loans approved (number)	N/A	N/A	N/A	N/A	TBD	TBD	TBD	N/A	TBD
	Total Receiving Financial Assistance	14,408	15,456	18,962	20,911	23,847	25,643	29,020	86%	113,995
District Offices										
Capital Access										
7(a) Loan Program	Loans approved (number)	12,396	13,427	15,588	18,000	20,631	22,671	26,837	82%	104,854
504 Loan Program	Loans approved (number)	978	989	1,321	1,245	1,460	1,200	1,408	88%	6,100
Microloan Program	Loans approved (number)	1,034	1,040	1,118	925	1,022	1,022	N/A	N/A	N/A
International Trade	Loans approved (number)	N/A	N/A	N/A	N/A	TBD	TBD	TBD	N/A	TBD
	Total Receiving Financial Assistance	14,408	15,456	18,027	20,170	23,113	24,893	28,245	85%	110,954

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.

Long Term Objective 2.1: Increase the positive impact of SBA assistance upon the number and success of small business start-ups (SSB).

Program Annual Outcome Measures

SBA Program Outcome Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal	
2.1.1 Prospective and start-up small businesses assisted.										
Capital Access										
7(a) Loan Program	SSB assisted	12,396	13,427	15,588	18,000	20,631	22,671	26,837	82%	104,854
504 Loan Program	SSB assisted	978	989	1,321	1,245	1,460	1,200	1,408	88%	6,100
SBIC	SSB assisted	N/A	N/A	935	741	734	750	775	105%	3,041
Microloan Program	SSB assisted	1,034	1,040	1,118	925	1,022	1,022	N/A	N/A	N/A
	Total SSB Assisted	14,408	15,456	18,962	20,911	23,847	25,643	29,020	86%	113,995
District Offices										
7(a) Loan Program	SSB assisted	12,396	13,427	15,588	18,000	20,631	22,671	26,837	81.8%	104,854
504 Loan Program	SSB assisted	978	989	1,321	1,245	1,460	1,200	1,408	88.3%	6,100
Microloan Program	SSB assisted	1,034	1,040	1,118	925	1,022	1,022	N/A	N/A	N/A
	Total SSB Assisted	14,408	15,456	18,027	20,170	23,113	24,893	28,245	85.0%	110,954
2.1.2 Percentage of prospective and start-ups from among those small businesses assisted.										
Capital Access										
7(a) Loan Program	% SSB assisted	26.0%	26.0%	23.2%	20.0%	25.4%	25.3%	27.3%	N/A	28.3%
504 Loan Program	% SSB assisted	18.0%	18.0%	19.2%	16.6%	17.5%	15.0%	16.0%	N/A	19.7%
SBIC Program	% SSB assisted	N/A	N/A	100.0%	UNAVAIL.	35.2%	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.
Microloan Program	% SSB assisted	40.3%	40.3%	45.8%	37.0%	42.6%	N/A	N/A	N/A	N/A
	Total SSB Assisted	29.5%	25.9%	24.5%	20.8%	25.3%	25.0%	26.9%	N/A	25.5%
District Offices										
7(a) Loan Program	% SSB assisted	26.0%	26.0%	23.2%	20.0%	25.4%	25.3%	27.3%	N/A	28.3%
504 Loan Program	% SSB assisted	18.0%	18.0%	19.2%	16.6%	17.5%	15.0%	16.0%	N/A	19.7%
Microloan Program	% SSB assisted	40.3%	40.3%	45.8%	37.0%	42.6%	N/A	N/A	N/A	N/A
	Total % SSB Assisted	29.5%	25.9%	24.5%	20.8%	25.3%	25.0%	26.9%	N/A	25.5%
2.1.4 Median customer satisfaction rate										
Program Offices										
7(a) Loan Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
504 Loan Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
SBIC Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
Microloan Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
	Total	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
District Offices										
7(a) Loan Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
504 Loan Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
Microloan Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
	Total	N/A	N/A	N/A	TBD	TBD	TBD	TBD	TBD	90.0%

U.S. SMALL BUSINESS ADMINISTRATION										
Results and Budgetary Resources										
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.										
Long Term Objective 2.1: Increase the positive impact of SBA assistance upon the number and success of small business start-ups (SSB).										
Program Annual Cost										
SBA Programs Annual Cost	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	% FY03-07 Estimate by FY06	FY 2003 - 2007 Estimate	
Capital Access										
7(a) Loan	Total Program Cost (\$000)	\$58,361	\$61,100	\$54,333	\$34,208	\$49,084	\$24,046	\$26,497	N/A	N/A
	Loan Approving (\$000)	\$42,937	\$41,914	\$38,307	\$34,208	\$41,400	\$16,266	\$17,303	N/A	N/A
	Approving Admin Cost (\$000)	\$12,131	\$6,365	\$13,047	\$12,962	\$15,814	\$16,043	\$17,303	N/A	N/A
	Loan Subsidy (\$000)	\$30,806	\$33,549	\$25,260	\$21,246	\$25,586	\$223	\$0	N/A	N/A
	Cost per Loan Approved (\$)	\$3,464	\$3,122	\$2,457	\$1,900	\$2,007	\$717	\$645	N/A	N/A
	Loan Servicing (\$000)	\$8,641	\$6,244	\$4,985	\$0	\$3,289	\$3,894	\$4,837	N/A	N/A
	Servicing Admin Cost (\$000)	\$6,937	\$4,466	\$3,683	N/A	\$1,907	\$1,991	\$2,282	N/A	N/A
	Asset Sales (\$000)	\$32	\$38	\$10	N/A	\$31	\$0	\$0	N/A	N/A
	Lender Oversight (\$000)	\$1,672	\$1,740	\$1,292	N/A	\$1,351	\$1,903	\$2,555	N/A	N/A
	Loan Liquidation (\$000)	\$6,783	\$12,942	\$11,041	\$0	\$4,395	\$3,886	\$4,357	N/A	N/A
	Liquidation Admin Cost (\$000)	\$6,783	\$12,942	\$11,041	N/A	\$4,395	\$3,886	\$4,357	N/A	N/A
	Cost per loan liquidated (\$)	N/A	N/A	\$5,352	N/A	\$2,046	\$2,046	\$2,046	N/A	N/A
504 Loan	Total Program Cost (\$000)	\$5,186	\$5,847	\$7,988	\$5,167	\$6,958	\$5,257	\$6,136	N/A	N/A
	Loan Approving (\$000)	\$2,713	\$2,750	\$5,187	\$5,167	\$5,711	\$4,402	\$5,046	N/A	N/A
	Approving Admin Cost (\$000)	\$2,713	\$2,750	\$5,187	\$5,167	\$5,711	\$4,402	\$5,046	N/A	N/A
	Cost per Loan Approved (\$)	\$2,774	\$2,781	\$3,927	\$4,150	\$3,912	\$3,668	\$3,584	N/A	N/A
	Loan Servicing (\$000)	\$1,128	\$1,042	\$895	\$0	\$642	\$587	\$783	N/A	N/A
	Servicing Admin Cost (\$000)	\$802	\$692	\$617	N/A	\$460	\$392	\$478	N/A	N/A
	Asset Sales (\$000)	\$6	\$7	\$2	N/A	\$3	\$0	\$0	N/A	N/A
	Lender Oversight (\$000)	\$320	\$343	\$276	N/A	\$179	\$195	\$305	N/A	N/A
	Loan Liquidation (\$000)	\$1,345	\$2,055	\$1,906	N/A	\$605	\$268	\$307	N/A	N/A
	Liquidation Admin Cost (\$000)	\$1,345	\$2,055	\$1,906	N/A	\$605	\$268	\$307	N/A	N/A
	Cost per loan liquidated (\$)	N/A	N/A	N/A	N/A	\$0	\$0	\$0	N/A	N/A
Microloans	Total Program Cost (\$000)	\$1,274	\$1,913	\$4,500	\$3,055	\$5,129	\$4,183	N/A	N/A	N/A
	Loan Approving (\$000)	\$1,274	\$1,395	\$2,802	\$1,655	\$4,846	\$3,930	N/A	N/A	N/A
	Approving Admin Cost (\$000)	\$0	\$256	\$1,027	\$851	\$3,578	\$3,156	N/A	N/A	N/A
	Loan Subsidy (\$000)	\$1,274	\$1,139	\$1,775	\$804	\$1,268	\$774	N/A	N/A	N/A
	Cost Per Loan Approved (\$)	\$1,232	\$1,341	\$2,506	\$1,789	\$4,742	\$3,845	N/A	N/A	N/A
	Loan Servicing (\$000)	\$0	\$355	\$1,675	\$1,380	\$211	\$186	N/A	N/A	N/A
	Servicing Admin Cost (\$000)	\$0	\$355	\$1,675	\$1,380	\$211	\$186	N/A	N/A	N/A
	Loan Liquidation (\$000)	\$0	\$163	\$23	\$20	\$72	\$67	N/A	N/A	N/A
	Liquidation Admin Cost (\$000)	\$0	\$163	\$23	\$20	\$72	\$67	N/A	N/A	N/A
SBIC	Total Program Cost (\$000)	\$5,549	\$4,497	\$3,666	\$2,666	\$3,507	\$3,700	\$3,474	N/A	N/A
	New Licenses (\$000)	\$1,720	\$1,349	\$1,100	\$800	\$1,052	\$1,110	\$1,042	N/A	N/A
	Oversight/Exams (\$000)	\$3,829	\$3,148	\$2,566	\$1,866	\$2,455	\$2,590	\$2,432	N/A	N/A
	Cost per Financing (\$)	\$3,228	\$3,817	\$2,588	\$1,462	\$3,023	\$2,741	\$2,573	N/A	N/A
	Total OCA Financial	\$70,370	\$73,357	\$70,487	\$45,096	\$64,679	\$37,186	\$36,107	N/A	N/A

U.S. SMALL BUSINESS ADMINISTRATION										
Results and Budgetary Resources										
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.										
Long Term Objective 2.1: Increase the positive impact of SBA assistance upon the number and success of small business start-ups (SSB).										
Program Annual Cost										
SBA Programs Annual Cost	FY 2001	FY 2002	FY 2003	FY 2004	FY 2004	FY 2005	FY 2006	% FY03-07	FY 2003 -	
District Offices										
Capital Access										
7(a) Loan	Total Program Cost (\$000)	\$18,339	\$22,053	\$22,134	\$9,413	\$16,263	\$16,076	\$17,969	N/A	N/A
	Loan Approving (\$000)	\$8,231	\$6,917	\$10,164	\$9,413	\$11,958	\$11,946	\$13,518	N/A	N/A
	Approving Admin Cost (\$000)	\$8,231	\$6,917	\$10,164	\$9,413	\$11,958	\$11,946	\$13,518	N/A	N/A
	Loan Subsidy (\$000)	N/A	N/A	N/A	\$0	\$0	\$0	\$0	N/A	N/A
	Cost Per Loan approved	\$664	\$515	\$652	\$523	\$580	\$527	\$504	N/A	N/A
	Loan Servicing (\$000)	\$5,207	\$4,653	\$3,230	\$0	\$1,525	\$1,438	\$1,536	N/A	N/A
	Servicing Admin Cost (\$000)	\$4,576	\$3,662	\$2,827	N/A	\$1,384	\$1,306	\$1,396	N/A	N/A
	Asset Sales (\$000)	\$8	\$14	\$6	N/A	\$17	\$0	\$0	N/A	N/A
	Lender Oversight (\$000)	\$623	\$977	\$397	N/A	\$124	\$132	\$140	N/A	N/A
	Loan Liquidation (\$000)	\$4,901	\$10,483	\$8,740	N/A	\$2,780	\$2,692	\$2,915	N/A	N/A
	Liquidation Admin Cost (\$000)	\$4,901	\$10,483	\$8,740	N/A	\$2,780	\$2,692	\$2,915	N/A	N/A
	Cost per Loan Liquidated	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
504 Loan Program	Total Program Cost (\$000)	\$3,552	\$4,600	\$6,075	\$3,591	\$5,191	\$3,822	\$4,172	N/A	N/A
	Loan Approving (\$000)	\$1,883	\$2,269	\$4,016	\$3,591	\$4,319	\$3,276	\$3,597	N/A	N/A
	Approving Admin Cost (\$000)	\$1,883	\$2,269	\$4,016	\$3,591	\$4,319	\$3,276	\$3,597	N/A	N/A
	Loan Subsidy (\$000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A	N/A
	Cost Per Loan Approved	\$1,925	\$2,294	\$3,040	\$2,884	\$2,958	\$2,730	\$2,555	N/A	N/A
	Loan Servicing (\$000)	\$691	\$709	\$592	\$0	\$421	\$348	\$368	N/A	N/A
	Servicing Admin Cost (\$000)	\$556	\$565	\$489	N/A	\$350	\$295	\$312	N/A	N/A
	Asset Sales (\$000)	\$2	\$3	\$1	N/A	\$2	\$0	\$0	N/A	N/A
	Lender Oversight (\$000)	\$133	\$141	\$102	N/A	\$69	\$53	\$56	N/A	N/A
	Loan Liquidation (\$000)	\$978	\$1,622	\$1,467	N/A	\$451	\$198	\$207	N/A	N/A
	Liquidation Admin Cost (\$000)	\$978	\$1,622	\$1,467	N/A	\$451	\$198	\$207	N/A	N/A
	Cost per Loan Liquidated	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Microloan	Total Program Cost (\$000)	N/A	\$162	\$517	\$18	\$1,324	\$1,336	\$10	N/A	N/A
	Loan Approving (\$000)	N/A	\$112	\$362	\$15	\$1,317	\$1,329	N/A	N/A	N/A
	Approving Admin Cost (\$000)	N/A	\$112	\$362	\$15	\$1,317	\$1,329	N/A	N/A	N/A
	Loan Subsidy (\$000)	N/A	\$0	\$0	\$0	\$0	\$0	N/A	N/A	N/A
	Cost Per Loan Approved	N/A	\$108	\$324	\$16	\$1,288	\$1,300	N/A	N/A	N/A
	Loan Servicing (\$000)	N/A	\$27	\$123	\$3	\$3	\$3	\$3	N/A	N/A
	Servicing Admin Cost (\$000)	N/A	\$27	\$123	\$3	\$3	\$3	\$3	N/A	N/A
	Loan Liquidation (\$000)	N/A	\$23	\$32	\$0	\$4	\$4	\$7	N/A	N/A
	Liquidation Admin Cost (\$000)	N/A	\$23	\$32	\$0	\$4	\$4	\$4	N/A	N/A
	Total District Financial	\$21,891	\$26,815	\$28,726	\$13,022	\$22,778	\$21,234	\$22,151	N/A	N/A

As the table for Outcome Measure 2.1.1. shows, the SBA through the Office of Capital Access intends to increase the number of start-up small business (SSBs) receiving financial assistance from 21,994 in FY 2004 to 29,595 in FY 2006. This increase will reflect steady growth in the number of SSBs assisted by the SBA lending programs. Because this type of assistance reaches small businesses that would not otherwise be reached by the regular commercial lending market, it means that many additional small businesses will likely be created as a result of the SBA programs.

The percentage of the total number of small businesses receiving 7(a) loans that are start-ups will change from an expected 23% in 2004 to 25% in 2005 and 27% in 2006. The significance of this trend is that every year the SBA will increase its contribution to the well being of the economy by increasing the proportion of its resources dedicated to the creation of new businesses.

An important part of the SBA's strategy for improving the effectiveness of its lending programs is to streamline and speed up the processes, which should result in greater loan volume, lower per-loan costs, and increased customer satisfaction. Steps being taken to accomplish these improvements include the following:

Streamlining the Loan Making Process: The 7(a) and 504 loan programs offer loan assistance to the targeted groups identified in Long-Term Objective 2.1 (as well as in LTOs 2.2 and 2.3). The primary 7(a) sub programs, (Preferred Lenders, the SBA Express, and LowDoc) account for 85% of the total loan volume each year. Substantial efforts are being made to simplify the application process by extending more authority to participant lenders to further shorten the loan making process which will encourage more loan activity. The loan origination activities for the 504 loan program will be fully centralized by the end of FY 2004. Centralization of this program will provide a better response to the Certified Development Companies which will increase response time resulting in greater loan volume.

E-Tran: E-Tran is an the SBA loan guaranty origination solution that leverages best-practice Internet technology to reduce the turnaround time on loan guaranty request and provide the agency with high quality, timely data to support the management and oversight of its portfolio. In response to lender request to the agency, the SBA opened the E-Tran technology to the software providers for the lending industry allowing participating lenders to submit loans to the Agency with little or no additional effort. Lenders that subscribe to those services can submit loans directly to the SBA. In order for the lenders of any size to take advantage of the efficiencies of the electronic application submission, the Agency introduced a number of channels including: (1) a web page where lenders can enter in loan information for single loans, (2) a secure website capable of accepting multiple applications simultaneously via an XML (Extensible Markup Language) file transfer, and (3) working with software intermediaries that have E-Tran loan submission functionality built into their program. Some of the benefits of E-Tran include:

- Decreased turnaround time and convenience due to the instant assignment of an the SBA loan number.
- The lenders have the ability to respond in the market place and close loans faster creating a competitive advantage.
- Confidence that eligibility compliance is being maintained due to system design of the data entry and validation.
- As the number of intermediaries that the Agency works with increases, the cost of the loan origination will be reduced

The development of E-Tran will support LTO 2.1, 2.2, and 2.3. E-Tran combines sophisticated Internet technology with robust data validation criteria to enhance the quality of loan origination data, and specifically mandates the entry of unambiguous data on start-ups, job creation, and demographics. To ensure the necessary coordination of the definition of these data attributes, and all data fields contained in Agency financial systems, the Office of Capital Access, in collaboration with the Office of the Chief Information Officer and the Office of Chief Financial Officer, is establishing a charter for a financial systems Configuration Control Board. This Board, which will include a representative from the Office of Field Operations as a voting member, will ultimately establish discipline in the development, changes and deployment of financial systems, and ensure consistency in the data populating these systems. As part of President Bush's E-Government initiatives to improve the efficiency of federal agencies and their value to their constituents, representatives from five federal credit agencies are collaboratively exploring practices designed to improve the agencies' loan programs. These agencies are the U.S. Small Business Administration, the U.S. Department of Education, the U.S. Department of Veterans Affairs, the U.S. Department of Housing and Urban Development, and the U.S. Department of Agriculture. The SBA, more specifically the OCA eLoans Project Team, has assumed the lead role for the E-loans Business-to-Government Lender Reporting Improvements Initiative. One specific area of focus is the concept of standardizing data elements in lender data across federal credit agencies. This process of standardizing data elements is a collaborative effort whereby agencies work together to first identify data elements in lender reports that are common and then decide on standard definitions for those elements. One of the benefits of the standardization process is that it brings the relevant stakeholder interests to the table to work out the agreements needed for the adoption of common standards, in this case for lender reporting.

While performing research to further develop the data standardization opportunity, the Project Team identified a promising practice for standardizing data elements. In 1999, the Mortgage Bankers Association of America ("MBA") established the Mortgage Industry Standards Maintenance Organization ("MISMO"), which is a subscriber-based organization consisting of mortgage originators, lenders, servicers across the single family, multifamily and commercial industries, MBS issuers, technology vendors, service providers and other interested groups. Its mission is to develop, promote, and maintain voluntary electronic commerce standards for the mortgage industry. MISMO utilizes an expeditious, open consensus process that is designed to avoid favoring particular technologies or vendors for the development and maintenance of universal standards for

the mortgage industry. The OCA eLoans project team received praise from OMB and participating agencies for brokering a public/private partnership with MISMO and persuading the organization to sign on as a free consultant to the data standardization effort.

Enhanced Lender Oversight. As the SBA moves to more streamlined lending processes and delegates more authority to its lenders, the need for better and more comprehensive lender oversight is essential. With the integration of the loan and lender monitoring system, the SBA has an early warning system that allows the Agency to monitor its lenders on a regular basis. Off-site monitoring combined with strategic off-site reviews of the SBA's largest lenders allows the SBA to determine which lenders pose the most risk to the SBA from both an exposure and credit risk perspective. By identifying lenders with unacceptable levels of risk, the SBA can take appropriate action to limit the risk.

The loan and lender monitoring system significantly improves the Agency's ability to monitor and oversee SBA lenders and the 7(a) and 504 loan portfolios. Utilizing credit scoring methodologies, SBA now has information about the credit quality of the loan portfolios and is able to use that information along with performance trends to rate SBA lenders and assess portfolio performance.

As SBA is able to better identify the risk individual lenders pose, the need to take timely action with regard to problem lenders becomes a higher priority for the Agency. The 2005 SBA Reauthorization Bill provided the Agency with specific authority to oversee its lenders and provided tools for use in carrying out that authority. Further, a Lender Oversight Committee has been established with executive management included as members to ensure that oversight is independent..

SBA Technical Assistance

U.S. SMALL BUSINESS ADMINISTRATION										
Results and Budgetary Resources										
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.										
Long Term Objective 2.1: Increase the positive impact of SBA assistance upon the number and success of small business start-ups (SSB).										
SBA Program Level - Technical Assistance										
Program Annual Output Measures										
SBA Program Output Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal	
Capital Access										
Microloan Program	Hours of technical assistance (number)	N/A	N/A	N/A	UNAVAIL	N/A	N/A	N/A	N/A	N/A
	Small businesses receiving technical assistance (number)	N/A	N/A	N/A	N/A	1,022	N/A	N/A	N/A	N/A
Prime Technical Assistance	Not Measured (N/M)	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/A	N/M
	Total Receiving CA Technical Assistance	N/A	N/A	N/A	N/A	1,022	N/A	N/A	N/A	N/A
Entrepreneurial Development										
SCORE	Attendees trained (number)	80,554	99,541	114,811	118,255	113,671	117,081	79,339	71%	599,254
	Clients counseled (number)	241,435	265,902	278,866	287,232	184,489	144,418	185,123	54%	1,480,827
	Training hours (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
	Online users counseled online (number)	47,192	68,634	83,157	85,651	90,406	70,770	97,042	104%	328,863
	Counseling hours (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
SBDC	Attendees trained (number)	216,371	234,100	249,035	256,506	271,995	280,155	288,560	81%	1,351,975
	Clients counseled (number)	155,517	163,197	170,361	175,472	170,742	144,209	148,535	81%	778,538
	Training hours (number)	957,572	965,826	1,074,170	1,106,395	1,166,595	1,201,593	1,237,641	79%	5,894,569
	Online users counseled online (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
	Counseling hours (number)	912,498	902,289	955,408	984,070	898,174	925,119	952,873	78%	4,798,930
WBC	Attendees trained (number)	30,305	44,051	51,380	52,921	64,024	49,458	50,941	86%	251,120
	Clients counseled (number)	18,309	24,547	33,910	34,927	34,146	26,378	27,169	86%	141,959
	Training hours (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
	Counseling hours (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
	Online users counseled online (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.

Long Term Objective 2.1: Increase the positive impact of SBA assistance upon the number and success of small business start-ups (SSB).

SBA Program Level - Technical Assistance

Program Annual Output Measures

SBA Program Output Measures		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal
BIC	Clients counseled (number)	131,992	135,951	148,948	148,945	149,643	N/A	N/A	N/A	N/A
SBTN	Online users taking online courses (number)	135,610	147,680	488,922	506,138	660,965	528,777	544,632	96%	2,310,030
	Registered clients taking online courses	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
NAO	Clients trained (number)	N/A	N/A	N/A	N/A	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.
Total Receiving ED Technical Assistance		874,482	967,289	1,047,311	1,074,258	988,710	761,699	779,667	78%	4,603,673
District Offices										
Capital Access										
Microloan Program	Small businesses receiving technical assistance (number)	N/A	N/A	N/A	N/A	1,022	N/A	N/A	N/A	N/A
Total Receiving CA Technical Assistance		N/A	N/A	N/A	N/A	1,022	N/A	N/A	N/A	N/A
Entrepreneurial Development										
SCORE	Attendees trained (number)	80,554	99,541	114,811	118,255	113,671	117,081	79,339	71%	599,254
	Clients counseled (number)	241,435	265,902	278,866	287,232	184,489	144,418	185,123	54%	1,480,827
SBDC	Attendees trained (number)	216,371	234,100	249,035	256,506	271,995	280,155	288,560	81%	1,351,975
	Clients counseled (number)	155,517	163,197	170,361	175,472	170,742	144,209	148,535	81%	778,538
WBC	Attendees trained (number)	30,305	44,051	51,380	52,921	64,024	49,458	50,941	86%	251,120
	Clients counseled (number)	18,309	24,547	33,910	34,927	34,146	26,378	27,169	86%	141,959
BIC	Clients counseled (number)	131,992	135,951	148,948	148,945	149,643	N/A	N/A	N/A	N/A
Total Receiving Technical Assistance		874,482	967,289	1,047,311	1,074,258	988,710	761,699	779,667	78%	4,603,673

U.S. SMALL BUSINESS ADMINISTRATION

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.

Long Term Objective 2.1: Increase the positive impact of SBA assistance upon the number and success of small business start-ups (SSB).

SBA Program Level - Technical Assistance

Program Annual Intermediate Outcome Measures

SBA Intermediate Outcome Measures		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal
Entrepreneurial Development										
SCORE	Jobs created/retained (number)	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	TBD
	Revenue (\$ million)	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	TBD
	Startups Assisted	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	TBD
SBDC	Jobs created/retained (number)	74,132	104,658	99,825	102,819	UNAVAIL.	105,904	109,081	73%	430,158
	Revenue (\$ million)	5,136	6,146	4,364	4,495	UNAVAIL.	4,630	4,769	73%	18,805
	Startups Assisted	371,888	397,297	419,391	431,978	442,737	424,364	437,095	TBD	1,743,645
WBC	Jobs created/retained (number)	894	3,102	5,230	N/A	TBD	TBD	TBD	TBD	TBD
	Revenue (\$ million)	25,201	86,884	235,003	N/A	TBD	TBD	TBD	TBD	TBD
	Startups Assisted	782	2,086	3,596	N/A	TBD	TBD	TBD	TBD	TBD
Total		N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	TBD

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.

Long Term Objective 2.1: Increase the positive impact of SBA assistance upon the number and success of small business start-ups (SSB).

SBA Program Level - Technical Assistance

Program Annual Outcome Measures

SBA Program Outcome Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal
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2.1.1 Prospective and start-up small businesses assisted.

Capital Access

Microloan Program	SSB assisted	N/A	N/A	N/A	N/A	1,022	N/A	N/A	N/A	N/A
Prime Technical Assistance	SSB assisted	N/M	N/M	N/M	N/M	N/M	N/M	N/A	N/A	N/M
	Total SSB Assisted	N/A	N/A	N/A	N/A	1,022	N/A	N/A	N/A	N/A

Entrepreneurial Development

SCORE	SSB assisted	321,989	365,443	393,677	405,487	298,160	261,499	264,462	59%	2,080,081
SBDC	SSB assisted	371,888	397,297	419,396	431,978	442,737	424,364	437,095	81%	2,130,513
WBC	SSB assisted	48,614	68,598	85,290	87,848	98,170	75,836	78,110	86%	393,079
BIC	SSB assisted	131,992	135,951	148,948	148,945	149,643	N/A	N/A	N/A	N/A
NAO	SSB assisted	N/A	N/A	N/A	N/A	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.
	Total SSB Assisted	874,482	967,289	1,047,311	1,074,258	988,710	761,699	779,667	78%	4,603,673

District Offices

SCORE	SSB assisted	321,989	365,443	393,677	405,487	298,160	261,499	264,462	59%	2,080,081
SBDC	SSB assisted	371,888	397,297	419,396	431,978	442,737	424,364	437,095	81%	2,130,513
WBC	SSB assisted	48,614	68,598	85,290	87,848	98,170	75,836	78,110	86%	393,079
BIC	SSB assisted	131,992	135,951	148,948	148,945	149,643	N/A	N/A	81%	N/A
NAO	SSB assisted	N/A	N/A	N/A	N/A	UNAVAIL.	UNAVAIL.	UNAVAIL.	59%	UNAVAIL.
	Total SSB Assisted	874,482	967,289	1,047,311	1,074,258	988,710	761,699	779,667	78%	4,603,673

2.1.2 Percentage of prospective and start-ups from among those small businesses assisted.

Entrepreneurial Development

SCORE	% SSB assisted	83%	83%	83%	83%	83%	TBD	TBD	TBD	TBD
SBDC	% SSB assisted	61%	61%	61%	61%	61%	61%	61%	TBD	TBD
WBC	% SSB assisted	80%	80%	80%	80%	80%	TBD	TBD	TBD	TBD
BIC	% SSB assisted	90%	90%	90%	90%	90%	N/A	N/A	N/A	N/A
	Total % SSB Assisted	73%	73%	73%	73%	75%	TBD	69%	TBD	TBD

District Offices

SCORE	% SSB assisted	83%	83%	83%	83%	83%	TBD	TBD	TBD	TBD
SBDC	% SSB assisted	61%	61%	61%	61%	61%	61%	61%	TBD	TBD
WBC	% SSB assisted	80%	80%	80%	80%	80%	TBD	TBD	N/A	TBD
BIC	% SSB assisted	90%	90%	90%	90%	90%	N/A	N/A	N/A	N/A
	Total % SSB Assisted	73%	73%	73%	73%	75%	TBD	69%	TBD	TBD

2.1.4 Median customer satisfaction rate

Program Offices

Microloan Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90%
Prime Technical Assistance	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90%
SCORE	% Customer Satisfaction	N/A	83.0%	83.0%	87.0%	89.0%	90.0%	90.0%	98.9%	90%
SBDC	% Customer Satisfaction	N/A	87.5%	N/A	88.5%	76.5%	76.5%	76.5%	TBD	90%
WBC	% Customer Satisfaction	75.0%	UNAVAIL.	80.0%	81.0%	94.0%	81.6%	TBD	TBD	90%
BIC	% Customer Satisfaction	93%	N/A	90%	N/A	TBD	TBD	TBD	TBD	90%
NAO	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90%

U.S. SMALL BUSINESS ADMINISTRATION

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.

Long Term Objective 2.1: Increase the positive impact of SBA assistance upon the number and success of small business start-ups (SSB).

SBA Program Level - Technical Assistance

		Program Annual Cost								
SBA Programs Annual Cost	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	% FY03-07 Estimate by FY06	FY 2003 - 2007 Estimate	
Capital Access										
Microloan										
Technical Assistance										
Tech Asst (\$000)	1,392	294	104	87	739	652	N/A	N/A	N/A	
Tech Asst Training(\$000)	101	52	119	49	58	50	N/A	N/A	N/A	
Tech Asst Grants (\$000)	8,189	7,119	6,702	5,443	8,436	6,830	N/A	N/A	N/A	
Cost per Hour	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A	
Total Program Cost (\$000)	9,682	7,465	6,925	5,579	9,233	7,532	N/A	N/A	N/A	
Total OCA Technical Assistance Cost (\$000)	9,682	7,465	6,925	5,579	9,233	7,532	N/A	N/A	N/A	
Entrepreneurial Development										
SBTN	N/A	N/A	N/A	971	959	1,034	1,186	N/A	N/A	
Cost per client served	N/A	N/A	N/A	2	1	2		N/A	N/A	
SCORE	9,842	11,015	9,366	11,396	14,283	15,630	15,810	N/A	N/A	
Cost per client served	31	30	24	28	48	60	60	N/A	N/A	
SBDC	61,200	61,107	56,584	59,709	63,160	64,362	65,215	N/A	N/A	
Cost per client served	165	154	135	138	143	152	149	N/A	N/A	
WBC	17,070	13,960	13,322	13,219	17,353	18,450	18,201	N/A	N/A	
Cost per client served	351	204	156	150	177	243	233	N/A	N/A	
BIC	10,919	10,748	9,207	11,497	8,957	N/A	N/A	N/A	N/A	
Cost per client served	83	79	62	77	60	N/A	N/A	N/A	N/A	
Total ED Technical Assistance Cost (\$000)	99,031	96,830	88,479	96,792	104,712	99,476	100,412	N/A	N/A	
Total Technical Assistance Cost (\$000)	108,713	104,295	95,404	102,371	113,945	107,008	100,412	N/A	N/A	
District Offices										
Capital Access										
Microloan										
Technical Assistance										
Tech Asst (\$000)	203	138	141	122	23	24	N/A	N/A	N/A	
Cost per Hour	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A	
Total Program Cost (\$000)	203	138	141	122	23	24	N/A	N/A	N/A	
Total Technical Assistance Cost (\$000)	203	138	141	122	23	24	N/A	N/A	N/A	
Entrepreneurial Development										
SCORE	3,479	3,727	3,963	4,107	6,283	7,247	7,088	N/A	N/A	
Cost per client served	11	10	10	10	21	28	27	N/A	N/A	
SBDC	3,472	3,169	1,900	3,457	5,264	6,604	6,441	N/A	N/A	
Cost per client served	9	8	5	8	12	16	15	N/A	N/A	
WBC	3,934	1,290	1,730	1,784	4,792	5,506	5,383	N/A	N/A	
Cost per client served	81	19	20	20	49	73	69	N/A	N/A	
BIC	6,576	7,425	5,832	5,470	5,845	0	0	N/A	N/A	
Cost per client served	50	55	39	37	39	N/A	N/A	N/A	N/A	
Total ED Technical Cost (\$000)	17,461	15,611	13,425	14,818	22,183	19,357	18,912	N/A	N/A	
Total District Technical Assistance Cost (\$000)	17,664	15,749	13,566	14,940	22,206	19,381	18,912	N/A	N/A	

The SBA through the Office of Entrepreneurial Development will be working to improve both the effectiveness of its technical assistance in creating a climate for business formation, as well as customer satisfaction with that assistance. Some of these efforts for FY 2005 and FY 2006 are described below.

The SBA is involved with technical assistance at all levels of small business growth; though OED's primary customer is the nascent entrepreneur (defined as one who makes a choice to begin entrepreneurial activity and undertakes action to do so). Institutional studies indicate that there are now about 18 million annual nascent entrepreneurs, with close to 25% of those forming some kind of start-up business. Increasingly, more studies are being conducted to determine the factors contributing to this market segment. However, among the political, social and economic factors, there is no question that information and education are among the ingredients for success, a key role played by SBA's Entrepreneurial Development programs.

To address the issue of ensuring that the assistance it provides through its programs has a significant and positive impact on the business success of its SSB clients, beginning in FY 2006, the SBA intends to implement the use of a new centralized database collection system (EDMIS2) for all of the Office of Entrepreneurial Development programs. Development, finalization and testing of the system will occur in FY 2005. EDMIS will allow SBA to collect, analyze and compare performance measure data from over 1400 resource partners and program offices. In addition to centralizing the collection of client data, this system will provide detailed information regarding the business status of the client, types of assistance provided and the resulting outcome of the assistance (better management, increased jobs or revenue, and business start-ups).

In FY 2005, the SBA issued new, clearly defined, and standardized client definitions for counseling client and training attendee reporting requirements. These uniform definitions were imposed on all activities in order to standardize reporting across all ED program areas; accurately reflecting technical assistance activities and providing a discrete vocabulary which inherently provides for data definition.

These changes will provide the Agency, OMB and Congress with performance data which can be accurately compared, counted, and analyzed among SBA programs. The new definitions clarify that counseling clients can be counted only once in a fiscal year and attendees of long-term training programs can be counted only once for a course. Beginning in FY 2005 these changes, among others, will result in a net adjustment effect of lower overall client numbers reported as receiving technical assistance by the SBA. However, in the long run, these changes will provide for more accurate and consistent data on the clients served by these programs.

With the change in client definitions and reporting requirements, the SBA estimates that, beginning in FY 2005, the number of clients receiving technical assistance will decrease by 25 percent and adjustments to the goals have been made to reflect these changes while also building in a 3 percent increase for each year. The SBA, through its Women's Business Centers (WBC), plans to counsel 26,378 clients in FY 2005 and another 27,169

clients in FY 2006. Similarly, it plans to increase the number of training attendees to 49,458 in FY 2005 and another 50,941 in FY 2006. This would bring the combined total served to 78,110 in FY 2006. In 2006, the Agency also plans to report 175,321 information transfer contacts, which means WBC will provide assistance to over 245,200 in FY 2006. In FY 2005, the SBA plans to provide regional oversight of WBC grants, which should positively affect its ability to meet these goals, by providing increased oversight of the grantees and increased cooperation with the SBA district offices.

In FY 2005, the SBA plans to continue to use WNET to mentor start-up businesses. In FY 2005, the SBA will continue to implement and expand its efforts to determine funding levels for WBC grantees based on past performance. In FY 2006, WBC plans to put into place a comprehensive data and trends analysis model. These actions should result in improved program effectiveness in helping more women create more successful small business start-ups than would have occurred without the SBA assistance, as well as a high level of customer satisfaction with WBC's services.

To improve the overall effectiveness of the program, the SBA will be measuring and assessing the effectiveness of each SBDC and comparing their efficiency and effectiveness with that of other centers. As described above, the SBDC program will be affected by the changes in client definitions and reporting requirements resulting in lower numbers reported for clients assisted beginning in FY 2005. It is estimated that because of the changes in reporting methodology, the overall numbers reported for clients served for FY 2005 will decrease 18% compared to FY 2004, although goals for FY 2005 and beyond have a net 3% annual increase built-in after the net adjustment effect. As indicated in the tables for Outcome Measures 2.1.1 and 2.1.2, the SBA plans to increase the number of prospective, nascent and startup small business (SSBs) to which it provides assistance to 424,364 in 2005 and 437,095 in 2006 through the SBDC program. Ten online counseling pilots were established in FY 05 to find an online dimension effective in expanding the counseling customer base and determining the extent to which online counseling is effective for the SBDC network. The goal of this pilot is to identify and define the use of the Internet and specific types of online counseling useful as a tool to market, initiate, amplify and/or expand in-depth, long-term counseling. This will assist the SBDCs in increasing the use of on-line counseling and training during FY 2006, which should have a positive impact on the business success of its SSB clients.

As a result of the client definitions and reporting requirements, beginning in FY 2005 the SCORE program will reflect a 24% reduction compared to FY 2004, although goals for FY 2005 and beyond have a net 3% increase fitted after the net adjustment effect. The SBA, through its SCORE program, plans to counsel and train 261,499 in FY 2005 and another 269,344 in FY 2006 prospective and start-up small businesses (SSBs). This will improve the overall effectiveness and efficiency of the SCORE program, in accordance with the President's Management Agenda. In support of the President's Management Agenda e-government initiative, the SBA, through its SCORE program, in FY 2004 counseled online 90,406 prospective and start-up small businesses (SSBs). With the change in the client definitions and reporting requirements, the SBA estimates that,

beginning in FY 2005, the number of online clients counseled will decrease to 85,265 and increase by 3% in FY 2006.

The Small Business Training Network will serve 528,777 SSBs during FY 2005, representing a 4.5% increase of its FY 2004 goal. In FY 2006, it will strive to reach 544,632 SSBs. In order to achieve this level of result, SBTN will add more courses, cross market its availability and become aligned with the GoLearn.gov e-training environment.

District Offices

The SBA's district offices (DO) will support the accomplishment of Strategic Goal 2, Long-Term Objective 2.1, through their program activities, projects, and initiatives described below. The expected effect of these strategies would be an increase in the positive impact of the SBA assistance on the number of small business startups as evidenced in the increase of number of small businesses.

Marketing and Outreach Events

The SBA's field structure is transitioning from direct delivery of services to managing and coordinating the delivery of services through the local resource partners (Lenders, SBDC, SCORE, WBC,) as well as other state economic development organizations. The district offices will conduct outreach and marketing events for America's dreamers – the future small business owners. DOs will also reach out to lenders and other Government Agencies. The events will vary in scope and in structure, in size and in substance. Each event will be tailored to meet the needs of a specific community. The benefits of these events will be:

- Identifying groups and organizations whose members might be considering entrepreneurial endeavors;
- Providing basic information that citizens need to evaluate/decide if going into business is a viable option;
- Increasing awareness of the SBA's programs and services; and
- Assisting business with the resources they need to remain in business more than one year.

The SBA district offices will hold marketing and outreach sessions during FY 2005 and during FY 2006. These sessions will be targeted to business start-ups, but specific topics for these sessions will be developed in consultation with Capital Access, GC/BD, and ED through the Office of Field Operations (OFO) to ensure that the Agency's strategic goals and long-term objectives are achieved.

Training

The SBA's district office staff can provide valuable training to potential or nascent small businesses on a variety of management, technical, and financial subjects. Training will also be delivered to lenders and government procurement officials. They will vary in scope and in structure, in size and in substance. Each event will be tailored to meet the needs of a specific audience. The benefits of the events will include:

- Training potential and nascent small business in the fundamentals of starting a small business;
- Decreasing the number of business which fail in the first year;
- Increasing awareness of the SBA's programs and services that can provide management, technical and financial assistance; and
- Assisting business with the resources they need to be more successful than those who do not receive the SBA assistance.

The SBA's district offices plan to host or participate in training sessions during FY 2005 and during FY 2006. These sessions will be targeted to business start-ups, but specific topics for these sessions will be developed in cooperation with Capital Access, GC/BD, and ED to ensure that the Agency's strategic goals are achieved.

The SBA will utilize training evaluations to measure initial indicators of the impact of such training on the attendee through questions like: As a result of this training are you more likely to start a business than before? and may we contact you to follow up on your progress? From this information and other statistical data, the SBA will develop a baseline from which future year's success can be measured.

Management of Resource Partners

The SBA's district offices have a variety of resource partners to work with to support the Agency in meetings its goals. It is imperative that the district offices work closely to identify and align the resource partners' activities and milestones with the Agency's strategic plan. DOs will negotiate the counseling and training numbers by the SBA resource partners to target start up businesses. The benefits include good management of resource partners in:

- Strategic alignment of resource partners counseling and training efforts to the SBA's goals and long term objectives;
- Consistent delivery of services;
- Minimization of duplication of services among the resource partners; and
- Accountability of resource partners performance to their agreement with the Agency.

Additionally, DOs will collaborate and coordinate the efforts of the various resource partners to provide the widest coverage in their jurisdiction targeting the expertise of the resource partner to specific areas or topics. This strategy will be executed in conjunction with ED, Capital Access, and GC/BD through OFO.

To achieve these results the district offices plan to accomplish the following activities during FY 2005-2006:

- 100 percent of the DOs will negotiate goals with their resource partners within 60 days of their award agreement with specific milestones addressing services to existing businesses.
- DOs will meet regularly with the resource partners to assess their progress towards meeting their goals on serving existing business.

- DOs will review the needs assessment tools that the resource partners collect to identify trends in the needs of the small business community to facilitate growth.

Long-Term Objective 2.2

Maximize the sustainability and growth of existing small business assisted by the SBA.

FY 2004 Results

Some small businesses face challenges when trying to obtain from the private market either the capital that they need to grow, or the knowledge to mature and expand. They also may need assistance to be able to take advantage of contract opportunities within the private or government sector. During FY 2004, the SBA worked hard to help existing small businesses to meet those challenges. The SBA substantially met its overall outcome goal of providing financial, technical or procurement assistance to 512,227 established small businesses (ESBs). It should be noted that, in this case, the number of businesses assisted is treated as an outcome, as well as an output, in order to ensure that Agency programs do not selectively decrease the number of clients served as a means of achieving greater measures of average business success. In that regard, the SBA is working to develop the data systems to support the outcome measures dealing with the success of ESBs assisted by the Agency, including measures of survivability, job creation, and revenue growth, and customer satisfaction.

SBA Financial Assistance

The SBA was not able to meet its goal under Outcome Measure 2.2.1 for providing financial assistance to 89,730 existing small businesses. This was due mainly to the unexpected increase in the average size of 7(a) loans, which reversed the previous downward trend in loan-size over the past several years. In addition to guaranteeing loans to small businesses, the SBA also provided assistance accessing venture capital. Furthermore, **the SBA met or exceeded all its trade assistance output goals, generating \$924 million in export sales.**

SBA Technical Assistance

The SBA met its goal under Outcome Measure 2.2.1 by providing technical assistance to 398,070 existing small businesses. Different programs focused on specific counseling and training needs within the small business community. The WBC program contributed to this effort by counseling or training 24,542 small businesses. The SBDC program provided a wide variety of information as counseling or training to an estimated 314,823 existing small businesses in areas such as procurement, manufacturing assistance, and use of technology. In FY 2004, the SCORE program contributed to this effort by counseling and training 61,069 existing small businesses. The SBA counseled or trained 5,542 small business clients through its Office of International Trade. Additionally, 5,776 small business clients improved their capacity to successfully compete for Federal or private contracts. In FY 2005, SBA will begin to keep track and prepare specific output measures of businesses receiving technical assistance, training and counseling in international trade.

SBA Procurement Assistance

The SBA substantially met its goal under Outcome Measure 2.2.1 of providing procurement assistance to 19,200 small businesses. The SBA assisted small businesses to overcome opportunity challenges by increasing their opportunity to compete for contracts. The Surety Bond Guarantee program guaranteed 7,803 bonds for small businesses. The SBA did not meet its goal of issuing 9,900 surety bond guarantee approvals, primarily due to the lack of reauthorizing legislation for the Preferred Surety Bond (PSB) Program, which has been a pilot program since 1988. The SBA did meet its goal of certifying at least 500 8(a) small businesses.

The SBA also stimulated economic development and created jobs in urban and rural communities by providing Federal contracting preferences to small businesses by issuing 2,294 HubZone certifications to small businesses.

FY 2005 and FY 2006 Planned Performance

U.S. SMALL BUSINESS ADMINISTRATION									
Results and Budgetary Resources									
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.									
Long Term Objective 2.2: Maximize the sustainability and growth of existing small business (ESB) assisted by SBA.									
SBA Agency-level Assistance									
SBA Outcome Measures	SBA Annual Outcome Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
2.2.1 Increase the number of existing small businesses receiving SBA assistance.	389,538	430,842	474,557	512,227	493,899	446,286	467,768	74.0%	2,545,477
2.2.2 By FY2008, SBA-assisted small businesses in existence for 1-3 years, will exceed the national average for survivability of firms within that same time frame.	N/A	N/A	TBD	N/A	TBD	TBD	TBD	TBD	TBD
2.2.3 By FY2008, SBA-assisted small businesses, will exceed the national average rate for job creation by small firms.	N/A	N/A	TBD	N/A	TBD	TBD	TBD	TBD	TBD
2.2.4 By FY 2008, SBA-assisted small businesses, will exceed the national average rate for revenue growth by small firms.	N/A	N/A	TBD	N/A	TBD	TBD	TBD	TBD	TBD
2.2.5 Median customer satisfaction rate	84.0%	85.3%	85.0%	85.5%	86.5%	82.7%	90.0%	98.9%	90.0%
SBA Output Measures	SBA Annual Output Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
Total Receiving Financial Assistance	42,378	51,644	67,558	89,730	78,179	79,128	86,600	77.4%	402,304
Total Receiving Technical Assistance	331,753	362,040	388,144	403,297	398,070	350,585	360,968	74.0%	2,024,411
Total Receiving Procurement Assistance	15,407	17,158	18,855	19,200	17,650	16,573	20,200	61.7%	118,762
SBA Cost (\$000)	SBA Annual Cost								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	% FY03-07 Estimated by FY06	FY 2003-2007 Estimated
Total Financial Assistance Cost (\$000)	175,856	207,412	229,569	178,400	188,683	93,252	90,904	N/A	N/A
Total Technical Assistance Cost (\$000)	74,924	64,668	57,004	64,699	65,937	63,495	56,586	N/A	N/A
Total Procurement Assistance Cost (\$000)	40,740	51,075	40,855	44,193	43,678	45,350	47,931	N/A	N/A

SBA Financial Assistance

U.S. SMALL BUSINESS ADMINISTRATION										
Results and Budgetary Resources										
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.										
Long Term Objective 2.2: Maximize the sustainability and growth of existing small business (ESB) assisted by SBA.										
SBA Program Level - Financial Assistance										
Program Annual Output Measures										
SBA Program Outputs	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Estimate by FY06	FY 2003-2007 Estimated Total	
Capital Access										
7(a) Loan Program	Loans approved (number)	30,562	38,239	51,718	72,000	60,502	65,305	71,483	82.3%	302,679
504 Loan Program	Loans approved (number)	4,235	4,491	5,542	6,255	6,897	6,800	7,392	70.3%	37,900
Microloan Program	Loans approved (number)	1,261	1,542	1,324	1,575	1,377	N/A	N/A	N/A	N/A
SBIC	Value of financings (\$ million)	2,440	1,810	1,620	1,940	UNAVAIL.	1,960	2,360	59.5%	9,980
	Financings (number)	2,558	2,826	3,469	2,976	3,302	3,250	3,650	76.6%	17,850
	Licenses issued (number)	51	41	36	35	37	23	25	65.1%	186
	Small businesses receiving financings (number)	N/A	N/A	N/A	N/A	1,600	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.
International Trade	Loans approved (number)	425	468	1,503	1,845	2,242	2,029	2,231	84.4%	9,483
	Lenders trained (number)	N/A	N/A	N/A	N/A	2,505	2,550	2,600	100.0%	7,655
NMVC	Export sales financing (\$ million)	608	616	668	700	924	750	1,200	98.4%	3,600
	Value of financing (\$ million)	N/A	0.5	2.7	8.0	9.7	11	25	157.5%	47
	Small businesses receiving financings (number)	N/A	N/A	N/A	N/A	22	34	UNAVAIL.	UNAVAIL.	UNAVAIL.
	Operational assistance (\$ million)	N/A	0.5	1.3	1.9	1.9	2.5	3	85.8%	10
	Small businesses financed in low-income census track (number)	N/A	N/A	N/A	N/A	21	30	TBD	TBD	TBD
	Financing in low-income census track (number)	N/A	N/A	N/A	N/A	UNAVAIL.	34	TBD	TBD	TBD
	Financing in low-income census track (\$)	N/A	N/A	N/A	N/A	UNAVAIL.	15.0	TBD	TBD	TBD
Surety Bonds	Bonds guaranteed (number)	6,320	7,372	8,974	9,900	7,803	7,023	7,725	51.1%	61,725
	Total Receiving OCA Financial Assistance	42,378	51,644	67,558	89,730	78,179	79,128	86,600	77.4%	402,304
District Offices										
Capital Access										
7(a) Loan Program	Loans approved (number)	30,562	38,239	51,718	72,000	60,502	65,305	71,483	82.3%	302,679
504 Loan Program	Loans approved (number)	4,235	4,491	5,542	6,255	6,897	6,800	7,392	70.3%	37,900
Microloan Program	Loans approved (number)	1,261	1,542	1,324	1,575	1,377	N/A	N/A	N/A	N/A
International Trade	Loans approved (number)	425	468	1,503	1,845	2,242	2,029	2,530	84.4%	9,483
	Lenders trained (number)	N/A	N/A	N/A	N/A	2,505	2,550	2,600	100.0%	7,655
	Export sales financing (\$ million)	608	616	668	700	924	750	1,200	98.4%	3,600
Surety Bonds	Bonds guaranteed (number)	6,320	7,372	8,974	9,900	7,803	7,023	7,725	51.1%	61,725
	Total Receiving OCA Financial Assistance	42,378	51,644	67,558	89,730	76,579	79,128	86,600	75.7%	402,304

U.S. SMALL BUSINESS ADMINISTRATION

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.

Long Term Objective 2.2: Maximize the sustainability and growth of existing small business (ESB) assisted by SBA.

SBA Program Level - Financial Assistance

Program Annual Outcome Measures

SBA Program Outcomes	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Estimate	FY 2006 Goal	% FY03-07 Estimate by FY06	FY 2003-2007 Estimated Total	
2.2.1 Increase the number of existing small businesses receiving SBA assistance.										
Capital Access										
7(a) Loan Program	ESB assisted	30,562	38,239	51,718	72,000	60,502	65,305	71,483	82.3%	302,679
504 Loan Program	ESB assisted	4,235	4,491	5,542	6,255	6,897	6,800	7,392	70.3%	37,900
Microloan Program	ESB assisted	1,261	1,542	1,324	1,575	1,377	N/A	N/A	N/A	N/A
SBIC	ESB assisted	N/A	N/A	N/A	N/A	1,600	UNAVAIL	UNAVAIL	UNAVAIL	UNAVAIL
International Trade	ESB assisted	425	468	1,503	1,845	2,242	2,029	2,530	84.4%	9,483
NMVC	ESB assisted	N/A	N/A	N/A	N/A	22	34	UNAVAIL	UNAVAIL	UNAVAIL
Surety Bonds	ESB assisted	6,320	7,372	8,974	9,900	7,803	7,023	7,725	51.1%	61,725
	Total ESB Assisted	42,378	51,644	67,558	89,730	78,179	79,128	86,600	76.1%	402,304
District Offices										
7(a) Loan Program	ESB assisted	30,562	38,239	51,718	72,000	60,502	65,305	71,483	82.3%	302,679
504 Loan Program	ESB assisted	4,235	4,491	5,542	6,255	6,897	6,800	7,392	70.3%	37,900
Microloans	ESB assisted	1,261	1,542	1,324	1,575	1,377	N/A	N/A	N/A	N/A
International Trade	ESB assisted	425	468	1,503	1,845	2,242	2,029	2,530	84.4%	9,483
Surety Bonds	ESB assisted	6,320	7,372	8,974	9,900	7,803	7,023	7,725	51%	61,725
	Total ESB Assisted	42,378	51,644	67,558	89,730	76,579	79,128	86,600	77%	402,304
2.2.5 Median customer satisfaction rate										
Program Offices										
7(a) Loan Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
504 Loan Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
Microloans	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
SBIC	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
International Trade	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
NMVC	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
Surety Bonds	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
	Total	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
District Offices										
7(a) Loan Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
504 Loan Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
Microloans	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
International Trade	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
Surety Bonds	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
	Total	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%

U.S. SMALL BUSINESS ADMINISTRATION

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.

Long Term Objective 2.2: Maximize the sustainability and growth of existing small business (ESB) assisted by SBA.

SBA Program Level - Financial Assistance

Program Annual Cost

SBA Cost (\$000)		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Estimate	FY 2006 Goal	% FY03-07 Estimate by FY06	FY 2003- 2007 Estimated Total
Capital Access										
7a Loans										
Total Program Cost (\$000)		137,666	159,628	158,795	125,838	139,910	47,706	46,089	N/A	N/A
Loan Approving (\$000)		104,457	119,369	123,711	125,838	121,411	47,706	46,089	N/A	N/A
Approving Admin Cost (\$000)		28,507	23,824	43,289	49,708	46,377	47,053	46,089	N/A	N/A
Subsidy Cost (\$000)		75,950	95,545	80,422	76,130	75,034	653	-	N/A	N/A
Cost Per Loan Approved (\$)		3,418	3,122	2,392	1,748	2,007	731	645	N/A	N/A
Loan Servicing (\$000)		21,199	15,934	14,027	-	10,146	TBD	TBD	N/A	N/A
Servicing Admin Cost (\$000)		17,019	11,398	10,361	N/A	5,882	TBD	TBD	N/A	N/A
Asset Sales (\$000)		79	97	30	N/A	97	TBD	TBD	N/A	N/A
Lender Oversight (\$000)		4,101	4,439	3,636	N/A	4,167	TBD	TBD	N/A	N/A
Loan Liquidation (\$000)		12,010	24,325	21,057	N/A	8,353	TBD	TBD	N/A	N/A
Liquidation Admin Cost (\$000)		12,010	24,325	21,057	N/A	8,353	TBD	TBD	N/A	N/A
Cost per loan liquidated (\$)		N/A	N/A	N/A	N/A	N/A	TBD	TBD	N/A	N/A
504 Loans										
Total Program Cost (\$000)		17,398	17,705	30,014	23,816	27,181	24,945	26,490	N/A	N/A
Loan Approving (\$000)		11,749	12,486	21,760	23,816	22,957	24,945	26,490	N/A	N/A
Approving Admin Cost (\$000)		11,749	12,486	21,760	23,816	22,957	24,945	26,490	N/A	N/A
Cost Per Loan Approved (\$)		2,774	2,780	3,926	3,808	3,329	3,668	3,584	N/A	N/A
Loan Servicing (\$000)		5,649	5,219	4,434	-	3,123	TBD	TBD	N/A	N/A
Servicing Admin Cost (\$000)		4,014	3,464	3,056	N/A	2,237	TBD	TBD	N/A	N/A
Asset Sales (\$000)		31	38	11	N/A	15	TBD	TBD	N/A	N/A
Lender Oversight (\$000)		1,604	1,717	1,367	N/A	871	TBD	TBD	N/A	N/A
Loan Liquidation (\$000)		N/A	N/A	3,820	N/A	1,101	TBD	TBD	N/A	N/A
Liquidation Admin Cost (\$000)		N/A	N/A	3,820	N/A	1,101	TBD	TBD	N/A	N/A
Cost per loan liquidated (\$)		N/A	N/A	N/A	N/A	N/A	TBD	TBD	N/A	N/A
Microloans										
Total Program Cost (\$000)		1,466	2,056	5,357	5,131	3,781	4,017	-	N/A	N/A
Loan Approving (\$000)		1,466	1,046	3,319	2,713	3,573	4,017	N/A	N/A	N/A
Administrative Cost (\$000)		0	380	1,216	1,450	2,638	3,226	-	N/A	N/A
Loan Subsidy (\$000)		1466	666	2,103	1,263	935	791	-	N/A	N/A
Cost Per Loan Approved (\$)		1,163	678	2,507	1,723	2,595	N/A	N/A	N/A	N/A
Loan Servicing (\$000)		N/A	768	2,010	2,384	156	TBD	TBD	N/A	N/A
Servicing Admin Cost (\$000)		N/A	768	2,010	2,384	156	TBD	TBD	N/A	N/A
Loan Liquidation (\$000)		N/A	242	28	34	53	TBD	TBD	N/A	N/A
Loan Liquidation (\$000)		0	242	28	34	53	TBD	TBD	N/A	N/A
International Trade										
Total Cost (\$000)		4,254	4,990	5,811	5,431	5,447	5,482	5,724	N/A	N/A
Cost per Loan (\$)		10,009	10,662	3,866	2,944	2,430	2,702	2,566	N/A	N/A
Surety Bonds										
Total Cost (\$000)		1,843	2,102	1,833	1,923	1,909	1,916	2,932	N/A	N/A
Cost per Surety Bond (\$)		292	285	204	194	245	273	379	N/A	N/A
NMVC										
Total Program Cost (\$000)		716	5,152	12,626	495	472	279	277	N/A	N/A
SBIC										
Total Cost (\$000)		8,259	10,789	9,322	10,335	9,983	8,907	9,982	N/A	N/A
New Licenses (\$000)		2,560	3,237	2,797	2,837	2,995	2,672	2,818	N/A	N/A
Oversight/Exams (\$000)		5,699	7,552	6,525	7,498	6,988	6,235	6,574	N/A	N/A
Cost per Financing (\$)		3,229	3,818	2,687	3,473	3,023	2,741	2,573	N/A	N/A
Total OCA Financing Assistance Cost (\$000)		175,856	207,412	229,569	178,400	188,683	93,252	90,904	N/A	N/A

U.S. SMALL BUSINESS ADMINISTRATION										
Results and Budgetary Resources										
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.										
Long Term Objective 2.2: Maximize the sustainability and growth of existing small business (ESB) assisted by SBA.										
SBA Program Level - Financial Assistance										
Program Annual Cost										
SBA Cost (\$000)	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Estimate	FY 2006 Goal	% FY03-07 Estimate by FY06	FY 2003-2007 Estimated Total	
District Offices										
Capital Access										
7(a) Loan Program	Total Program Cost (\$000)	41,746	51,276	59,477	37,651	45,006	35,036	36,005	N/A	N/A
	Loan Approving (\$000)	20,292	19,698	33,724	37,651	35,069	35,036	36,005	N/A	N/A
	Administrative Cost (\$000)	20,292	19,698	33,724	37,651	35,069	35,036	36,005	N/A	N/A
	Cost Per Loan Approved (\$)	664	515	652	523	580	536	504	N/A	N/A
	Loan Servicing (\$000)	12,775	11,874	9,084	-	4,652	TBD	TBD	N/A	N/A
	Administrative Cost (\$000)	11,228	9,345	7,953	N/A	4,269	TBD	TBD	N/A	N/A
	Asset Sales (\$000)	20	36	15	N/A	N/A	TBD	TBD	N/A	N/A
	Lender Oversight (\$000)	1,527	2,493	1,116	N/A	383	TBD	TBD	N/A	N/A
	Loan Liquidation (\$000)	8,679	19,704	16,669	-	5,285	TBD	TBD	N/A	N/A
	Administrative Cost (\$000)	8,679	19,704	16,669	N/A	5,285	TBD	TBD	N/A	N/A
	Cost per Loan Liquidated	N/A	N/A	N/A	N/A	N/A	TBD	TBD	N/A	N/A
504 Loan Program	Total Cost	13,498	17,644	22,636	18,042	20,188	18,566	18,886	N/A	N/A
	Loan Approving (\$000)	8,155	10,304	16,848	18,042	17,362	18,566	18,886	N/A	N/A
	Administrative Cost (\$000)	8,155	10,304	16,848	18,042	17,362	18,566	18,886	N/A	N/A
	Cost Per Loan Approved (\$)	1,926	2,294	3,040	2,884	2,517	2,730	2,555	N/A	N/A
	Loan Servicing (\$000)	3,386	3,805	2,848	-	2,006	TBD	TBD	N/A	N/A
	Administrative Cost (\$000)	2,780	2,828	2,424	N/A	1,704	TBD	TBD	N/A	N/A
	Asset Sales (\$000)	8	13	5	N/A	8	TBD	TBD	N/A	N/A
	Lender Oversight (\$000)	598	964	419	N/A	294	TBD	TBD	N/A	N/A
	Loan Liquidation (\$000)	1,957	3,535	2,940	-	820	TBD	TBD	N/A	N/A
	Administrative Cost (\$000)	1,957	3,535	2,940	N/A	820	TBD	TBD	N/A	N/A
	Cost per Loan Liquidated	N/A	N/A	N/A	N/A	N/A	TBD	TBD	N/A	N/A
Microloans	Total Cost (\$000)	248	443	280	8	3,225	3,259	N/A	N/A	N/A
	Loan Approving (\$000)	-	165	236	4	3,207	3,236	N/A	N/A	N/A
	Cost Per Loan Approved (\$)	N/A	48	33	3	13	N/A	N/A	N/A	N/A
	Loan Servicing (\$000)	-	40	35	4	8	8	N/A	N/A	N/A
	Loan Liquidation (\$000)	-	34	9	N/A	10	15	N/A	N/A	N/A
International Trade	Total Cost (\$000)	1,419	1,718	965	1,960	472	474	465	N/A	N/A
	Cost per Loan (\$)	3,339	3,671	642	1,062	210	234	184	N/A	N/A
Surety Bonds	Total Cost (\$000)	473	983	873	923	917	934	918	N/A	N/A
	Cost per Surety Bond (\$)	75	133	97	93	118	133	119	N/A	N/A
	Total OCA Financing Assistance Cost (\$000)	57,384	72,064	84,231	58,584	69,808	58,269	56,274	N/A	N/A

The SBA through the program activities, projects, and initiatives of the Office of Capital Access will support the accomplishment of this Long-Term Objective as described below.

Enhanced Lender Oversight and Portfolio Analysis. As noted previously, the SBA has incorporated sophisticated strategies into its lender oversight operation. By using credit scoring, the SBA can evaluate loans and lenders using risk management practices. Understanding lending operations of the SBA lenders as well as risk characteristics of a loan portfolio, allows the SBA to structure policies to further lending to existing small businesses. With the Agency’s Portfolio Analysis Committee, SBA executives review portfolio performance trends and risk characteristics on a monthly basis. The Committee reports lead to discussions of loan policies and practices and their impact on loan performance and can provide the basis for making better informed loan policy and program changes that balance the needs of the small business borrower with risk management practices.

Trade Finance: The Office of International Trade (OIT) will manage the delivery of the SBA’s three international trade-related loan programs: the Export Working Capital Program (EWCP); International Trade Loan; and the SBA Export *Express*. This includes not only the processing of loans to small business exporters, but also the marketing of these programs to banks and training of bank loan officers. The SBA will continue to

fine tune these programs by streamlining the application process, and look for ways to reach out to more banks and small businesses, through such means as the harmonization agreement with the Export-Import Bank. The result of these efforts will be to make more capital available to U.S. small businesses to support international trade transactions, thereby increasing growth and profitability in international markets. This success should be reflected in an increase performance as measured in the tables above.

SBA Technical Assistance

U.S. SMALL BUSINESS ADMINISTRATION										
Results and Budgetary Resources										
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.										
Long Term Objective 2.2: Maximize the sustainability and growth of existing small business (ESB) assisted by SBA.										
SBA Program Level - Technical Assistance										
Program Annual Output Measures										
SBA Program Outputs	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal	
Capital Access										
Microloan Program	Hours technical assistance (number)	118,521	124,008	105,693	UNAVAIL.	16,873	N/A	N/A	N/A	N/A
	Small businesses receiving technical assistance (number)	N/A	N/A	N/A	N/A	1,377	N/A	N/A	N/A	N/A
International Trade	Attendees trained (number)	N/A	N/A	N/A	N/A	1,292	1,400	1,550	100.0%	4,242
	Clients counseled (number)	N/A	N/A	N/A	N/A	3,250	3,500	3,600	100.0%	10,350
	Training hours (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
	Counseling hours (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
Prime Technical Assistance	Lenders trained (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
	Not measured (N/M)	NM	NM	NM	NM	NM	NM	NM	N/M	N/A
	Total Receiving OCA Technical Assistance	N/A	N/A	N/A	N/A	5,919	4,900	5,150	N/A	14,592
Gov Contracting / Business Development										
7(j) Program	Face-to-face training	N/A	N/A	N/A	4,000	5,776	2,000	3,000	N/A	N/A
	Total Receiving GCBD Technical Assistance	N/A	N/A	N/A	4,000	5,776	2,000	3,000	N/A	N/A
Entrepreneurial Development										
SCORE	Attendees trained (number)	16,499	20,388	23,516	24,221	23,282	23,981	16,250	63.7%	150,002
	Clients counseled (number)	49,450	54,462	57,117	58,831	37,787	29,580	37,917	41.9%	369,516
	Training hours (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
	Online users counseled online (number)	N/A	N/A	N/A	17,543	18,517	14,495	14,993	76.7%	62,474
	Counseling hours (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
SBDC	Attendees trained (number)	138,335	149,670	159,219	163,996	173,899	179,116	184,489	78.6%	886,748
	Clients counseled (number)	99,429	104,339	108,920	112,188	109,163	92,199	94,965	80.6%	503,061
	Training hours (number)	612,179	617,496	686,765	707,368	745,855	768,232	791,279	78.6%	3,807,144
	Online users counseled online (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
	Counseling hours (number)	583,401	576,873	610,835	629,160	574,243	591,470	609,214	79.2%	3,013,253

U.S. SMALL BUSINESS ADMINISTRATION

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.

Long Term Objective 2.2: Maximize the sustainability and growth of existing small business (ESB) assisted by SBA.

SBA Program Level - Technical Assistance

Program Annual Output Measures

SBA Program Output Measures		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
WBC	Attendees trained (number)	7,576	11,013	12,845	13,230	16,006	11,885	12,241	86.4%	61,297
	Clients counseled (number)	4,577	6,137	8,477	8,731	8,536	6,594	6,791	12.8%	35,485
	Training hours (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
	Online users counseled online (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
	Counseling hours (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
BIC	Clients counseled (number)	14,215	14,666	16,550	16,550	16,627	N/A	N/A	N/A	N/A
SBTN	Online users taking online courses (number)	55,390	60,320	199,701	216,916	289,888	215,976	222,456	97.3%	953,715
	Registered clients taking online courses (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
DFWP	Small businesses establishing drug-free workplace programs (number)	1,671	1,365	1,500	1,550	1,075	330	165	82.7%	3,710
	Total number of small business clients educated about benefits	N/A	N/A	11,873	12,000	19,400	6,500	3,250	112.1%	36,600
NAO	Clients trained (number)	N/A	N/A	N/A	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.
One Stop Capital Shop	Not measured (N/M)	N/M	N/M	N/M	N/A	N/A	N/A	N/A	N/A	N/A
Total ED Receiving Technical Assistance		331,753	362,040	388,144	399,297	386,375	343,685	352,818	73.2%	2,009,819

Program Annual Output Measures

SBA Program Output Measures		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
District Offices										
Capital Access										
Microloans	Hours technical assistance (number)	118,521	124,008	105,693	UNAVAIL.	16,873	N/A	N/A	N/A	N/A
	Small businesses receiving technical assistance (number)	N/A	N/A	N/A	N/A	1,377	N/A	N/A	N/A	N/A
International Trade	Attendees trained (number)	N/A	N/A	N/A	N/A	1,292	1,400	1,550	100.0%	4,242
	Clients counseled (number)	N/A	N/A	N/A	N/A	3,250	3,500	3,600	100.0%	10,350
	Counseling hours (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
	Training hours (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
Total Receiving OCA Technical Assistance		N/A	N/A	N/A	N/A	5,919	4,900	5,150	N/A	14,592
Gov Contracting / Business Development										
7(i) Program	Face-to-face training	N/A	N/A	N/A	4,000	5,776	2,000	3,000	N/A	N/A
	Total Receiving GCBDB Technical Assistance	N/A	N/A	N/A	4,000	5,776	2,000	3,000	N/A	N/A
Entrepreneurial Development										
SCORE	Attendees trained (number)	16,499	20,388	23,516	24,221	23,282	23,981	16,250	58.0%	150,002
	Clients counseled (number)	49,450	54,462	57,117	58,831	37,787	29,580	37,917	43.9%	369,516
SBDC	Attendees trained (number)	138,335	149,670	159,219	163,996	173,899	179,116	184,489	78.6%	886,748
	Clients counseled (number)	99,429	104,339	108,920	112,188	109,163	92,199	94,965	80.6%	503,061
WBC	Attendees trained (number)	7,576	11,013	12,845	13,230	16,006	11,885	12,241	86.4%	61,297
	Clients counseled (number)	4,577	6,137	8,477	8,731	8,536	6,594	6,791	85.7%	35,485
BIC	Clients counseled (number)	14,215	14,666	16,550	16,550	16,627	N/A	N/A	N/A	N/A

U.S. SMALL BUSINESS ADMINISTRATION

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.

Long Term Objective 2.2: Maximize the sustainability and growth of existing small business (ESB) assisted by SBA.

SBA Program Level - Technical Assistance

Program Annual Intermediate Outcome Measures

Intermediate Outcome Measures		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
Entrepreneurial Development										
SCORE	Jobs Created/Retained (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
	Revenue (\$ millions)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
SBDC	Jobs Created/Retained (number)	47,396	66,913	63,822	65,737	UNAVAIL.	67,709	69,740	73.2%	275,019
	Revenue (\$ millions)	3,286	3,930	2,791	2,874	UNAVAIL.	2,960	3.0%	73.2%	12,024
WBC	Jobs Created/Retained (number)	224	776	1308	N/A	N/A	TBD	TBD	TBD	TBD
	Revenue (\$ millions)	6.3	21.7	58.8	N/A	N/A	TBD	TBD	TBD	TBD
Total ED Jobs Created/Retained		47,620	67,689	65,130	65,737	UNAVAIL.	67,709	69,740	74%	275,019

Program Annual Outcome Measures

SBA Program Outcomes		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
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2.2.1 Increase the number of existing small businesses receiving SBA assistance.

Capital Access

Microloans	ESB assisted	N/A	N/A	N/A	N/A	1,377	N/A	N/A	N/A	N/A
International Trade	ESB assisted	N/A	N/A	N/A	N/A	4,542	4,900	5,150	100%	14,592
Prime Technical Assistance	ESB assisted	NM	NM	NM	NM	NM	NM	NM	NM	N/A
Total ESB Assisted		N/A	N/A	N/A	N/A	5,919	4,900	5,150	N/A	14,592

Gov Contracting / Business Development

7(j) Program	ESB assisted	N/A	N/A	N/A	4,000	5,776	2,000	3,000	N/A	N/A
Total ESB Assisted		N/A	N/A	N/A	4,000	5,776	2,000	3,000	N/A	N/A

Entrepreneurial Development

SCORE	ESB assisted	65,949	74,850	80,633	83,052	61,069	53,561	54,167	48.0%	519,518
SBDC	ESB assisted	237,764	254,009	268,139	276,184	283,062	271,315	279,454	79.3%	1,389,809
WBC	ESB assisted	12,153	17,150	21,322	21,961	24,542	18,479	19,032	86.1%	96,782
BIC	ESB assisted	14,215	14,666	16,550	16,550	16,627	N/A	N/A	N/A	N/A
DFWP	ESB assisted	1,671	1,365	1,500	1,550	1,075	330	165	82.7%	3,710
One Stop Capital Shop	ESB assisted	NM	NM	NM	N/A	N/A	N/A	N/A	N/A	N/A
NAO	ESB assisted	N/A	N/A	N/A	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.
Total ESB Assisted		331,753	362,040	388,144	399,297	386,375	343,685	352,818	73.2%	2,009,819

District Offices

Microloans	ESB assisted	N/A	N/A	N/A	N/A	1,377	N/A	N/A	N/A	N/A
International Trade	ESB assisted	N/A	N/A	N/A	N/A	4,542	4,900	5,150	100%	14,592
7(j) Program	ESB assisted	N/A	N/A	N/A	4,000	5,776	2,000	3,000	N/A	N/A
SCORE	ESB assisted	65,949	74,850	80,633	83,052	61,069	53,561	54,167	48.0%	519,518
SBDC	ESB assisted	237,764	254,009	268,139	276,184	283,062	271,315	279,454	79.3%	1,389,809
WBC	ESB assisted	12,153	17,150	21,322	21,961	24,542	18,479	19,032	86.1%	96,782
BIC	ESB assisted	14,215	14,666	16,550	16,550	16,627	N/A	N/A	N/A	N/A
DFWP	ESB assisted	1,671	1,365	1,500	1,550	1,075	330	165	82.7%	3,710
One Stop Capital Shop	Not measured (N/M)	NM	NM	NM	N/A	N/A	N/A	N/A	N/A	N/A
NAO	ESB assisted	N/A	N/A	N/A	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.
Total ESB Assisted		331,753	362,040	388,144	403,297	393,528	345,685	355,818	73.8%	2,009,819

2.2.5 Median customer satisfaction rate

Program Offices

Microloans Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90%
Prime Technical Assistance	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90%

U.S. SMALL BUSINESS ADMINISTRATION

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.

Long Term Objective 2.2: Maximize the sustainability and growth of existing small business (ESB) assisted by SBA.

SBA Program Level - Technical Assistance

Program Annual Cost

SBA Cost (\$000)		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003- 2007 Goal
Capital Access										
Microloans	Total Cost (\$000)	11,807	11,068	8,200	9,498	6,806	7,701	N/A	N/A	N/A
	Cost per Hour of Technical Assistance (\$000)	100	89	78	N/A	403	N/A	N/A	N/A	N/A
	Tech Asst (\$000)	1,697	435	123	148	545	667	N/A	N/A	N/A
	Tech Asst Training(\$000)	124	78	140	83	42	51	N/A	N/A	N/A
	Tech Asst Grants (\$000)	9,986	10,555	7,937	9,267	6,219	6,983	N/A	N/A	N/A
	Total OCA Technical Assistance Cost (\$000)	11,807	11,068	8,200	9,498	6,806	7,701	N/A	N/A	N/A
Gov Contracting / Business Development										
7(j) Program	Total Cost (\$000)	7,323	4,534	2,803	4,187	4,626	2,995	3,672	N/A	N/A
	Cost per participant	N/A	N/A	N/A	N/A	1,156	519	1,836	N/A	N/A
	Total GCBD Technical Assistance Cost (\$000)	7,323	4,534	2,803	4,187	4,626	2,995	3,672	N/A	N/A
Entrepreneurial Development										
SBTN	Total Cost (\$000)	N/A	N/A	N/A	416	420	423	484	N/A	N/A
	Cost per client served	N/A	N/A	N/A	2	1	2	2	N/A	N/A
SCORE	Total Cost (\$000)	2,016	2,256	1,918	2,325	2,926	3,201	3,238	N/A	N/A
	Cost per client served	31	30	24	28	48	60	60	N/A	N/A
SBDC	Total Cost (\$000)	39,127	39,043	36,176	38,174	40,381	41,149	41,197	N/A	N/A
	Cost per client served	165	154	135	138	143	152	147	N/A	N/A
WBC	Total Cost (\$000)	4,267	3,490	3,328	3,305	4,318	4,496	4,435	N/A	N/A
	Cost per client served	351	204	156	150	176	243	233	N/A	N/A
BIC	Total Cost (\$000)	1,213	1,194	102	1,277	995	N/A	N/A	N/A	N/A
DFWP	Total Cost (\$000)	N/A	2,773	1,941	1,025	1,025	1,023	1,035	N/A	N/A
NAO	Total Cost (\$000)	2,233	310	2,536	4,492	4,440	2,507	2,525	N/A	N/A
One Stop Capital Shop	Total Cost (\$000)	6,938	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Total ED Technical Assistance Cost (\$000)	55,794	49,066	46,001	51,014	54,505	52,799	52,914	N/A	N/A
District Offices										
Capital Access										
Microloans	Total Cost (\$000)	248	204	40	208	56	57	N/A	N/A	N/A
	Cost per Hour (\$000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Tech Asst (\$000)	248	204	40	208	56	57	N/A	N/A	N/A
	Tech Asst Training(\$000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Tech Asst Grants (\$000)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Total Technical Assistance Cost (\$000)	248	204	40	208	56	N/A	N/A	N/A	N/A
Gov Contracting / Business Development										
7(j) Program	Total Cost (\$000)	2,278	593	350	619	611	459	458	N/A	N/A
	Cost per participant	N/A	N/A	N/A	155	106	230	153	N/A	N/A
	Total Technical Assistance Cost (\$000)	2,278	593	350	619	611	459	458	N/A	N/A
Entrepreneurial Development										
SCORE	Total Cost (\$000)	713	763	812	841	1,287	1,484	1,452	N/A	N/A
	Cost per client served	11	10	10	10	21	28	27	N/A	N/A
SBDC	Total Cost (\$000)	2,220	2,025	1,215	1,234	3,365	4,223	4,069	N/A	N/A
	Cost per client served	9	8	5	4	12	16	15	N/A	N/A
WBC	Total Cost (\$000)	983	322	433	446	1,192	1,342	1,312	N/A	N/A
	Cost per client served	81	19	20	20	49	73	69	N/A	N/A
BIC	Total Cost (\$000)	731	825	65	608	584	N/A	N/A	N/A	N/A
NAO	Total Cost (\$000)	905	60	76	1,588	1,562	981	1,037	N/A	N/A
One Stop Capital Shop	Total Cost (\$000)	4,304	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Total Technical Assistance Cost (\$000)	9,856	3,995	2,601	4,717	7,991	8,030	7,870	N/A	N/A

The SBA through ED plans to provide services (primarily consulting and training) to 333,225 existing small businesses (ESBs) during FY 2005 and to 343,221 ESBs during FY 2006. As the table for Outcome Measure 2.2.1 indicates, for 2005 and 2006 it may appear that there is a decrease in the total number of ESBs served from the FY 2004 result. However, this is due to the standardization of client definitions and program activities. Added to this is the loss of the contribution of the BIC Program, a reduction in funding levels for the Drug Free Workplace Program, and flat funding from previous years for the SCORE and SBDC Programs which support increased program overhead costs.

The assistance SBDCs provide to the manufacturing sector is a good example of the effectiveness of SBA technical assistance to existing business. According to a recent independent study that assessed changes in employment, sales and financing in the manufacturing sector of the nation's economy, SBDC clients, as a direct result of in-depth consulting assistance (five hours or more) in 2002, generated approximately \$1.15 billion in sales and created over 9,250 new full-time jobs. The study also concluded that an additional \$2.25 billion in sales were made. As well, over 18,150 jobs were saved directly because of the expertise of SBDC manufacturing consulting.

The SBA, through WBC, plans to provide training and counseling services to a total of 16,967 in FY 2005 and 17,475 in FY 2006. For 2005, this will include 10,485 clients trained and 6,990 clients counseled. In FY 2005 WBC intends to roll out its new data collection system that will capture comprehensive information on the businesses we serve. In FY 2006, with new funds requested, the SBA plans to put into place a comprehensive data and trends analysis model for WBC. This new data collection system should enable the SBA to provide actual data on our number of existing businesses assisted in support of this long-term objective. The Agency will then be able to tie increases in profits, gross receipts and employees, etc. to the number of existing businesses and the hours of training and counseling provided. This is expected to result in more effective training and counseling services and greater client satisfaction.

The SBA funds SBDC through population-based grants that enable the recipients of SBDC cooperative agreements to provide services to entrepreneurs interested in starting and growing their businesses. To gauge the needs of the existing business community, SBDCs conduct annual needs assessment surveys, many of which may now be conducted online. Offsetting the fixed grant funding, program integrity is assured by the formalized implementation of a peer review accreditation process for the SBDC network based on the Baldrige Criteria for Performance Excellence. The criteria, accepted nationally and internationally as a model for performance excellence, reflect validated, leading-edge management practices against which an organization can measure itself.

The SBDC program took the lead for the SBA in coordinating the revision of client definitions and reporting requirements to make them consistent for all ED program areas. Though initially, for FY 2005, these changes may cause marked differences in program data, the value of standardized program performance data which can be uniformly

counted, compared and analyzed across all technical assistance programs will enable SBA's ability to compare and contrast efficiencies and effectiveness among its programs. During FY 2004, the SBDC program also conducted a client survey generating data for inclusion in the biennial Chrisman economic impact report to be issued in FY 2005.

During FY 2004, the SCORE program conducted a preliminary year of a multi-year impact study that will result in more effective training and counseling services and greater customer satisfaction. The initial impact study measured attitudinal assessments, improvements in management/marketing skills, and business growth for those small businesses who utilized SBA's technical assistance programs. The most common types of businesses that received technical assistance were wholesale, retail and service. In FY 2006, the SCORE program will be implementing a new centralized database collection system that will provide more detailed information regarding the business status of the client, types of assistance provided and the resulting outcome of the assistance.

The SBA through the Small Business Training Network (SBTN) program will expand the alliance with GoLearn.gov. The future success of e-training as a technical assistance delivery vehicle for small business, depends on the SBA's ability to leverage existing e-training infrastructure; take advantage of established government contractual economies of scale; and, be aligned with an OMB approved E-Government training vehicle. SBTN will include a learning management system to register and track students. The LMS would be shared with OPM's GoLearn.gov and be fully integrated with the agency's HR e-training initiative, as well as other E-Gov initiatives.

Working with private online learning providers, the SBA will offer certificates & CEUs for packaged programs such as: Executive Development; Leadership; Acquisition Competency; Micro-MBA; Financial Management; District Office Marketing; Customer Relationship Management; Customer Service; and, others. Packaged programs would be created to meet specific customer and employee training needs and could be required or come with incentives. As such, an 8(a), microloan or other SBA applicant, or even an SBA employee, looking to grow could be presented with strong reasons to complete specific packaged programs. To accomplish this, the SBA would leverage existing government licensing agreements (such as golearn.gov's agreements with SkillSoft) and offer packaged courses through specific providers. For instance, SkillSoft offers over 1000 self-enabling online courses in multiple disciplines. Some universities and colleges are re-packaging the SkillSoft courses and offering them, under their own branding to meet specific student certificate requirements – the SBA would do the same.

New measures under the guidance provided by the Office of National Drug Control Policy (ONDCP) are being established for the Drug Free Workplace (DFWP) program. The new performance measures are being incorporated in the 2005 DFWP grant awards for SBDCs and will be incorporated into the 2006 DFWP grant awards. All DFWP grant recipients will develop baselines in the following areas:

- Number of businesses that had an decrease in: employee turnover, absenteeism, tardiness, insurance premiums, damaged or stolen property, productivity, and workplace accidents.

- Number of businesses that had an increase in: employee turnover, absenteeism, tardiness, insurance premiums, damaged or stolen property, productivity, and workplace accidents.
- Number of businesses that remained unchanged in: employee turnover, absenteeism, tardiness, insurance premiums, damaged or stolen property, productivity, and workplace accidents

International Trade Training: The SBA plans to provide international trade training to small business through international trade seminar participation and the Export Technical Assistance Partnership (ETAP) program. E-TAP is organized for the purpose of assisting the export trade development of small businesses by providing customized training and on-going, in-depth, one-to-one counseling. It is a formal training program for potential small business exporters, usually co-sponsored with public and private-sector providers of education and training for the exporter. The SBA's resource partner for technical assistance, the Small Business Development Centers (SBDCs) and their 34 International Trade Center component, is the SBA's largest resource for conducting E-Tap initiatives. The result of this training is increasing the comfort level and confidence of small business to enter international markets and increase their focus on growth through exports. This result should be reflected in part in the planned increase in the number of existing small businesses receiving international trade loans, as show in the Program Outputs table.

SBA Procurement Assistance

U.S. SMALL BUSINESS ADMINISTRATION										
Results and Budgetary Resources										
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.										
Long Term Objective 2.2: Maximize the sustainability and growth of existing small business (ESB) assisted by SBA.										
SBA Program Level - Procurement Assistance										
Program Annual Output Measures										
SBA Program Output Measures		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
Capital Access										
Surety Bonds	Bonds guaranteed (number)	6,320	7,372	8,974	9,900	7,803	7,023	7,725	51.1%	61,725
	Total Receiving OCA Procurement Assistance	6,320	7,372	8,974	9,900	7,803	7,023	10,500	51%	61,725
Gov Contracting / Business Development (GCBD)										
HUBZone	HUBZone small businesses certified annually (number)	2,145	2,786	2,338	2,200	2,294	2,200	2,200	80%	11,230
	Program examinations completed (number)	N/A	N/A	N/A	500	505	575	675	99%	1,775
8(a) Program	Program recertification actions (number)	N/A	N/A	N/A	N/A	N/A	700	2,700	61%	5,600
	Small businesses participating at year end (number)	6,942	7,000	7,543	7,100	7,553	7,350	7,500	65%	45,807
	Applications screening (days)	N/A	N/A	N/A	15	15	14	13	67%	10
	Application processing (days)	N/A	N/A	N/A	90	45	45	30	67%	30
	Net number of small businesses certified	N/A	N/A	N/A	500	518	550	600	N/A	N/A
	Total Receiving GCBD Procurement Assistance	9,087	9,786	9,881	9,300	9,847	9,550	9,700	68%	57,037
Program Annual Output Measures										
Program Output Measures		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
District Offices										
Capital Access										
Surety Bonds	Bonds guaranteed (number)	6,320	7,372	8,974	9,900	7,803	7,023	7,725	51%	61,725
	Total Receiving OCA Procurement Assistance	6,320	7,372	8,974	9,900	7,803	7,023	10,500	51%	61,725
Gov Contracting / Business Development										
HUBZONE	HUBZone small businesses certified annually (number)	2,145	2,786	2,338	2,200	2,294	2,200	2,200	80%	11,230
	Program examinations completed (number)	N/A	N/A	N/A	500	505	575	675	99%	1,775
8(a) Program	Program recertification actions (number)	N/A	N/A	N/A	N/A	N/A	700	2,700	61%	5,600
	Small businesses participating at year end (number)	6,942	7,000	7,543	7,100	7,553	7,350	7,500	65%	45,807
	Applications screening (days)	N/A	N/A	N/A	15	15	14	15	67%	10
	Application processing (days)	N/A	N/A	N/A	90	45	45	30	67%	30
	Net number of small businesses certified	N/A	N/A	N/A	500	518	550	600	N/A	N/A
	Total Receiving GCBD Procurement Assistance	9,087	9,786	9,881	9,300	9,847	9,550	9,700	68%	57,037

U.S. SMALL BUSINESS ADMINISTRATION

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.

Long Term Objective 2.2: Maximize the sustainability and growth of existing small business (ESB) assisted by SBA.

SBA Program Level - Procurement Assistance

Program Annual Intermediate Outcome Measures

Program Intermediate Outcomes		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
Gov Contracting / Business Development										
HUBZone Program	Capital Investment increase (percentage)	N/A	N/A	N/A	N/A	N/A	N/A	5.00%	TBD	TBD
	Jobs created/retained (number)	N/A	N/A	N/A	N/A	150,000	157,500	157,500	72%	646,600
8(a) Program	Small businesses still in business 3 years from date of exiting 8(a) program (percentage)	N/A	N/A	N/A	69.0%	86.0%	70.0%	70.0%	114.7%	75.0%
	Total GCBD Jobs Created/Retained	N/A	N/A	N/A	N/A	150,000	157,500	157,500	72%	646,600

Program Annual Outcome Measures

SBA Program Outcome Measures		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
2.2.1 Increase the number of existing small businesses receiving SBA assistance.										
Capital Access										
Surety Bonds	ESB assisted	6,320	7,372	8,974	9,900	7,803	7,023	7,725	55.6%	61,725
	Total ESB Assisted	6,320	7,372	8,974	9,900	7,803	7,023	10,500	55.6%	61,725
Gov Contracting / Business Development										
HUBZone	ESB assisted	2,145	2,786	2,338	2,200	2,294	2,200	2,200	80.4%	11,230
8(a) Program	ESB assisted	6,942	7,000	7,543	7,100	7,553	7,350	7,500	65.4%	45,807
	Total ESB Assisted	9,087	9,786	9,881	9,300	9,847	9,550	9,700	68.3%	57,037
District Offices										
Surety Bonds	ESB assisted	6,320	7,372	8,974	9,900	7,803	7,023	7,725	55.6%	61,725
HUBZone	ESB assisted	2,145	2,786	2,338	2,200	2,294	2,200	13,500	181.1%	11,230
8(a) Program	ESB assisted	6,942	7,000	7,543	7,100	7,553	7,350	7,500	65.4%	45,807
	Total ESB Assisted	15,407	17,158	18,855	19,200	17,650	16,573	28,725	71.2%	118,762

Program Annual Outcome Measures

SBA Program Outcomes		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
2.2.5 Median customer satisfaction rate										
Program Offices										
Surety Bonds	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
HUBZone	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
8(a) Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
	Total	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
District Offices										
Surety Bonds	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
HUBZone	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
8(a) Program	% Customer Satisfaction	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%
	Total	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD	90.0%

U.S. SMALL BUSINESS ADMINISTRATION										
Results and Budgetary Resources										
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps facing entrepreneurs.										
Long Term Objective 2.2: Maximize the sustainability and growth of existing small business (ESB) assisted by SBA.										
SBA Program Level - Procurement Assistance										
Program Annual Cost										
SBA Cost (\$000)	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Estimate	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003- 2007 Goal	
Capital Access										
Surety Bonds	Total Cost (\$000)	1,843	2,102	1,833	1,923	1,909	1,916	2,932	N/A	N/A
	Cost per Surety Bond	292	570	409	388	489	546	558	N/A	N/A
	Total OCA Procurement Assistance Cost (\$000)	1,843	2,102	1,833	1,923	1,909	1,916	2,932	N/A	N/A
Gov Contracting / Business Development										
HUBZone	Total Cost (\$000)	5,804	6,539	5,648	6,671	6,825	6,789	7,342	N/A	N/A
	Cost per Small Business	2,706	2,347	2,416	3,032	2,975	3,086	3,337	N/A	N/A
8(a) Program	Total Cost (\$000)	33,093	42,434	33,374	35,599	34,945	36,645	37,657	N/A	N/A
	Cost per Small Business	4,767	6,062	4,424	5,014	4,627	4,986	5,021	N/A	N/A
	Total GCBD Procurement Assistance Cost (\$000)	38,897	48,973	39,022	42,270	41,769	43,434	44,999	N/A	N/A
District Offices										
Capital Access										
Surety Bonds	Total Cost (\$000)	473	983	873	923	917	934	918	N/A	N/A
	Cost per Surety Bond	75	133	97	93	118	133	87	N/A	N/A
	Total OCA Procurement Assistance Cost (\$000)	473	983	873	923	917	934	918	N/A	N/A
Gov Contracting / Business Development										
HUBZone	Total Cost (\$000)	1,763	2,837	2,657	3,031	3,034	3,073	3,023	N/A	N/A
	Cost per Small Business	822	1,018	1,136	1,378	1,322	1,397	1,374	N/A	N/A
8(a) Program	Total Cost (\$000)	19,203	27,078	22,171	24,326	24,187	24,662	24,147	N/A	N/A
	Cost per Small Business	2,766	3,868	2,939	3,426	3,202	3,355	3,220	N/A	N/A
	Total GCBD Procurement Assistance Cost (\$000)	20,966	29,915	24,828	27,357	27,221	27,735	27,170	N/A	N/A

The SBA through the Office of Government Contracting and Business Development will support accomplishment of Long-Term Objective 2.2, Outcome Measure 2.2.1 through the projects and initiatives of its HUBZone, 8(a), and 7(j) programs. These program activities of 8(a) and 7(j) are more fully described under Long-Term Objective 2.3.

During FY 2005 and FY 2006, the SBA plans to increase the number of existing small businesses (ESBs) that receive SBA assistance through its Office of HUBZone Empowerment Contracting. The HUBZone program expects to achieve a total of 2,200 newly certified ESBs in 2005 and 2,200 ESBs in 2006. The output previously used to describe HUBZone contribution to this LTO under Outcome 2.2.1 was the number of firms certified at years end. As a result of the process of validation of its performance indicators, GCBD has elected to use the number newly certified small businesses as a better measure of HUBZone contribution.

Additionally, the HUBZone Program will complete Program Examinations representing 5% of the portfolio during FY 2005, and 5% during FY 2006.

As shown in the Program Outputs table, the SBA has identified a set of output measures that track the performance of the HUBZone Program in several important areas related to increasing the number of clients assisted. In addition to these measures, some additional outputs are being proposed that the SBA believes would be useful in tracking aspects of performance that would lead to successfully meeting this Outcome measure. They are

more fully described at the Long-Term Objective 2.3. The new program outputs that the SBA will use in 2005 and 2006 are:

- ***HUBZone Program Recertification Actions.*** The HUBZone Program proposes to establish this as an Output measure. The HUBZone Program plans to complete 3,500 Program Recertification Actions during FY 2005, and 2,700 during FY 2006.

In anticipation of the SBA's development of data systems and performance goals for Outcome Measures 2.2.2, 2.2.3, 2.2.4 and 2.2.5, during 2005 and 2006 GCBD will use program-level intermediate outcome measures that will help ensure that the assistance it provides through its HUBZone Program has a significant and positive impact on the business success of its ESB clients.

The intermediate outcome measures directly relate to the *effectiveness* of the SBA's HUBZone services, and if achieved, will contribute to the SBA's ability to meet the outcome measures that the Agency has established (but does not yet have data on) for the relative business growth and longevity rates of the SBA clients. These intermediate outcomes are:

- ***Increase in Dollar Value of Contract Awards to HUBZone-certified Firms:*** FY 2005-N/A; FY 2006- Increase of 10% over the baseline established in FY 2004.
- ***Increase in Capital Investment in HUBZone Firms:*** FY 2005-N/A; FY 2006- Increase of 10% over the baseline established in FY 2004.
- ***HUBZone Firm - Capital Investment.*** We propose to establish this as an Output Measure. Goals for FY 2006 to be determined during FY 2005.

Additionally, the SBA will also support the accomplishment of this Long-Term Objective through the program activities, projects, and initiatives of the Office of Capital Access. An important part of the OCA strategy is to increase access to the Surety Bond Guarantee (SBG) Program and increase the number of bonds guaranteed by the SBA on behalf of small businesses. This will enable more small businesses to compete for contracts than would otherwise have been able. The planned growth in bond activity is 10% per year, as shown in the Program Output table. The expected result is that 500 new jobs would be created. To facilitate this strategy, a restructuring of the SBG Program's field office operations as they affect the surety program will be implemented, as follows:

Field Office Restructuring Plan: The SBA will continue its efforts to make the Surety Bond Guarantee program accessible to more small contractors by seeking support for its proposed restructuring of the program's field offices from 4 area offices to 10 regional offices. Budget funds requested in FY 2005 and FY 2006 will be used for training and program outreach and marketing particularly to small contractors and contractors facing

special competitive opportunity gaps. The SBG program's field component will support the accomplishment of these goals by performing the marketing and outreach needed to increase awareness of the program and contractor and surety participation. Seminars and workshops would be conducted in a much wider geographic area than was possible with only the current 4 area offices. Contractors in more remote rural areas would have more direct contact with SBG personnel. The SBA will increase participation in industry meetings, and field offices would conduct and participate in program promotional events. Program visibility and access would increase since field office presence would cover a wider geographic area.

Electronic Web System: In FY 2006, funding is being requested for the SBG Electronic Web System, which will improve program efficiency by enabling sureties to electronically submit underwriting applications and claims requests. Improvements in productivity and customer service will improve and streamline the program application process and encourage more surety participation, resulting in assistance to more small contractors.

District Offices

The SBA's field offices will support the accomplishment of this Long- Term Objective through its program activities, projects, and initiatives described below. It is expected that these activities will contribute to increase the number of existing small business and the number of existing small business that take advantage of other the SBA programs which will enhance their sustainability as they expand. In FY 05, the SBA will develop a strategy for identifying clients who have utilized the SBA programs and provide information on complementary the SBA programs. The SBA will work with other Federal, State, and local economic development organization to identify the SBA programs that might benefit their clients and provide information and contacts for them to pass on to their clients.

Marketing and Outreach Events

The SBA's District Offices (DO) field structure will focus part of their resources on reaching out to small businesses in "growth stages." DOs will coordinate with their local resource partners (lenders, procurement officials, SBDC, SCORE, and WBC) as well as other state and local economic development organizations. The district offices will conduct outreach and marketing and marketing events for small businesses. They will vary in scope and in structure, in size and in substance. Each event will be tailored to meet the needs of a specific community. The benefits of these events will be:

- Identifying groups and organizations whose members are in business and are expanding;
- Increasing awareness of the SBA's programs and services;
- Following up with business who received other the SBA services; and
- Assisting businesses with the resources they need to stay in business more than one year.

The SBA District office will hold marketing and outreach sessions during FY 2005 and during FY 2006. These sessions will be targeting existing businesses, but specific topics for these sessions will be developed in cooperation with Capital Access, GC/BD, and ED to ensure that the Agency's strategic goals and long-term objectives are achieved.

Training

The SBA's district office staff provides valuable training to a business trying to expand on a variety of management, technical, and financial subjects. As a firm begins to grow they face unique challenges and this can often be a very difficult transition. The SBA's management and technical assistance, training, and financial services can be what a business needs to survive during a "growth stage." This assistance or training will vary in scope and in structure, in size and in substance. Each event will be tailored to meet the needs of a specific community. The benefits of these events will include:

- Training businesses who are in a "growth stage;"
- Decreasing the number of businesses which go out of business during the expansion;
- Increasing the number of small businesses in existence for 1- 3 years;
- Increasing awareness of the SBA's programs and services that can provide management, technical and financial assistance; and
- Assisting businesses with the resources they need to be more successful than those who do not receive the SBA assistance.

The SBA District offices plan to host or participate in training sessions during FY 2005 and during FY 2006. These sessions will be targeted to companies already in business and trying to expand. Specific topics for these sessions will be developed in consultation with Capital Access, GC/BD, and ED to support the program offices achieving the Agency's strategic goals.

Management of Resource Partners

The SBA invests over \$100 million in its resource partners and the Agency has a responsibility to link their performance to the resource received from the SBA. District offices will negotiate the counseling and training efforts by the SBA resource partners to target growing business. Benefits of this strategy include:

- Strategic alignment of resource partners counseling and training efforts to the SBA's goals and long term objectives relating to existing businesses;
- Consistent delivery of services;
- Shared best practices and minimize duplication of services among the resource partners; and
- Accountability of resource partners performance to their agreement with the Agency.

To achieve these results, the district offices plan to accomplish the following activities during FY 2005:

- 100 percent of the DOs will negotiate goals with their resource partners within 60 days of their award agreement with specific milestones addressing services to existing businesses.
- DOs will meet regularly with the resource partners to assess their progress towards meeting their goals on serving existing business.
- DOs will review the needs assessment tools that the resource partners collect to identify trends in the needs of the small business community to facilitate growth.

Long-Term Objective 2.3

Significantly increase successful small business ownership within segments of society facing competitive opportunity gaps.

FY 2004 Results

The SBA focused resources to assist prospective, start-up and existing small businesses facing special competitive gaps (COG). The SBA helped to increase successful small business ownership within these groups by providing them with financial, technical or procurement assistance. The SBA also reevaluated the performance indicators used to evaluate the SBA's achievements in this Long-Term Objective. It should be noted that, in this case, the number of businesses assisted is treated as an outcome, as well as an output, in order to ensure that Agency programs do not selectively decrease the number of clients served as a means of achieving greater measures of average business success. In that regard, the SBA is working to develop the data systems to support the outcome measures dealing with the success of business facing COGs assisted by the Agency, including measures of survivability, job creation, and revenue growth.

SBA Financial Assistance

The SBA approved 71,109 loans, helping with the creation or growth of COGs small businesses, and exceeding the set goal of 52,117 financing assistances approved. A major factor in the SBA's success in meeting this goal is the fact that 61% of its 7(a) loans and 55% of its 504 loans that were approved during FY 2004 were for businesses facing COGs. Also, the SBA assisted the participation of COG businesses in international commerce by increasing the number of approved loans by 30% over the previous year, with a dollar value of \$467,949 million.

SBA Technical Assistance

The SBA met its technical assistance goal under Outcome Measure 2.3.1 by providing such assistance to over 519,185 COGs in FY 2004. The SBDC program supported this effort by serving an estimated 305,908 women-owned small businesses. An example of the SBA focus in COG small businesses is the Office of Native American Affairs, which is engaged in activities aimed at expanding services to the Native American community during FY 2004. Additionally, the SBA provided technical information in six languages and strived to achieve and maintain diversity among the counselors used by partners such as SCORE. In FY 2004, the SCORE program contributed to this effort by serving 125,734 prospective, start-up and existing women-owned small businesses. The WBC program, with a mission to serve socially and economically disadvantaged women, served 77,225 women..

SBA Procurement Assistance

The SBA met its goal to assist COGs to take advantage of procurement opportunities by providing procurement-related assistance to 12,026 COG clients

during FY 2004. The 8(a) program provided a broad scope of assistance to 7,553 socially and economically disadvantaged firms, and increased its efficiency with the newly released 8(a) electronic application. The electronic application is proving to be a more streamlined, user-friendly, and *easier* method for the applicant to apply for certification. It has reduced the average number of days to process an 8(a) application from over 100 days to 45 days, and reduced the number of days to process an SDB application from 110 days to 40 days. In addition, the HUBZone program certified 2,294 new firms that will be able to increase their revenues by taking advantage of Federal contracting preferences, which in turn will stimulate economic development in Historically Underutilized Business Zones.

Thanks to the SBA guaranteed bonds, 2,179 small businesses facing special competitive opportunity gaps were able to bid for contracts. The SBA did not meet its goal of issuing 3,350 surety bond guarantee approvals, primarily due to the lack of reauthorizing legislation for the Preferred Surety Bond (PSB) Program.

FY 2005 and FY 2006 Planned Performance

U.S. SMALL BUSINESS ADMINISTRATION									
Results and Budgetary Resources									
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps (COG) facing entrepreneurs.									
Long Term Objective 2.3: Significantly increase successful small business ownership within segments of society facing competitive opportunity gaps.									
Agency-wide Assistance									
SBA Outcome Measures	SBA Annual Outcome Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003-2007 Goal
2.3.1 Increase the number of start-ups and existing small businesses facing special competitive opportunity gaps (COGs) receiving SBA assistance.	531,771	590,696	634,325	68,767	597,800	535,717	563,141	96.6%	2,413,085
2.3.2 By FY 2008, small businesses facing special competitive opportunity gaps that were assisted by SBA, will exceed the national survivability rate for comparable small businesses within the first 2 years of existence.	N/A	28,857	41605	TBD	TBD	TBD	TBD	TBD	TBD
2.3.3 By FY 2008, small businesses facing special competitive opportunity gaps that were assisted by SBA, will exceed the national average rate of comparable small business job creation within 2 years of that assistance.	N/A	3,004	3,962	TBD	TBD	TBD	TBD	TBD	TBD
2.3.4 By FY 2008, small businesses facing special competitive opportunity gaps that were assisted by SBA, will exceed the national average rate of comparable small business revenue growth within 2 years of that assistance.	N/A	N/A	TBD	TBD	TBD	TBD	TBD	TBD	TBD
SBA Output Measures	SBA Program Annual Output Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003-2007 Goal
Total Receiving Financial Assistance	1,833	36,187	51,021	52,117	71,109	74,841	83,249	62.7%	338,786
Total Receiving Technical Assistance	259,509	271,309	285,021	4,000	514,643	449,329	468,033	46.0%	1,994,278
Total Receiving Procurement Assistance	10,920	11,891	13,262	12,650	12,026	11,513	11,859	45.0%	80,021
SBA Cost (\$000)	SBA Program Annual Cost Measures								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate	% FY03-07 Estimate by 2006	FY 2003-07 Estimate
Total Financial Assistance Cost (\$000)	8,961	14,945	149,277	111,948	114,655	65,722	62,731	N/A	N/A
Total Technical Assistance Cost (\$000)	111,521	93,903	91,946	93,780	79,476	78,123	68,267	N/A	N/A
Total Procurement Assistance Cost (\$000)	39,432	49,573	39,714	54,858	42,302	43,970	46,062	N/A	N/A

SBA Financial Assistance

U.S. SMALL BUSINESS ADMINISTRATION										
Results and Budgetary Resources										
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps (COG) facing entrepreneurs.										
Long Term Objective 2.3: Significantly increase successful small business ownership within segments of society facing competitive opportunity gaps.										
SBA Program Level - Financial Assistance										
Program Annual Output Measures										
SBA Programs Output Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003 - 2007 Goal	
CAPITAL ACCESS										
7 (a) Loan Program										
504 Loan Program	Loans approved (number)	N/A	28,857	41,605	44,617	60,787	68,621	76,690	UNAVAIL.	289,024
Microloan Program	Loans approved (number)	N/A	3,004	3,962	4,150	6,207	4,257	4,400	250%	26,778
	Loans approved (number)	N/A	2,221	2,073	N/A	1,936	N/A	N/A	N/A	N/A
SBIC	SBIC Financing (\$ million)	N/A	N/A	190	200	227	250	225	UNAVAIL.	1,100
	Financings (number)	N/A	N/A	N/A	N/A	621	650	UNAVAIL.	UNAVAIL.	UNAVAIL.
	Small businesses financed in low-income census track (number)	N/A	N/A	N/A	N/A	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.
	Financing in low-income census track (number)	N/A	N/A	N/A	N/A	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.
International Trade	Small businesses receiving financings (number)	N/A	N/A	N/A	N/A	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.
	Loans approved (number)	N/A	N/A	N/A	N/A	TBD	TBD	TBD	UNAVAIL.	TBD
NMVC	Value Export sales financing (\$)	N/A	N/A	373,059	N/A	467,949	508,200	520,300	UNAVAIL.	1,496,449
	Value financing (\$ million)	N/A	0.5	2.7	8.0	9.7	11	25	UNAVAIL.	47
	Small businesses receiving financings (number)	N/A	N/A	N/A	N/A	22	34	UNAVAIL.	UNAVAIL.	UNAVAIL.
	Operational Assistance (\$ million)	N/A	0.5	1.3	1.9	1.9	2.5	3	UNAVAIL.	10
Surety Bonds	Small businesses financed in low-income census track (number)	N/A	N/A	N/A	N/A	21	30	UNAVAIL.	UNAVAIL.	UNAVAIL.
	Financings in low-income census track (number)	N/A	N/A	N/A	N/A	UNAVAIL.	34		TBD	TBD
	Financing in low-income census track (\$)	N/A	N/A	N/A	N/A	UNAVAIL.	15	UNAVAIL.	UNAVAIL.	UNAVAIL.
	Bonds guaranteed (number)	1,833	2,105	3,381	3,350	2,179	1,963	2,159	UNAVAIL.	22,984
	Total Receiving OCA Financing Assistance	1,833	36,187	51,021	52,117	71,109	74,841	83,249	UNAVAIL.	338,786
	Program Annual Output Measures									
SBA Programs Output Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003 - 2007 Goal	
DISTRICT OFFICES										
CAPITAL ACCESS										
7 (a) Loan Program										
504 Loan Program	Loans approved (number)	N/A	28,857	41,605	44,617	60,787	68,621	76,690	UNAVAIL.	289,024
Microloan Program	Loans approved (number)	N/A	3,004	3,962	4,150	6,207	4,257	4,400	250%	26,778
	Loans approved (number)	N/A	2,221	2,073	N/A	1,936	N/A	N/A	N/A	N/A

U.S. SMALL BUSINESS ADMINISTRATION

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps (COG) facing entrepreneurs.

Long Term Objective 2.3: Significantly increase successful small business ownership within segments of society facing competitive opportunity gaps.

SBA Program Level - Financial Assistance

Program Annual Outcome Measures

SBA Programs Outcome Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003 - 2007 Goal	
2.3.1 Increase the number of start-ups and existing small businesses facing special competitive opportunity gaps (COGs) receiving SBA assistance.										
CAPITAL ACCESS										
7(a) Loan Program	COGs assisted	N/A	28,857	41,605	44,617	60,787	68,621	76,690	86%	289,024
504 Loan Program	COGs assisted	N/A	3,004	3,962	4,150	6,207	4,257	4,400	70%	26,778
Microloan Program	COGs assisted	N/A	2,221	2,073	N/A	1,936	N/A	N/A	N/A	N/A
International Trade	COGs assisted	N/A	N/A	N/A	N/A	TBD	TBD	TBD	#VALUE!	TBD
NMVC	COGs assisted	N/A	N/A	N/A	N/A	22	34	UNAVAIL.	UNAVAIL.	UNAVAIL.
SBIC	COGs assisted	N/A	N/A	N/A	N/A	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.
Surety Bonds	COGs assisted	1,833	2,105	3,381	3,350	2,179	1,963	2,159	42%	22,984
Total COGs Assisted		1,833	36,187	51,021	52,117	71,131	74,875	83,249	UNAVAIL.	338,786
DISTRICT OFFICES										
7(a) Loan Program	COGs assisted	N/A	28,857	41,605	44,617	60,787	68,621	76,690	UNAVAIL.	289,024
504 Loan Program	COGs assisted	N/A	3,004	3,962	4,150	6,207	4,257	4,400	UNAVAIL.	26,778
Microloan Program	COGs assisted	N/A	2,221	2,073	N/A	1,936	N/A	N/A	N/A	N/A
International Trade	COGs assisted	N/A	N/A	N/A	N/A	TBD	TBD	TBD	UNAVAIL.	TBD
Surety Bonds	COGs assisted	1,833	2,105	3,381	3,350	2,179	1,963	2,159	42%	22,984
Total COGs Assisted		1,833	36,187	51,021	52,117	71,109	74,841	83,249	UNAVAIL.	338,786

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps (COG) facing entrepreneurs.

Long Term Objective 2.3: Significantly increase successful small business ownership within segments of society facing competitive opportunity gaps.

SBA Program Level - Financial Assistance

Program Annual Cost									
SBA Programs Cost Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Estimate	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003 - 2007 Goal
CAPITAL ACCESS									
7(a) Program									
Total Cost (\$000)	N/A	N/A	104,960	80,639	84,306	34,282	32,238	N/A	N/A
Cost Per Loan Approved	N/A	N/A	2,523	1,807	1,387	500	420	N/A	N/A
Cost Per Loan Liquidated	N/A	N/A	n/a	N/A	n/a	N/A	N/A	N/A	N/A
Subsidy Cost (\$000)	N/A	N/A	69,393	49,836	52,084	528	0	N/A	N/A
Loan Approving (\$000)	N/A	N/A	35,567	30,803	32,222	33,754	32,238	N/A	N/A
Loan Servicing (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
Loan Liquidation (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
Asset Sales (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
Lender Oversight (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
504 Loan Program									
Total Cost (\$000)	N/A	N/A	15,521	15,801	16,413	15,616	15,768	N/A	N/A
Cost Per Loan Approved	N/A	N/A	3,917	3,807	2,644	3,668	3,584	N/A	N/A
Cost Per Loan Liquidated	N/A	N/A	n/a	N/A	n/a	N/A	N/A	N/A	N/A
Loan Approving (\$000)	N/A	N/A	15,521	15,801	16,413	15,616	15,768	N/A	N/A
Loan Servicing (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
Loan Liquidation (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
Asset Sales (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
Lender Oversight (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
Microloan Program									
Total Cost (\$000)	N/A	N/A	6,002	4,912	3,666	5,648	N/A	N/A	N/A
Cost Per Loan Approved	N/A	N/A	2,953	N/A	2,377	N/A	N/A	N/A	N/A
Loan Subsidy (\$000)	N/A	N/A	3,879	1,603	1,204	1,112	N/A	N/A	N/A
Loan Approving (\$000)	N/A	N/A	2,243	1,841	3,398	4,536	N/A	N/A	N/A
Loan Servicing (\$000)	N/A	N/A	3,708	3,028	200	TBD	N/A	N/A	N/A
Loan Liquidation (\$000)	N/A	N/A	51	43	69	TBD	N/A	N/A	N/A
International Trade									
Total Cost (\$000)	4,164	4,990	5,811	5,431	5,447	5,482	5,724	N/A	N/A
NMVC									
Total Cost (\$000)	716	5,152	12,626	495	472	376	381	N/A	N/A
SBIC									
Total Cost (\$000)	3,546	4,203	3,666	3,846	3,818	3,782	3,860	N/A	N/A
Surety Bond									
Total Cost (\$000)	535	600	691	824	533	536	1,063	N/A	N/A
Cost per Bond Guarantee	292	285	204	246	245	273	N/A	N/A	N/A
Total Financial Assistance Cost (\$000)	8,961	14,945	149,277	111,948	114,655	65,722	57,971	N/A	N/A
DISTRICT OFFICE									
CAPITAL ACCESS									
7(a) Program									
Total Cost (\$000)	N/A	N/A	27,708	23,332	24,366	25,134	25,184	N/A	N/A
Cost Per Loan Approved	N/A	N/A	666	523	401	366	328	N/A	N/A
Cost Per Loan Liquidated	N/A	N/A	n/a	N/A	n/a	N/A	N/A	N/A	N/A
Subsidy Cost (\$000)	N/A	N/A	0	0	0	0	-	N/A	N/A
Loan Approving (\$000)	N/A	N/A	27,708	23,332	24,366	25,134	25,184	N/A	N/A
Loan Servicing (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
Loan Liquidation (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
Asset Sales (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
Lender Oversight (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
504 Loan Program									
Total Cost (\$000)	N/A	N/A	12,017	11,970	12,413	11,623	11,242	N/A	N/A
Cost Per Loan Approved	N/A	N/A	3,033	2,884	2,000	2,730	2,555	N/A	N/A
Cost Per Loan Liquidated	N/A	N/A	n/a	N/A	n/a	N/A	N/A	N/A	N/A
Subsidy Cost (\$000)	N/A	N/A	0	0	0	0	0	N/A	N/A
Loan Approving (\$000)	N/A	N/A	12,017	11,970	12,413	11,623	11,242	N/A	N/A
Loan Servicing (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
Loan Liquidation (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
Asset Sales (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
Lender Oversight (\$000)	N/A	N/A	TBD	TBD	TBD	TBD	TBD	N/A	N/A
Microloan Program									
Total Cost (\$000)	N/A	N/A	2,133	12	1,257	N/A	-	N/A	N/A
Cost Per Loan Approved	N/A	N/A	866	N/A	646	N/A	N/A	N/A	N/A
Subsidy Cost (\$000)	N/A	N/A	0	N/A	0	N/A	N/A	N/A	N/A
Loan Approving (\$000)	N/A	N/A	1,796	6	1,250	N/A	N/A	N/A	N/A
Loan Servicing (\$000)	N/A	N/A	268	6	3	N/A	N/A	N/A	N/A

The SBA will, through program activities, projects, and initiatives of the Office of Capital Access further the achievement of the long-term goals this Long-Term Objective as described below.

As the table for Outcome Measure 2.3.1 indicates, the SBA plans to contribute to an increase in small business ownership among segments of society facing special competitive opportunity gaps (COGs), by providing financial assistance to more such businesses and entrepreneurs. The total number assisted is planned to increase from 49,849 in FY 2004, to 51,104 in 2005 and 54,400 in 2006.

In FY 2005 and 2006, the SBA will continue to help these special groups increase their participation in International loans. The Agency plans to be more active in recruiting these small businesses by working closer with organizations that represent these special groups.

SBA Technical Assistance

U.S. SMALL BUSINESS ADMINISTRATION										
Results and Budgetary Resources										
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps (COG) facing entrepreneurs.										
Long Term Objective 2.3: Significantly increase successful small business ownership within segments of society facing competitive opportunity gaps.										
SBA Program Level - Technical Assistance										
Program Annual Output Measures										
SBA Programs Output Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003 - 2007 Goal	
Capital Access										
Microloan Program	Hours of technical assistance (number)	N/A	N/A	N/A	N/A	UNAVAIL.	N/A	N/A	N/A	N/A
	Small businesses receiving technical assistance (number)	N/A	N/A	N/A	N/A	UNAVAIL.	N/A	N/A	N/A	N/A
International Trade	Attendees trained (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
	Clients counseled (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
	Training hours (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
	Counseling hours (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
	Lenders trained (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
Prime Technical Assistance	Not Measured (N/M)	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/A	N/M
	Total Receiving OCA Technical Assistance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gov Contracting / Business Development										
7(j) Program	Face-to-face training	N/A	N/A	N/A	4,000	5,776	2,000	3,000	90%	12,000
	Total Receiving GCBD Technical Assistance	N/A	N/A	N/A	4,000	5,776	2,000	3,000	90%	12,000
Program Annual Output Measures										
SBA Programs Output Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003 - 2007 Goal	
Entrepreneurial Development										
SCORE	Attendees trained (number)	N/A	N/A	N/A	N/A	49,449	37,268	41,239	103%	120,983
	Clients counseled (number)	N/A	N/A	N/A	N/A	76,285	58,290	61,471	106%	183,077
	Training hours (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
	Online users counseled online (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
	Counseling hours (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
SBDC	Attendees trained (number)	161,460	171,483	181,960	N/A	195,357	201,218	207,254	79%	999,261
	Clients counseled (number)	98,049	99,826	103,061	N/A	110,551	93,371	96,172	80%	502,214
	Training hours (number)	714,209	707,772	929,055	N/A	837,653	862,783	888,666	104%	4,488,434
	Online users counseled online (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
	Counseling hours (number)	575,921	551,727	577,944	N/A	581,605	599,053	617,024	110%	3,011,161
WBC	Attendees trained (number)	N/A	N/A	N/A	N/A	50,573	39,068	40,240	108%	120,755
	Clients counseled (number)	N/A	N/A	N/A	N/A	26,652	18,114	18,657	113%	55,988
	Training hours (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps (COG) facing entrepreneurs.

Long Term Objective 2.3: Significantly increase successful small business ownership within segments of society facing competitive opportunity gaps.

SBA Program Level - Technical Assistance

Program Annual Output Measures

SBA Programs Output Measures		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003 - 2007 Goal
District Offices										
Microloan Program	Hours of technical assistance (number)	N/A	N/A	N/A	N/A	UNAVAIL.	N/A	N/A	N/A	N/A
	Small businesses receiving technical assistance (number)	N/A	N/A	N/A	N/A	UNAVAIL.	N/A	N/A	N/A	N/A
International Trade	Attendees trained (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	#VALUE!	TBD
	Clients counseled (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	#VALUE!	TBD
	Training hours (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
	Counseling hours (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
	Lenders trained (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
Prime Technical Assistance	Not Measured (N/M)	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/A	N/M
	Total Receiving OCA Technical Assistance	N/A	N/A	N/A	N/A	0	0	0	N/A	0
7(j) Program	Face-to-face training	N/A	N/A	N/A	4,000	5,776	2,000	3,000	90%	12,000
	Total Receiving GCBD Technical Assistance	N/A	N/A	N/A	4,000	5,776	2,000	3,000	90%	12,000
SCORE	Clients counseled (number)	N/A	N/A	N/A	N/A	76,285	58,290	61,471	106%	183,077
	Attendees trained (number)	N/A	N/A	N/A	N/A	49,449	37,268	41,239	103%	120,983
SBDC	Clients counseled (number)	98,049	99,826	103,061	N/A	110,551	93,371	96,172	80%	502,214
	Attendees trained (number)	161,460	171,483	181,960	N/A	195,357	201,218	207,254	79%	999,261
WBC	Clients counseled (number)	N/A	N/A	N/A	N/A	26,652	18,114	18,657	113%	55,988
	Attendees trained (number)	N/A	N/A	N/A	N/A	50,573	39,068	40,240	108%	120,755
SBTN	Online users taking online courses (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
	Registered clients taking online courses (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
NAO	Clients trained (number)	N/A	N/A	N/A	N/A	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.
	Total Receiving ED Technical Assistance	259,509	271,309	285,021	N/A	508,867	447,329	465,033	86%	1,982,278

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps (COG) facing entrepreneurs.

Long Term Objective 2.3: Significantly increase successful small business ownership within segments of society facing competitive opportunity gaps.

SBA Program Level - Technical Assistance

Program Intermediate Outcome Measures

SBA Programs Outcome Measures		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003 - 2007 Goal
Entrepreneurial Development										
SCORE	Jobs Created/Retained (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
	Revenue (\$ million)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
SBDC	Jobs Created/Retained (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
	Revenue (\$ million)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
WBC	Jobs Created/Retained (number)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
	Revenue (\$ million)	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
Total ED Jobs Created/Retained		N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD	TBD
GOV CONTRACTING/BUSINESS DEVELOPMENT										
HUBZONE	Jobs Created/Retained (number)	N/A	N/A	N/A	N/A	150,000	157,500	165,375	73%	646,600
	Total GCBD Jobs Created/Retained	N/A	N/A	N/A	N/A	150,000	157,500	165,375	73%	496,519

Program Annual Outcome Measures

SBA Programs Outcome Measures		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003 - 2007 Goal
2.3.1 Increase the number of start-ups and existing small businesses facing special competitive opportunity gaps (COGs) receiving SBA assistance.										
Capital Access										
Microloan Program	COGs assisted	N/A	N/A	N/A	N/A	UNAVAIL.	N/A	N/A	N/A	N/A
International Trade	COGs assisted	N/A	N/A	N/A	N/A	0	0	0	#DIV/0!	0
Prime Technical Assistance	COGs assisted	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Total COGs Assisted		N/A	N/A	N/A	N/A	0	0	0	N/A	0
Gov Contracting / Business Development										
7(j)	COGs assisted	N/A	N/A	N/A	4,000	5,776	2,000	3,000	90%	12,000
Total COGs Assisted		N/A	N/A	N/A	4,000	5,776	2,000	3,000	90%	12,000
Entrepreneurial Development										
SCORE	COGs assisted	N/A	N/A	N/A	N/A	125,734	95,558	102,710	105%	304,060
SBDC	COGs assisted	259,509	271,309	285,021	N/A	305,908	294,589	303,426	79%	1,501,475
WBC	COGs assisted	N/A	N/A	N/A	N/A	77,225	57,182	58,897	109%	176,743
NAO	COGs assisted	N/A	N/A	N/A	N/A	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.
Total COGs Assisted		259,509	271,309	285,021	N/A	508,867	447,329	465,033	86%	1,982,278
District Offices										
Microloan Program	COGs assisted	N/A	N/A	N/A	N/A	UNAVAIL.	N/A	N/A	N/A	N/A
International Trade	COGs assisted	N/A	N/A	N/A	N/A	-	-	-	#DIV/0!	-
Prime Technical Assistance	COGs assisted	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
7(j)	COGs assisted	N/A	N/A	N/A	4,000	5,776	2,000	3,000	90%	12,000
SCORE	COGs assisted	N/A	N/A	N/A	N/A	125,734	95,558	102,710	105%	304,060
SBDC	COGs assisted	259,509	271,309	285,021	N/A	305,908	294,589	303,426	79%	1,501,475
WBC	COGs assisted	N/A	N/A	N/A	N/A	77,225	57,182	58,897	109%	176,743
NAO	COGs assisted	N/A	N/A	N/A	N/A	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.	UNAVAIL.

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps (COG) facing entrepreneurs.

Long Term Objective 2.3: Significantly increase successful small business ownership within segments of society facing competitive opportunity gaps.

SBA Program Level - Technical Assistance

SBA Programs Cost Measures		Program Annual Cost								
		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Estimate	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003 - 2007 Goal
Capital Access										
Microloan Program										
Total Cost (\$000)		N/A	N/A	15,127	12,062	8,767	10,826	N/A	N/A	N/A
Total Cost per hour (\$000)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tech Asst (\$000)		N/A	N/A	228	188	702	938	N/A	N/A	N/A
Tech Asst Training(\$000)		N/A	N/A	259	106	55	71	N/A	N/A	N/A
Tech Asst Grants (\$000)		N/A	N/A	14,640	11,768	8,010	9,817	N/A	N/A	N/A
Total OCA Technical Assistance Cost (\$000)		N/A	N/A	15,127	12,062	8,767	10,826	-	N/A	N/A
Gov Contracting / Business Development										
7(j) Program										
Total Cost (\$000)		7,323	4,534	2,803	4,187	4,626	2,995	3,672	N/A	N/A
Cost per participant		N/A	N/A	N/A	1,047	801	1,498	1,224	N/A	N/A
Total GCBD Technical Assistance Cost (\$000)		7,323	4,534	2,803	4,187	4,626	2,995	3,672	N/A	N/A
Entrepreneurial Development										
SCORE										
Total Cost (\$000)		6,882	7,307	6,360	7,134	6,209	5,712	6,140	N/A	N/A
Cost per client served		N/A	N/A	N/A	N/A	49	60	60	N/A	N/A
SBDC										
Total Cost (\$000)		65,355	61,044	51,418	52,980	44,643	44,679	44,731	N/A	N/A
Cost per client served		N/A	N/A	N/A	N/A	146	152	147	N/A	N/A
WBC										
Total Cost (\$000)		31,961	21,018	16,238	17,417	15,232	13,911	13,724	N/A	N/A
Cost per client served		N/A	N/A	N/A	N/A	197	243	233	N/A	N/A
Total ED Technical Assistance Cost (\$000)		104,198	89,369	74,016	77,531	66,084	64,302	64,595	N/A	N/A
District Offices										
Capital Access										
Microloan Program										
Total Cost (\$000)		N/A	N/A	309	264	22	N/A	N/A	N/A	N/A
Total Cost per Hour (\$000)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tech Asst (\$000)		N/A	N/A	309	264	22	N/A	N/A	N/A	N/A
Tech Asst Training(\$000)		N/A	N/A	0	0	0	N/A	N/A	N/A	N/A
Tech Asst Grants (\$000)		N/A	N/A	0	0	0	N/A	N/A	N/A	N/A
Total Technical Assistance Cost (\$000)		N/A	N/A	309	264	22	N/A	N/A	N/A	N/A
Gov Contracting / Business Development										
7(j) Program										
Total Cost (\$000)		2,278	593	350	619	611	459	458	N/A	N/A
Cost per participant		N/A	N/A	N/A	155	106	230	153	N/A	N/A
Total Technical Assistance Cost (\$000)		2,278	593	350	619	611	459	458	N/A	N/A
Entrepreneurial Development										
SCORE										
Total Cost (\$000)		3,994	4,023	3,585	3,842	2,240	1,732	1,979	N/A	N/A
Cost per client served		N/A	N/A	N/A	N/A	18	18	19	N/A	N/A
SBDC										
Total Cost (\$000)		42,574	37,179	28,317	29,521	19,248	18,936	16,893	N/A	N/A
Cost per client served		N/A	N/A	N/A	N/A	63	64	56	N/A	N/A
WBC										
Total Cost (\$000)		7,365	1,942	2,109	2,351	4,206	4,152	4,059	N/A	N/A
Cost per client served		N/A	N/A	N/A	N/A	54	73	69	N/A	N/A
Total Technical Assistance Cost (\$000)		53,933	43,144	34,011	35,714	25,694	24,820	22,931	N/A	N/A

As the table for Outcome Measure 2.3.1 indicates, the SBA will increase the number of prospective and existing small businesses from segments of society facing special competitive gaps (COGs) receiving technical assistance in FY 2005 and FY 2006. In FY 2004, the SBA anticipates assisting 764,847 COGs.

The FY 2005 goal for the number of COGs assisted by the SBA through WBC is 130,051 (a 12.3 percent increase over the 2004 goal), and for FY 2006 it is 87,373. Because WBC's legislation requires the program to target socially and economically disadvantaged clients, this effort will be an important factor in the SBA's success under LTO 2.3. WBC centers continually describe and share creative methods they use to reach this population. For instance, special programs have been developed to serve women on welfare and women with disabilities. When funding to centers decreases, centers are often forced to serve paying clients first. This leaves economically and socially disadvantaged women without the SBA's services. To ensure services to the socially and economically disadvantaged, in FY 2006 WBC plans to increase the number of centers and the amount provided to each high performing center.

In spite of a static Federal funding for the SBDC Program from 1999 to 2004, SBDC performance outputs and activities continued to increase: clients counseled by 6%,; training units by 21.9%; training attendees by 34.5%, and training hours by 11%. Also during that time the SBDC Program concentrated outreach efforts targeted specifically to minorities and those who are historically underprivileged. The increase in these competitive opportunity gaps from 2000 to 2004 increased in aggregate by thirty four percent. The following competitive opportunity gaps saw marked increases in the following gender and race/ethnicity categories: African Americans served: by 64% ; Hispanics served: by 17%; Asian Americans served by 92%; Native American and Alaskan Natives by 9%; Native Hawaiians and Pacific Islanders by 92%; and Women by 34%.

The SBA, through the SCORE program, plans to increase the number of COG clients by expanding and marketing in new geographic and demographic markets. Currently, the SCORE program uses a volunteer network of 1,718 women counselors, in nearly 400 chapters throughout the country to America's prospective, nascent and start-up small businesses.

A national marketing campaign that features print ads, posters and other printed materials targeted specifically to the Native American community is being developed. The marketing products will be disseminated to Native American communities and targeted the SBA resource partners, regional and district offices. In FY 2006, the SBA will continue its consultation with tribes, coordination with federal agencies, marketing, and training and economic development projects for Native American entrepreneurs.

SBA Procurement Assistance

U.S. SMALL BUSINESS ADMINISTRATION									
Results and Budgetary Resources									
Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps (COG) facing entrepreneurs.									
Long Term Objective 2.3: Significantly increase successful small business ownership within segments of society facing competitive opportunity gaps.									
SBA Program Level - Procurement Assistance									
Program Annual Output Measures									
SBA Programs Output Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003 - 2007 Goal
Capital Access									
Surety Bonds									
Bonds guaranteed (number)	1,833	2,105	3,381	3,350	2,179	1,963	2,159	42%	22,984
Total Receiving OCA Procurement Assistance	1,833	2,105	3,381	3,350	2,179	1,963	2,159	42%	22,984
Gov Contracting / Business Development									
HUBZone									
HUBZone small businesses certified annually (number)	2,145	2,786	2,338	2,200	2,294	2,200	2,200	80%	11,230
Program examinations completed (number)	N/A	N/A	N/A	500	505	575	675	99%	1,775
Program recertification actions (number)	N/A	N/A	N/A	N/A	N/A	700	2,700	61%	5,600
8(a) Program									
Small businesses participating at year end (number)	6,942	7,000	7,543	7,100	7,553	7,350	7,500	65%	45,807
Small businesses awarded contracts (number)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Applications screening (days)	N/A	N/A	N/A	15	15	14	13	420%	10
Application processing (days)	N/A	N/A	N/A	90	45	45	30	400%	30
Net number of small businesses certified	N/A	N/A	N/A	500	518	550	600	278%	600
Total Receiving GCBD Procurement Assistance	9,087	9,786	9,881	9,300	9,847	9,550	9,700	68%	57,037
District Offices									
Capital Access									
Surety Bonds									
Bonds guaranteed (number)	1,833	2,105	3,381	3,350	2,179	1,963	2,159	42%	22,984
Total Receiving OCA Procurement Assistance	1,833	2,105	3,381	3,350	2,179	1,963	2,159	42%	22,984
Gov Contracting / Business Development									
HUBZone									
HUBZone small businesses certified annually (number)	2,145	2,786	2,338	2,200	2,294	2,200	2,200	80%	11,230
Program examinations completed (number)	N/A	N/A	N/A	500	505	575	675	99%	1,775
Program recertification actions (number)	N/A	N/A	N/A	N/A	N/A	700	2,700	61%	5,600
8(a) Program									
Small businesses participating at year end (number)	6,942	7,000	7,543	7,100	7,553	7,350	7,500	65%	45,807
Applications screening (days)	N/A	N/A	N/A	15	15	14	13	UNAVAIL.	10
Application processing (days)	N/A	N/A	N/A	90	45	45	30	UNAVAIL.	30
Net number of small businesses certified	N/A	N/A	N/A	500	518	550	600	UNAVAIL.	600
Total Receiving GCBD Procurement Assistance	9,087	9,786	9,881	9,300	9,847	9,550	9,700	68%	57,037

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps (COG) facing entrepreneurs.

Long Term Objective 2.3: Significantly increase successful small business ownership within segments of society facing competitive opportunity gaps.

SBA Program Level - Procurement Assistance

Program Annual Intermediate Outcome Measures

SBA Intermediate Outcome Measures		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003 - 2007 Goal
HUBZone	Capital Investment increase (percentage)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.00%	TBD
8(a) Program	Jobs created/retained (percentage)	N/A	N/A	N/A	N/A	150,000	157,500	157,500	73%	646,600
	Jobs created/retained (number)	N/A	N/A	N/A	N/A	N/A	N/A	TBD	TBD	TBD
	Small businesses still in business 3 years from date of exiting 8(a) program (percentage)	N/A	N/A	N/A	69%	86%	70%	70%	115%	75%

Program Annual Outcome Measures

SBA Program Outcome Measures		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003 - 2007 Goal
2.3.1 Increase the number of start-ups and existing small businesses facing special competitive opportunity gaps (COGs) receiving SBA assistance.										
Capital Access										
Surety Bonds	COGs assisted	1,833	2,105	3,381	3,350	2,179	1,963	2,159	42%	22,984
	Total COGs Assisted	1,833	2,105	3,381	3,350	2,179	1,963	2,159	42%	22,984
Gov Contracting / Business Development										
HUBZone	COGs assisted	2,145	2,786	2,338	2,200	2,294	2,200	2,200	80%	11,230
8(a) Program	COGs assisted	6,942	7,000	7,543	7,100	7,553	7,350	7,500	65%	45,807
	Total COGs Assisted	9,087	9,786	9,881	9,300	9,847	9,550	9,700	68%	57,037
District Offices										
Surety Bonds	COGs assisted	1,833	2,105	3,381	3,350	2,179	1,963	2,159	42%	22,984
HUBZone	COGs assisted	2,145	2,786	2,338	2,200	2,294	2,200	2,200	80%	11,230
8(a) Program	COGs assisted	6,942	7,000	7,543	7,100	7,553	7,350	7,500	68%	45,807
	Total COGs Assisted	10,920	11,891	13,262	12,650	12,026	11,513	11,859	61%	80,021

Results and Budgetary Resources

Strategic Goal 2. Increase small business success by bridging competitive opportunity gaps (COG) facing entrepreneurs.

Long Term Objective 2.3: Significantly increase successful small business ownership within segments of society facing competitive opportunity gaps.

SBA Program Level - Procurement Assistance

SBA Programs Cost Measures		Program Annual Cost								
		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Estimate	FY 2006 Goal	% FY03-07 Goal by 2006	FY 2003 - 2007 Goal
Capital Access										
Surety Bond	Total Cost (\$000)	535	600	691	824	533	536	1,063	N/A	N/A
	Cost per Bond Guarantee	292	285	204	246	245	273	492	N/A	N/A
	Total Capital Access Cost (\$000)	535	600	691	824	533	536	1,063	N/A	N/A
Gov Contracting / Business Development										
8(a) Program	Total Cost (\$000)	33,093	42,434	33,375	47,363	34,945	36,645	37,657	N/A	N/A
	Cost Per 8(a) small business	4,767	6,062	4,425	6,671	4,627	4,986	5,021	N/A	N/A
HUBZone	Total cost (\$000)	5,804	6,539	5,648	6,671	6,825	6,789	7,342	N/A	N/A
	Cost per small business	2,706	2,347	2,416	3,032	2,975	3,086	3,337	N/A	N/A
	Total Gov Contracting /Bus Dev Cost (\$000)	38,897	48,973	39,023	54,034	41,769	43,434	44,999	N/A	N/A
	Total Procurement Assistance Cost (\$000)	39,432	49,573	39,714	54,858	42,302	43,970	46,062	N/A	N/A
District Offices										
Capital Access										
Surety Bond	Total Cost (\$000)	137	281	329	391	256	261	334	N/A	N/A
	Cost per Surety Bond	75	133	97	117	117	133	154	N/A	N/A
	Total Capital Access Cost (\$000)	137	281	329	391	256	261	334	N/A	N/A
Gov Contracting/Business Development										
8(a) Program	Total Cost (\$000)	19,202	27,078	22,171	29,739	24,581	24,662	24,147	N/A	N/A
	Cost Per 8(a) small business	2,766	3,868	2,939	4,189	3,255	3,355	3,220	N/A	N/A
HUBZone	Total cost (\$000)	1,763	2,837	2,657	3,031	3,034	3,073	3,023	N/A	N/A
	Cost per small business	822	1,018	1,136	1,378	1,322	1,397	1,374	N/A	N/A
	Total Gov Contracting /Bus Dev Cost (\$000)	20,965	29,915	24,828	32,770	27,615	27,735	27,170	N/A	N/A
	Total Procurement Assistance Cost (\$000)	21,102	30,196	25,157	33,161	27,871	27,996	27,504	N/A	N/A

As the table for Outcome Measure 2.3.1 shows, the SBA, through GCBD, plans to increase the number of prospective and small businesses from segments of society facing special competitive opportunity gaps (COGs) receiving procurement assistance in FY 2005 and FY 2006. In FY 2005, this target has been increased by 1284 over the FY 2004 goal of 23,766 to a total of 25,050 COGs assisted.

Although there is not yet data available, and therefore no performance targets, for Outcome Measures 2.3.2, 2.3.3 and 2.3.4, the SBA will be working to improve the effectiveness of the assistance its programs provide for making COGs more successful. Some of these efforts for FY 2005 and FY 2006 are described here.

- **7(j) -Technical Assistance – Number of small businesses that participated in 7(j) funded activities.** During FY 2005, the SBA will provide business development and technical training to 2,000 economically and socially disadvantaged small businesses in low income and high unemployment areas. During FY 2006, the SBA will provide training to 3,000 qualified small businesses.
- **8(a) – Net number of small businesses certified.** The SBA will increase the number of firms participating in the 8(a) business development program by 550

net new firms during FY 2005, and an additional 600 net new firms during FY 2006.

- **Reduce number of days to process SDB Applications.** During fiscal year 2005, the SBA will reduce the number of days to process SDB applications to 45 days. This is 40% fewer days than the fiscal year 2004 goal of 75 days. During FY 2006, the SBA will reduce the number of days to process applications by an additional 10%.
- **Net number of small businesses certified.** the SBA will increase will increase the number of firms participating in this certification program by 950 net new firms during FY 2005, and an additional 1000 net new firms during FY 2006.
- **Yearly number of HUBZone firms certified.** The SBA will certify 2,200 firms during FY 2005, and 2,200 firms during FY 2006 as HUBZone firms.

In anticipation of the SBA's development of data systems and performance goals for Outcome Measures 2.3.2, 2.3.3 and 2.3.4, during 2005 and 2006 the SBA will use program-level intermediate outcome measures that will help ensure that the assistance it provides has a significant and positive impact on the business success of its COG clients.

The intermediate outcome measures directly relate to the *effectiveness* of the SBA's services, and if achieved, will contribute to the SBA's ability to meet the outcome measures that the Agency has established (but does not yet have data on) for the relative business growth and longevity rates of the SBA's COG clients. These intermediate outcomes are:

- 5% increase in the number of 8(a) firms awarded Federal contracts in fiscal year 2006.
- 3% increase in the number of 8(a) employees in fiscal year 2006.
- Increase FY 2006 the number of new firms entering the 8(a) business development program by 5 % over the FY 05 baseline.
- 10% increase in the number of 8(a) firms awarded Federal contracts in fiscal 2005.

Additional measures will be:

- **Increase in Dollar Value of Contract Awards to HUBZone-certified Firms:** FY 2005-N/A; FY 2006- Increase of 10% over the baseline established in FY 2005
- **Increase in Capital Investment in HUBZone Firms:** FY 2005-N/A; FY 2006- Increase of 10% over the baseline established in FY 2005

- ***Increased Employment of HUBZone Residents by HUBZone firms...*** By statute, at least 35% of employees of firms certified under the HUBZone Program must be HUBZone residents. We are establishing this as an Outcome Measure as a reflection of HUBZone program effectiveness. Goals for FY 2006 to be determined during FY 2005.
- ***Number of Mentor-Protégé Agreements.*** GCBD proposes to establish this Intermediate Outcome as a reflection of BD program effectiveness. BD will increase the number of net new mentor-protégé business agreements to 100 during FY 2005 and to 150 during FY 2006.
- ***8(a) – Percent of Active 8(a) Firms with Federal Contracts.*** GCBD proposes to establish this Intermediate Outcome Measure as a reflection of BD program effectiveness. BD will increase the percent of active 8(a) firms awarded Federal contracts by 5% during FY 2006.

As part of its strategy to reach these intermediate outcome targets, the SBA will implement the following initiatives through its various programs:

The Agency will help sustain and grow existing small businesses through an improved annual review process, review of Federal agency contracts, and increased use of the Federal surplus property program for 8(a) firms. This effort will be a collaboration of the Office of Business Development with the Office of Capital Access, Entrepreneurial Development, and the Office of Field Operations to better target and satisfy small business capital and development needs. Key elements of the strategy to achieve this long-term objective include:

- (1) Designing and implementing an 8(a) annual review process to measure the growth and needs of small businesses and assist 8(a) firms in meeting the targets, goals and objectives of their individual business plans.
- (2) Establishing a baseline to measure the impact and use by 8(a) firms of the Federal Surplus Property Program.

The SBA will take two significant actions in support of increased small business ownership within segments of society facing competitive opportunity gaps. This will be accomplished by refining the definition of business success and defining specific criteria for graduation from the 8(a) business development program. In FY 2005 and FY 2006, the SBA will:

- Establish a baseline of firms graduating from the 8(a) business development program;
- Re-define small business success based on individual business plan targets, goals, and objectives.

The SBA will implement the initiatives described below:

- ***Use surveillance reviews to identify systemic barriers to HUBZone, Woman, Small Disadvantaged Business and Service Disabled Veteran Owned Small Business contracting opportunities at the procuring activities of targeted Federal agencies.*** In FY 2006, the Agency will focus its surveillance reviews on procuring activities at five of the lowest performing Federal Procuring agencies, as defined by an agency's failure to meet the statutory HUBZone, Woman, Small Disadvantaged Business and Service Disabled Veteran Owned Small Business goals
- ***Use quarterly reviews, in addition to mid year reviews, to help targeted Federal agencies increase HUBZone, Woman, Small Disadvantaged Business and Service Disabled Veteran Owned Small Business performance.*** As in FY 2004 and 2005, the SBA will continue to perform the Federal Agency mid-year reviews, as this to be a very effective tool for monitoring agency

accomplishments, and notifying and agency that it is at risk of not achieving its statutory goals. In 2006, although it is unlikely FPDS-NG will be fully operational, additional opportunities exist for HUBZone, Woman, Small Disadvantaged Business and Service Disabled Veteran Owned small business.

In order to implement these strategies and initiatives during FY 2005 and FY 2006, GCBD programs will achieve the following levels of performance as measured by program outputs:

- The Office of Business Development will execute Memorandums of Understanding with each of the 56 State Associations Surplus Property to simplify and improve coordination of the use of Federal surplus property by 8(a) firms.

HUBZone Program Examinations. The SBA will complete 575 HUBZone Program Examinations during FY 2005, and 675 during FY 2006.

Conducting sufficient program examinations is necessary to ensure program integrity and to decrease the potential for ineligible firms to receive program benefits. In turn, this would undermine program integrity, and subvert accomplishment of the statutory intent of the program to channel economic development - jobs and capital investment into distressed communities.

- ***HUBZone Program Recertification Actions.*** The SBA will establish this as an Output Measure which will accurately represent productive effort necessary to maintain high levels of portfolio integrity and confidence within acquisition and economic development communities. The HUBZone Program will complete 750 Program Recertification Actions during FY 2005, and 1,500 during FY 2006.
- ***Outreach and Training Provided to Firms Leaving the HUBZone Program.*** The SBA proposes to establish this as an Output Measure which will accurately represent effort necessary assist firms in transitioning from HUBZone-sheltered competition into the small business set-aside and full and open competitive arenas. Goals for FY 2005 will be established upon loading May 2004 geographical change data into our mapping system. Goals for FY 2006 will be established upon loading May 2005 geographical change data into our mapping system.
- ***Outreach and Training Provided to Newly Designated HUBZone Communities.*** The Agency proposes to establish this as an Output Measure which will accurately represent effort necessary to bring the benefits of the HUBZone

Program to newly eligible communities, and the firms located therein. Goals for FY 2005 will be established upon loading May 2004 geographical change data into our mapping system. Goals for FY 2006 will be established upon loading May 2005 geographical change data into our mapping system.

- ***Outreach and Training Provided to Acquisition Community.*** The SBA proposes to establish this as an Output Measure which will accurately represent effort necessary to educate the acquisition community regarding award of contracts to HUBZone-certified firms to enable them to meet the statutory 3% goal. Goals for FY 2005 and FY 2006 will be established in consultation with the Office of Government Contracting.

District Offices

The SBA's District Offices will support the accomplishment of Strategic Goal 2, Long-Term Objective 2.3, through its program activities, projects, and initiatives described below.

Marketing and Outreach Events

The SBA's field structure enables the agency to reach those sectors of the population currently underserved by the SBA's programs. These sectors include ethnic populations, women, veterans, and both urban and rural businesses. The district offices will conduct outreach and marketing and marketing events designed to reach these sectors of the population facing an opportunity gap. They will vary in scope and in structure, in size and in substance, and in medium. The benefits of the these events will be

- Identifying groups and organizations whose members have not historically benefited from the SBA programs;
- Increasing use of technology to reach certain segments of the population;
- Increasing awareness of the SBA's programs and services; and
- Assisting businesses who face opportunity gaps with the resources they need to stay in business more than one year.

The SBA District office will hold of marketing and outreach sessions during FY 2005 and during FY 2006 which target individuals who face opportunity gaps. These sessions will target businesses facing opportunity challenges, but specific topics for these sessions will be developed in cooperation with Capital Access, GC/BD, and ED through OFO to ensure that the Agency's strategic goals are achieved.

The Outcome will be an increase in the number and survival rate of small business startups and existing businesses in sectors of the population facing an opportunity gap as a result of the SBA assistance. Each district offices will analyze the demographics and characteristics of their respective areas and develop and deliver the SBA programs that are most effective to that clientele. In a rural area where internet access is not readily available, the strategy may be to provide information via a kiosk-like stand alone terminal, or assign a circuit rider to post office or other focal point in a community.

Training

The SBA's district offices innovate and highly skilled staff can provide valuable training to potential, nascent, or existing small businesses that face a special competitive gap on a variety of management, technical, and financial subjects. They will vary in scope and in structure, in size and in substance. Each event will be tailored to meet the needs of a specific community. The benefits of the these events will be

- Increasing use of long-distance learning and other technology;
- Increasing awareness of the SBA's programs and services that can provide management, technical and financial assistance to more mature businesses; and
- Assisting business with the resources they need to be more successful than those who do not receive the SBA assistance.

The SBA District office will host or participate in training sessions during FY 2005 and during FY 2006. These sessions will be targeted to business start-ups, but specific topics for these sessions will be developed in cooperation with Capital Access, GC/BD, and ED through OFO to ensure that the Agency's strategic goals are achieved.

The Outcome would be small businesses facing special competitive opportunity challenges that were assisted by the SBA, exceeded the national survivability and job creation rates. In FY 2005 the SBA will be developing program evaluations, district offices will be represented to provide maximum first line information to assess the delivery of the SBA programs as well.

Management of Resource Partners

The SBA's resource partners are dispersed across this country, with the requirement that for specific geographic coverage. In all, the farthest corners of our nation are covered by the SBA district, SCORE, SBDC, and WBC offices. DO will work closely with its resource partners to identify activities that will reach those individuals and communities facing special opportunity gaps. DO will negotiate milestones for the resource partners to meet this most important Agency goal. The benefits of this management will include:

- Allocation of centers, consultants and resources to those areas which have been underserved;
- Creative use of technology by the SBA's resource partners; and
- Increased awareness of unique needs in certain communities.

100% of the DOs will negotiate goals with their resource partners within 60 days of their award agreement.

DOs will meet monthly with the resource partners to assess their progress towards meeting their goals.

This strategy will be in collaboration with ED, Capital Access, and GC/BD. The SBA's district offices will review the various online needs assessment tool and work with all of its resource partners to match and coordinate the delivery of the SBA programs by the partners.

The anticipated outcomes would be an increase in the number of prospective and existing small business facing special competitive opportunity challenges assisted by the SBA. Another outcome would be small businesses facing special competitive opportunity challenges that were assisted by the SBA, exceed the national survivability and job creation rates.

Additionally, through OCA the SBA will implement the following marketing plan for surety bond guaranties. The Office of Surety Guarantees will work in cooperation with the Office of Government Contracting and Business Development's 8(a) Program and the Office of Women's Business Ownership to develop a marketing plan targeted to increase opportunity for successful small businesses within segments of society facing competitive opportunity gaps. Efforts will include OSG participation in seminars and workshops and a mass mailing campaign to provide program literature. These efforts will produce a 5% increase each year in final bond guaranties for 8(a) and women-owned firms for fiscal

years 2005 and 2006. The results of this initiative should be reflected in the numbers reported in the Outcome Measure and Program Outputs table in future years.

Strategic Goal Three

Restore homes and businesses affected by disaster

The small business community is a major contributor to the Nation’s economic security. In addition to macro and micro economic threats, natural disasters pose a significant threat to small businesses. To accelerate the disaster recovery process, the SBA provides low interest loans to homeowners, renters, non-profits, and businesses in the aftermath of disasters.

The table below is a summary of how successful the SBA was in achieving its goals under the various Long-Term Objectives that compose Strategic Goal 3. In FY 2004, the SBA exceeded 58%, met 33% and did not meet 8% of its goals under Strategic Goal 3.⁶ Support of this Strategic Goal cost \$208.4 million.

Strategic Goal 3					
Restore homes and businesses affected by disaster					
Program Annual Measures					
	Exceeds Green	Green	Yellow	Red	Total
	% >=10	10> % >0	0> % >-10	-10>=%	Total
Long Term Objective 3.1	7	4	0	1	12
Total	7	4	0	1	12
Percentage of Total	58	33	0	8	100

⁶ If the variance between FY2003-goal and FY 2003- actual was 10% or greater, the objective was considered green and deemed to have exceeded the expectations. If the variance between FY2003-goal and FY2003 –actual was between 0% and 10%, the objective was considered green and deemed to have successfully met expectations. If the variance between FY2003-goal and FY2003-actual was between 0% and -10%, the objective was measured at yellow and deemed to have substantially met expectations. Finally, if the variance was -10% or greater, the objective was considered red and deemed not to have substantially met expectations. The reasons for significantly negative or positive variances are given in the performance report section under the corresponding program by Long-Term Objective.

Long-term Objective 3.1

Help Restore homes and businesses affected by disasters.

FY 2004 Results

In FY 2004, the SBA worked with its partners at the state, local and Federal level to plan and execute disaster recovery operations. In line with the long-term goal of restoring homes and businesses affected by disaster, the SBA accomplished or exceeded the following goals:

- Enabled 75% of Economic Injury Disaster Loans (EIDL) to be operational 6 months after final disbursement of monies by the SBA (the SBA exceeded its goal in this area by 20 percentage points with an actual achievement of 95.3%);
- Ensured that 50% of businesses receiving financial assistance were restored within 6 months of final disbursement (the SBA exceeded its goal by 24 percentage points with actual results being at 74%);
- Restored 77% of homeowners' damaged property within 6 months of final disbursement (the SBA's original goal was 70%);
- Restored 85% of renter's damaged property within 6 months of final disbursement (the SBA original goal was 80%);
- Incrementally increased in subsequent performance years the percentage of customer satisfaction of disaster loan applicants to 67% in 2004; and
- Tested and placed into Limited Availability Release (LAR) the Disaster Credit Management System.

The SBA has established a series of output measures that drive Long-Term Objective 3.1. The Agency had solid performance results in these measures, achieving and exceeding in most and falling short in two. Specifically, for the output measure to maintain 95% of loan disbursements within 5 days of receipt of required loan closing documents, the SBA achieved 99%. For the goal of establishing field presence to support disaster operations, the SBA achieved 100%. **In the output measures that are focused on getting funds into the hands of disaster victims, the SBA exceeded its target of 85% for the processing EIDL loans within 20 days, business physical loans within 20 days and home physical loans within 18 days, with actual outputs of 98%, 99% and 99% respectively.** The SBA achieved 100% mitigation training of all relevant staff and will maintain 100% training in subsequent performance years.

Business owners, homeowners and renters that have experienced a disaster require the highest possible level of customer service in order to effectively manage their loss. Based on the Federal Consulting Group and the American Customer Satisfaction Index, customer satisfaction tools established by the SBA in FY 2003, the Agency was able to

quantify the quality of its services to disaster victims. In FY 2004, the SBA established an objective to incrementally increase the percentage of customer satisfaction of disaster loan applicants to 70%. Although the SBA missed that mark by 3 percentage points with a 67% customer satisfaction rating, it is important to note that the Agency achieved significant gains in customer satisfaction, with an increase of 8 percentage points over the previous fiscal year.

FY 2005 and FY 2006 Planned Performance

U.S. SMALL BUSINESS ADMINISTRATION									
Results and Budgetary Resources									
Strategic Goal 3. Restore Homes and Businesses Affected by Disaster.									
Long Term Objective 3.1: Restoration-Help Restore Homes and Businesses Affected by Disaster									
SBA Annual Outcome Measures									
SBA Annual Outcome Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
3.1.1 Percentage of businesses sustaining economic injury that remain operational 6 months after final disbursement.	N/A	N/A	N/A	75.0%	95.0%	76.0%	77.0%	N/A	80.0%
3.1.2 Percentage of businesses sustaining physical damage restored within 6 months after final disbursement.	N/A	N/A	N/A	50.0%	74.0%	55.0%	60.0%	N/A	70.0%
3.1.3 Percentage of homeowners restoring their homes within 6 months of final disbursement	N/A	N/A	N/A	70.0%	77.0%	73.0%	77.0%	N/A	85.0%
3.1.4 Percentage of renters restored within 6 months after final disbursement.	N/A	N/A	N/A	80.0%	85.0%	82.0%	84.0%	N/A	90.0%
3.1.5 Customer satisfaction rate	N/A	N/A	N/A	70.0%	67.0%	70.5%	71.0%	N/A	72.0%
SBA Annual Output Measures									
SBA Output Measures	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003-2007 Goal
Total Applications Processed	158,104	88,837	102,278	N/A	104,518	N/A	N/A	N/A	N/A
Total Receiving Disaster Assistance	48,852	21,829	25,856	N/A	28,510	N/A	N/A	N/A	N/A
SBA Annual Cost									
SBA Cost	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Year to Date	FY 2005 Estimate	FY 2006 Estimate	% FY03-07 Estimate by FY06	FY 2003-2007 Estimate
Total Disaster Assistance Cost (\$000)	277,074	346,723	270,377	225,896	216,313	1,037,366	\$262,243	N/A	N/A

Results and Budgetary Resources

Strategic Goal 3. Restore Homes and Businesses Affected by Disaster.

Long Term Objective 3.1: Restoration-Help Restore Homes and Businesses Affected by Disaster

Program Annual Output Measures										
SBA Programs		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal
Disaster Assistance	Applications processed	158,104	88,837	102,278	N/A	104,518	N/A	N/A	N/A	N/A
	Number of original loans approved	48,852	21,829	25,856	N/A	28,510	N/A	N/A	N/A	N/A
	Value of loans approved (\$ millions)	1,011	1,338	885	N/A	884.00	N/A	N/A	N/A	N/A
	Percentage of disasters having field presence within 3 days	100.0%	99.0%	100.0%	95.0%	100.0%	95.0%	N/A	N/A	95.0%
	Percentage of loans with initial disbursements within 5 days of loan closing	N/A	96.0%	98.9%	95.0%	99.0%	95.0%	95.0%	N/A	95.0%
	Time to process 85% of home applications (days)	N/A	N/A	N/A	18	11	16	14	N/A	10
	Time to process 85% of business physical applications (days)	N/A	N/A	N/A	20	14	19	18	N/A	16
	Time to process 85% of EIDL applications (days)	N/A	N/A	N/A	20	13	19	18	N/A	16
	Achieve & maintain 100% training of ODA staff as related to hazard mitigation.	N/A	N/A	N/A	100.0%	100.0%	100%	100%	N/A	100.0%
	Percentage of increased disaster loan recipients participation in mitigation over 2003 levels	N/A	N/A	N/A	50.0%	40.0%	70.0%	50.0%	N/A	100.0%
	Total Receiving Disaster Assistance	48,852	21,829	25,856	N/A	28,510	N/A	N/A	N/A	N/A
Program Annual Outcome Measures										
SBA Program Outcomes		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Goal	FY 2004 Actual	FY 2005 Goal	FY 2006 Goal	% FY03-07 Goal by FY06	FY 2003 - 2007 Goal
3.1.1 Percentage of businesses sustaining economic injury that remain operational 6 months after final disbursement.										
	Disaster Assistance	N/A	N/A	N/A	75.0%	95.0%	76.0%	77.0%	-	80.0%
3.1.2 Percentage of businesses sustaining physical damage restored within 6 months after final disbursement.										
	Disaster Assistance	N/A	N/A	N/A	50.0%	74.0%	55.0%	60.0%	-	70.0%
3.1.3 Percentage of homeowners restoring their homes within 6 months of final disbursement										
	Disaster Assistance	N/A	N/A	N/A	70.0%	77.0%	73.0%	77.0%	-	85.0%
3.1.4 Percentage of renters restored within 6 months after final disbursement.										
	Disaster Assistance	N/A	N/A	N/A	80.0%	85.0%	82.0%	84.0%	-	90.0%
3.1.5 Customer satisfaction rate										
	Disaster Assistance	N/A	N/A	N/A	70.0%	67.0%	70.5%	71.0%	N/A	72.0%

Results and Budgetary Resources

Strategic Goal 3. Restore Homes and Businesses Affected by Disaster.

Long Term Objective 3.1: Restoration-Help Restore Homes and Businesses Affected by Disaster

Program Annual Cost

SBA Cost		FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2004 Actual	FY 2005 Estimate	FY 2006 Goal	% FY03-07 Estimate by FY06	FY 2003 - 2007 Estimate
Disaster Assistance	Total Program Cost (\$000)	277,074	346,723	270,377	225,896	216,313	1,037,366	\$262,243	N/A	N/A
	Disaster Loan Making	240,794	311,424	236,640	201,113	190,829	1,007,637	\$229,074	N/A	N/A
	Administrative Cost (\$000)	88,190	94,369	118,345	107,606	112,244	493,371	\$110,439	N/A	N/A
	Subsidy Cost (\$000)	152,604	217,055	118,295	93,507	78,585	514,266	\$118,635	N/A	N/A
	Cost per Application Processed	1,523	3,506	2,314	N/A	1,826	N/A	N/A	N/A	N/A
	Cost Per Loan Approved	4,929	14,267	9,152	N/A	6,693	N/A	N/A	N/A	N/A
	Disaster Loan Servicing	36,280	35,299	33,737	24,783	25,484	29,729	\$33,169	N/A	N/A
	Administrative Cost (\$000)	29,019	26,495	31,093	23,480	24,649	29,729	\$33,169	N/A	N/A
	Asset Sales Administrative Cost (\$000)	7,261	8,804	2,644	1,303	835	0	\$0	N/A	N/A
	Cost per Loan Serviced	163	224	332	N/A	249	N/A	N/A	N/A	N/A

FY 2005-2006 Performance Plan:

The Office of Disaster Assistance's (ODA) main initiatives over the next two years, Transformation and the Competitive Sourcing are on track for completion and implementation. In FY 2005, the SBA will implement the first phase of ODA's transformation which currently is focused on the development of a new organizational structure across the country in order to take advantage of the new technology the Agency will be using the Disaster Credit Monitoring System (DCMS) and to save resources nationwide. The SBA will fully implement the DCMS in FY 2005, and believes that, once operable, proper and effective utilization of the system will help the Agency to reach and exceed all of its programmatic and production goals by making the loan making process more efficient and customer focused. In FY 2005, the SBA will fully engage in the A-76 process and expect a decision on whether it will implement either a private sector contract or the ODA Most Efficient Organization (MEO) in FY 2006.

During FY 2006, the SBA should be in the second full year of implementing DCMS. As well, either through contract or through the ODA's own MEO, the Agency will be in the first full year of a new and streamlined loss verification process (currently under development). The Agency efforts will focus on implementation of the verification outsourcing/MEO and the transformation currently being studied and documented. This new structure as well as the MEO have yet to be determined but will be decided in FY 2005. The SBA anticipates seeing DCMS driven cost reductions as well in 2006 at the time the Transformation is implemented.

Strategic Goal Four

Ensure that all the SBA programs operate at maximum efficiency and effectiveness by providing them with high quality executive leadership and support services.

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 the SBA program areas in fulfilling their own objectives. For this reason, the best measure of successful leadership and support is the degree 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.

Long-Term Objective 4.1

The SBA's general planning and management will result in clearly defined goals and effective strategies, and the coordination of operational support systems, so as to maximize the Agency's mission performance through a comprehensive performance management system.

FY 2004 Results

In FY 2004, the SBA achieved more unified and strengthened outreach efforts at the national and field levels by creating and implementing a new agency-wide marketing plan. The success story database was made easier to use and was more widely disseminated by upgrading it to a Web-based system.

During FY 2004, the SBA strengthened its internal systems and processes so as to improve the quality of service it provides. One way this was accomplished by developing an electronic case management tracking system, which now provides the ability to track and monitor a case and its related resources through every step of the process. The SBA developed a web-based tracking system for all Freedom of Information Act and Privacy Act inquiries. A User's Guide was developed and a web-based training program made available to Agency staff. The SBA also achieved a more simplified interaction between small businesses and the Federal government through the use of the Internet and information technology. The SBA accomplished this by completing the project to publish the SBA's Privacy Act System of Records, which protects the records that the SBA maintains and which are retrievable by a personal identifier.

The SBA conducted a streamlined competition of the field paralegals that resulted in the decision that retaining the function in-house was more cost effective for the Agency. Also, the SBA's Ethics Program was brought into compliance with regulations of the Office of Government Ethics.

During FY 2004, the SBA began working with field offices and the program offices to develop performance goals for each district that directly linked to the SBA Strategic Plan's strategic goals and long-term objectives. OFO also strengthened accountability by

conducting Regional Administrator Scorecard Reviews and through a new initiative to issue Quarterly Regional Scorecard Awards to the most effective region.

FY 2005 and 2006 Planned Performance

Office of Congressional and Legislative Affairs

In order to achieve its production goals for FY 2005 and FY 2006, CLA intends to:

- Ensure that the Administrator meets with Congressional leadership and committee leadership – this will strengthen SBA’s relationships and position with the Congressional community.
- Ensure that all communication from SBA to Congressional offices goes through CLA
- Provide prompt and accurate statuses meetings/memos on the Appropriations process.
- Attend regular program office meetings to ensure that we are aware of current and upcoming activities.
- Provide Congressional Budget Briefings with key committee staff.
- Hold introductory meetings with executive branch agency congressional shops
- Hold regular meetings with House and Senate Committee Staff to be proactive and to gather pertinent information regarding SBA programs and the Small Business community.
- Hold and attend Meetings with outside industry/interest groups
- Encourage, promote and assist Senior Staff members attending Field events with Members
- Hold Staff Level Briefings for all SBA related committees

Office of Communications and Public Liaison

The Office of Communications and Public Liaison plans to contribute to SBA’s success in meeting Long-Term Outcome 4.1 and the coordination of support functions by efficiently supporting, through effective communications and marketing, the delivery of SBA programs and services to the nation’s small business community. The strategy to accomplish this in FY 2005 and FY 2006 is to continue to enhance the marketing campaign so as to present the SBA as a customer-centric organization and to develop innovative press strategies to better reach the agency’s target audience and customers: the Nation’s small business community. The office will achieve its goals by:

- Improving dissemination processes and using cost-effective products such as news releases, speeches, articles, editorial pieces, audio-visual presentations, other press and communications tools as well as the Web to increase their awareness and understanding of the SBA and its resources.
- Strengthening marketing outreach through the use of cost-effective products such as fact sheets, brochures, public service announcements, and other marketing tools-

-to increase their awareness and understanding of resources the SBA provides to help them.

- Enhancing the usability of the SBA Web site by improving navigation, design and usability and by making it more interactive through video, Web chat and other innovative features.
- Effectively leveraging resources through external relationships as a way to better market the products and services available to the small business community.

Office of Hearings and Appeals

The following summarizes OHA's major initiatives planned for FY 2005-2006.

Publish OHA Case Law Guidelines for Size Determinations

These guidelines will assist size specialists in using OHA size appeals case law when preparing size determinations. The guidelines will be arranged topically by selected substantive issues; (i.e., ostensible subcontractor, common ownership, affiliation) and procedural issues occurring at the Area Office level, and will list and describe current OHA decisions addressing those issues.

OHA Roundtable Sessions

The OHA Judges will prepare and conduct a series of Roundtable discussions, focusing on OHA's functions and important case precedents. More specifically, there will be discussions on OHA's case law and guidance on practicing before OHA and on SBA size regulations, as applied to real cases. These sessions will be conducted for professional audiences, such as bar groups, as well as being open to the public and staff.

Enhance OHA/FOIA Website

The OHA/FOIA website represents an increasingly important service that the Agency provides to the public. The website will continue to evolve in years ahead as technology advances, public information literacy grows, and as government continues to develop its online services capabilities and personnel. During FY 2005-2006, OHA will enhance the website making incremental changes while planning for periodic major revisions. Through this process we will tune existing features, incorporate selected new features, and revise existing features in a scheduled redesign, if appropriate.

OHA Size Case Law Summary

The Size Case Law Summary will be an outline of substantive and procedural issues encountered in Size Appeals. Under each subject, will be a listing of OHA's Size decisions which address that issue. Each decision citation will ultimately be hotlinked to the decision text on the Internet. The outline will also be posted on the OHA Home Page. The Summary will be of great assistance to the public handling appeals at OHA, and will lead to greater transparency of OHA's case law and accessibility of the Office to the public.

Develop and Publish FOIA Annual Report

This report will cover the preceding fiscal year and include agency-wide statistics of FOIA and Privacy Act request and appeal activities such as: the number of

determinations made by the agency not to comply with requests for records and the reasons for each determination; the number of appeals, the result of such appeals, and the reason for the denial of withheld information; the number of requests pending as of September 30 of the preceding year and the median number of days that each request has been pending; the total amount of fees collected; and the total amount expended by the agency for FOIA processing.

Revise and Maintain the Online FOIA Training Guide

The Training Guide is posted on SBA's Yes Page at <http://yes.sba.gov/> and can be accessed from the Training Room. It is designed to provide employees with a basic understanding of FOIA and the specific procedures for processing routine FOIA requests. The course consists of four modules with several self-paced lessons. It uses a step-by-step format to present information about FOIA in a clear, simple manner and to reinforce the appropriate process for responding to FOIA request. The entire course does not have to be completed in one session. Access will be unlimited to all employees. Because of the often sensitive and complex nature of FOIA requests, completion of the course is mandatory for all employees on an annual basis. OHA/FOIA will maintain and revise the system as appropriate, and will also provide one-on-one assistance to employees on an as-needed basis.

Office of Field Operations

Outcome Measure 4.1.4

By FY 2004 and each year thereafter, SBA district offices' goals will consistently, directly and measurably support the strategic goals and long term objectives of the Agency, as established in the Strategic Plan.

Establish and monitor performance goals for the districts.

By establishing reasonable but challenging performance goals for each district based on consistent methodology, SBA will be appropriately aligning resources in the small business community. This function will directly support the effectiveness and efficiency of SBA achieving its programmatic goals and assuring accountability. OFO will work to have 100 percent of the District Offices meet their Goals in FY 2006 in specific market segments by holding weekly conference calls with each district offices in each region and reviewing accomplishments to date and planned activities to support the achievement of those goals.

Written Communication to District Office Staff.

OFO will issue periodic information to the field staff, including a transformation newsletter, training information, and budget updates. These communications will provide tools DOs need to stay informed about Agency projects and initiatives as well as how the DO is managing its resources. These communiqués result in clearly defined goals and effective strategies and coordination of operation support systems so as to maximize the Agency's mission.

Site Selection

By the end of FY 2005 the matrix and analyses of site selections for AWS will be finalized and AWS sites will be established in 5 of the 10 regions. By FY 2006 AWS sites will be in all 10 regions. The result of the AWS is to ensure that SBA programs operate at maximum efficiency and effectiveness and support the Agency in meeting its goals under 2.1, 2.2, 2.3, 1.6 and 4.1, and 4.2.

Work with AWS working group.

OFO will take the lead to host periodic meetings with the AWS working group to resolve logistical and legal issues to establish additional AWS.

Participate in the Agencywide program evaluation initiative.

With 9 AWS operational, OFO will request in FY 2005 that the evaluation team develop sound methodology for analyzing the efficiency and effectiveness of the AWS program. In FY 2006, OFO will start tracking the information needed by the previously identified methodology for evaluation of the impact of this initiative.

Publish best AWS best practices.

With 9 AWS operational, OFO will collect and disseminate quarterly best practices for others to utilize by December 2004.

Long-Term Objective 4.2

The SBA will recruit, sustain and effectively deploy a skilled, knowledgeable, diverse workforce and executive cadre capable of executing high quality programs and activities that meet the current and emerging needs of its customers.

FY 2004 Results

Office of Human Capital Management

The SBA did not achieve its goal in FY 2004 of getting a rating of “green” on its status with respect to the Human Capital initiative on the President’s Management Agenda (PMA). However, it did continue to be rated “yellow” on status and “green” on progress by OMB for its implementation during the year of a comprehensive human capital strategy. During FY 2004, the SBA completed its competency model analysis and surveyed all employees to benchmark skill sets. It completed a comprehensive leadership competency assessment of all supervisors and managers in order to design a succession planning strategy. The first year of a new performance appraisal system was completed, with individual employee performance plans aligned with the Agency strategic plan.

Office of Equal Employment Opportunity and Civil Rights Compliance (EEO&CRC)

During FY 2004, in accordance with the PMA initiative of pay for performance, EEO&CRC worked with the Office of Human Capital Management to appropriately implement existing award programs in the area of equal employment opportunity. Additionally, EEO&CRC supported the PMA E-Government initiative by finalizing and implementing an external Civil Rights Compliance webpage in both Spanish and English, with which the Spanish language component will enhance the SBA’s outreach to the Hispanic-owned small business community.

Office of Field Operations

In support of the Human Capital initiative on the PMA, 9 Alternative Work Sites (AWS) were established in 5 sites, which will increase direct service delivery and interaction with customers. The guidelines and justifications needed to establish an AWS were developed.

FY 2005 and 2006 Planned Performance

Office of Human Capital Management

The Office of Human Capital Management (HCM) will undertake the following activities during FY 2005 and FY 2006 to support the Outcome Measures cited above:

- The SBA will continue to align its human capital strategy with its mission, goals and organizational objectives and will integrate the strategy into its strategic plans, performance plans and budgets.

- The SBA will develop a comprehensive succession plan which will include a multi-level leadership development continuum based on accepted supervisory, managerial and executive competencies. This plan will include programs designed from pre-entry level supervision through senior executives. We will continue to utilize the Presidential Management Fellows Program as a key component of our succession planning strategy.
- The SBA will complete an analysis and evaluation of our current succession planning programs—the Senior Executive Service Candidate Development Program and the District Director Candidate Development Program—in anticipation of revising them to better align with the agency’s strategic direction.
- Training programs will be phased in through FY 2007 to meet the needs of the leadership development continuum
- In 2005, the SBA will pilot a mentoring program designed for all grades. In 2006, the program will be implemented agency-wide.
- The SBA will leverage the e-Training initiative to provide one stop access to high quality business skills training for all employees through the use of the Government Online Learning Center. This will provide better access to training while also reducing per student and per course costs by at least 25 percent.
- The SBA will conduct an evaluation of the first complete cycle of our new performance management system which links individual performance to organizational results.
- The SBA will develop and deploy an automated recruitment and staffing system by FY 2007, which will include competency based vacancy announcements, rating and referrals.
- The SBA managers recognize that human capital is applied talent (the sum of talent, energy, knowledge and enthusiasm that people invest in their work) and will routinely integrate human capital considerations into their decision making processes as they drive continuous program and service delivery improvement.

Office of Equal Employment Opportunity and Civil Rights Compliance

The goals for FY 2005 and FY 2006 set by EEO&CRC are in alignment with Long-Term Objective 4.2 of the Agency’s Strategic Plan, and with the PMA initiatives on Human Capital, Financial Management, and E-Government. These goals include continued enhancement and continual evaluation of methods to increase and ensure the following results:

Intermediate Outcome Measure: Achieve diversity based on merit.

The SBA will work to ensure that there is diversity based on merit by recruiting, sustaining and effectively deploying a skilled, knowledgeable, diverse and high performing workforce and executive staff in compliance with the law and regulations.

Intermediate Outcome Measure: Ensure nondiscrimination of the SBA employees/applicants for employment.

The SBA through EEO&CRC will work to ensure that there is nondiscrimination of the SBA employees/applicants for employment by implementing and continually assessing all parts of the informal and formal Equal Employment Opportunity complaint program to include EEO's training for Alternative Dispute Resolutions through mediation, informal counseling and production of timely and accurate investigations and Agency's decisions in compliance with the law and regulations.

Office of Field Operations

In support of the Human Capital initiative on the PMA, the SBA established its first phase of Alternate Work Sites (AWS). AWS will increase direct service delivery and interaction with customers. The guidelines needed to establish an AWS were developed.

Long-Term Objective 4.3

Financial management systems will support both the SBA strategic management and financial accountability by providing financial information that is useful, relevant, timely and accurate and which assists the SBA in maximizing program performance and accountability.

FY 2004 Results

Improved Financial Management

During FY 2004, the SBA continued to make major improvements in financial management. The SBA achieved a rating of “green” for progress for the Financial Management PMA based on its plans and progress during the year, but the status rating of “red” remained during the year because of the qualified audit opinion for FY 2004.

During the year, the Agency completed actions to address virtually all of the issues raised by its independent auditor in the FY 2003 financial audit. A new internal control process was implemented for the subsidy estimate modeling process, many improvements were made to the subsidy models, and loan subsidy data and accounting data was analyzed and reconciled to improve the accuracy of the financial information used by the SBA. New internal teams were established within the Office of the Chief Financial Officer (OCFO) to solve issues that required the involvement of subsidy, budget and accounting personnel. The team approach has improved communication, enhanced accountability and promoted the achievement of the SBA’s core objectives. All of this work was completed while the Agency revamped its existing financial reporting process to meet the accelerated reporting date of November 15, 2004. Also, during FY 2004, the SBA established an independent Audit and Financial Advisory Committee to add additional accountability to the financial management process.

Improved financial management also includes the significant actions taken by the Agency in the area of lender oversight and portfolio analysis. As the SBA moves to more streamlined lending processes and delegates more authority to its lenders, the need for better and more comprehensive lender oversight is essential. With the implementation of the loan and lender monitoring system, the SBA now has an early warning system that allows the Agency to monitor its lenders on a regular basis. Off-site monitoring combined with strategic off-site reviews of the SBA’s largest lenders allows the SBA to determine which lenders pose the most risk to the SBA from both an exposure and credit risk perspective. Use of credit scoring methodologies provides SBA with previously unavailable information about the credit quality of the 7(a) and 504 loan portfolios and is able to use that information along with performance trends to rate SBA lenders and assess portfolio performance. This approach also allows SBA to better deploy its resources by monitoring and overseeing over 90% of SBA lenders off-site and use its resources to conduct more comprehensive on-site reviews of the remaining, most active lenders that hold almost 84% of SBA’s outstanding dollars.

As SBA is able to better identify the risk individual lenders pose, the need to take appropriate and timely action to limit the risk posed by individual lenders becomes a

higher priority for the Agency. The 2005 SBA Reauthorization Bill provided the Agency with specific authority to oversee its lenders and provided tools for use in carrying out that authority. Further, a Lender Oversight Committee has been established with executive management included as members to ensure that oversight is independent.

In addition, through the Agency's Portfolio Analysis Committee, SBA executives review portfolio performance trends and risk characteristics on a monthly basis. The Committee reports lead to discussions of loan policies and practices and their impact on loan performance and can provide the basis for making better informed loan policy and program changes that balance the needs of the small business borrower with risk

Budget and Performance Integration

The SBA received a status upgrade to green during the 3rd quarter of FY 2004. This achievement was accomplished over a year ahead of schedule. Some of the key factors that allowed the SBA to achieve a green rating in this PMA initiative are:

- The SBA is using performance information for managing all programs on a monthly basis through its internal execution scorecard. It also has developed a marginal cost methodology, which will be used as part of the process of justifying program funding request changes.
- The SBA integrated the Program Assessment Rating Tool results and performance information in its FY 2005 budget request.
- Activity-based cost information facilitated development of FY 2005 budget policy recommendations for credit programs.
- The SBA implemented major changes in the reporting of costs and results resulting in increased transparency in the full cost of the Agency achieving its strategic goals, and in fostering the integration of the various programs and delivery structures. The Mercatus Center FY 2004 report on Federal agencies Performance and Accountability Reports rated the SBA as the top Federal Agency in linking goals and results to costs and cited the SBA as a clear best practice in this area.

FY 2005 and FY 2006 Planned Performance

Improved Financial Performance

The SBA will continue building on its improvements in financial reporting, subsidy modeling, loan and lender monitoring and oversight, internal controls, and data quality in FY 2005 and FY 2006. Continuing to improve on the quality of our financial management while meeting the accelerated financial statement deadlines is the SBA's highest priority in the financial arena.

Financial Reporting

Achieving and maintaining an unqualified audit opinion continues to be at the heart of the SBA's financial management goals. While the Agency has made tremendous progress in

automating reports, improving data quality and our quality assurance process, and strengthening our internal controls, more improvements can and will be completed during FY 2005 and FY 2006. The SBA will address issues identified in the FY 2004 audit process and it will enhance its financial management and reporting internal control documentation and testing in order to meet the new internal control standard in FY 2006. Also, during FY 2005, the SBA anticipates beginning a review of options for upgrading its core loan accounting financial system.

Subsidy Rate Calculations

The tracking, estimation, and management of the SBA's loan programs are a major component of the Agency's financial management activities. Over the past two years, the SBA has implemented four new subsidy models and made major modifications to two others. The SBA developed an econometric model for the 7(a) program in FY 2003. During FY 2004, the SBA developed an econometric model for the 504 program, a micro-simulation model for the Disaster program, and a new subsidy model for the Secondary Market Guarantee Program. The SBA also substantially improved the model structures and assumptions in the SBIC Participating Securities and Debentures programs during FY 2004.

During FY 2004, the SBA also added the capacity to complete reestimates using the Balances Approach to Reestimates. This additional functionality has facilitated the analysis of the SBA's loan accounting data from a new and informative perspective. In the coming two years, the SBA will continue to refine and improve these new models, including developing additional reporting and analytical tools to enhance our analysis. Also, SBA will adjust the timing of its subsidy reestimates to increase the use of actual data in FY 2005 and to accommodate the audit of subsidy reestimates by the November 15, 2005 deadline

Budget and Performance Integration

The SBA is committed to improving its integration of budget and performance in the coming years. Key aspects to our plans include:

- **Executive Scorecard:** OCFO plans to ensure that the Scorecard maintains the goals established annually in the Performance Plan. The Agency will continue to use the Scorecard as the management tool by which senior managers track how well they are meeting the SBA and program goals on a periodic basis, in order to make any corrective action (budget or otherwise) to ensure that goals can be met.
- **Budgeting and Planning:** The SBA will use performance information to inform all major budget activities. This will allow the Agency to allocate resources to successful programs, or to allocate them to programs that need assistance in achieving their results.

- Activity Based Costing: This system has been continually improved over the years in which it has been in use. the SBA plans each year to engage program offices in the methodology used in the model in order to improve it wherever possible, as well as in designed the cost allocation survey so that staff can best report their level of effort working on our programs.
- Performance and Accountability: OCFO will increase the focus of performance and budget integration on the SBA's support offices and their contribution to the success of the programmatic offices and to the efficient management of the Agency.

Additionally, OCFO will identify methods to improve performance/cost data availability for supporting performance management.

- Training: the SBA will continue established training and develop training for performance measures and performance management for:
 - Field employees
 - Headquarters personnel
 - New personnel
- Performance Internal Controls: OCFO will review and update existing guidance for performance internal controls.

Intermediate Outcome Measure: No SBA programs are rated by OMB's Program Assessment Rating Tool as "Results Not Demonstrated."

- Performance Outputs and Outcomes: OCFO will continue to improve the measurement of the Agency's outputs and outcomes to ensure timely reporting of accomplishments. This will include improved verification and validation of the data, as well as methodologies for estimates for end of year data. This is required because of the very quick turnaround time for the PAR after the end of the fiscal year. The Agency is also requesting funding in FY 2006 for the Office of Government Contracting and Business Development to complete automation of its business processes and provide reliable, timely data on the 8(a) and Small Disadvantaged Business programs.

Intermediate Outcome Measure: Verify and validate all performance indicators and performance data used by the SBA at the program level or above.

- Program Evaluations: The Agency plans to conduct independent evaluations of its program every year. The focus of these evaluations will be to continue to validate the Agency's economic impact in the community. The SBA will continue studies such as surveys, which must be done on multiple years to be able to track the effect of the programs on the small business population. Additionally, the evaluation

program will be expanded to include programs that may have not been included originally. The OCFO is requesting \$1M for evaluations in FY 2006.

Long-Term Objective 4.4

Information and related technology will be managed effectively and securely through the SBA leveraging data and systems to support program execution and promote cost efficiency.

FY 2004 Results

- The Office of the Chief Information Officer (OCIO) improved its ability to modernize the Agency's technology and IT management policies by completing a new organizational standard operating procedure (SOP); realign and optimizing the staffing and functions within the organization.
- The SBA's major IT investments, as required under the President's Management Agenda, stayed within 10% of their planned cost, schedule and performance targets throughout the year.
- OCIO also established an Office of E-government and continued its commitment to e-government activities, as demonstrated by participation in and contributions to 18 of the 24 government-wide e-government initiatives. The SBA successfully implemented the initial phase of the Business Gateway Initiative (www.business.gov) that will serve as a one-stop resource for small business interacting with the Government.
- The SBA also strengthened internal processes IT management policies, aligning them with the E-Government Act, Clinger-Cohen Act, and Federal Information Security Management Act requirements. These process improvements aim to ensure that future IT investments align with the Agency's mission and vision. Toward this end, the Agency established the Enterprise Architecture Technical Review Board and created the Business Technology Investment Advisory Committee, co-chaired by the Deputy CIO and Deputy CFO. Together, these bodies assess IT investments, and do so more frequently, to ensure that the SBA's resources are being allocated consistent with the Agency's mission, federal legislative and OMB IT management requirements, and SBA strategic goals.

FY 2005 and FY 2006 Planned Performance

IT Security

Information Security has evolved dramatically in recent years, especially due to heightened levels of awareness after the events of 9/11. The SBA has the responsibility and the opportunity to implement a robust IT security program, with controls to safeguard the Agency's information and systems. Additionally, FISMA compliance and progress on the PMA E-Government Initiative (which includes IT Security as a major component) are of the highest priority to the Agency. Accordingly, FY 2006 funding supports the following efforts:

- Reengineering and improvement of the Agency's the FISMA Plan of Actions and Milestones (POA&M) Process
- Completion of IT security remediation activities consistent with the SBA POA&M
- Restructuring and Agency wide coordination of IT security budgeting and cost estimating activities
- Installation of network intrusion detection software and devices at strategic locations across the network for auditing, monitoring, alert and notification of possible unauthorized or illegal activities
- Full implementation of the SBA's Computer Incident Response Team, including appropriate components within the Agency
- Development and implementation of enterprise incident response procedures

The SBA's IT Security Program will track all security requirements and costs. IT security costs are a shared responsibility between OCIO as the policy-making entity and the SBA program system owners as the operators of Agency applications. Additional critical IT Security activities are detailed below.

Activity	Goal
Risk Management	Re-Certification of the SBA's Systems
Contingency Planning	Re-Certification of the SBA's Systems
Incident Reports & Response	Filed Monthly and Ad-Hoc Reports
Vulnerability Analysis & Penetration Testing	Decrease Vulnerability of all SBA systems
Computer Security Awareness and Training	Training For End Users and District Office Security Officers
Follow-up to Certification & Accreditation Mitigation Reports	Quarterly
Resolve Audits with Pending Actions	Monthly
Conduct Certification & Accreditation Reviews on 15 new or non-critical Systems	Quarterly Schedule
Maintain and Test the SBA' COOP Call-Tree	Quarterly
Upgrade the SBA's IDS System	1 ST Quarter FY05
Internet Monitoring	Daily/Weekly Reporting
FISMA and POA&M Reporting and tracking	Quarterly
Second Firewall	2 nd Quarter FY05
Security Operation Center Implementation	1 st Quarter FY05

Office Automation, Communications & Network Infrastructure

With its extensive network of field offices and external resource partners, the SBA is obligated to maintain an Information Technology (IT) infrastructure that enables the seamless, secure and reliable interface between the Agency, the public, and partners. A key element of the SBA's strategy for managing this infrastructure is its reliance on proven and widely adopted information technology tools, such as those produced by Cisco, Microsoft and Sun. The Agency licenses Microsoft software for use in common office automation and e-mail applications. The SBA began an Agency-wide migration to the Windows 2000 computing environment in FY 2002. This migration included a complete refresh of the server, desktop, operating system and applications system platforms and installation of an automated network data backup system. The migration continued into FY 2004 and is now 98 percent complete.

In order to maintain a basic level of infrastructure reliability, SBA must adopt and adhere to a regular infrastructure refresh and upgrade schedule. The FY 2005 - FY2006 period will mark the four years since the last major infrastructure upgrade occur. As a result, the Agency budget includes significant but critical IT infrastructure improvements, including an Agency-wide refresh of the server, desktop and applications platforms; an upgrade of the HQ network equipment physical security system; and the selection and implementation of enterprise tools to enable automated recovery and management of electronic records, beginning with e-mail. In addition to the completion of critical upgrades, SBA will undertake certain key analyses to plan the implementation of near-future infrastructure upgrades.

SBA plans the following studies for FY 2005:

Server Consolidation Study.

This study assesses the IT infrastructure server (file/print and e-mail) platforms to identify opportunities for consolidation—to centralize and implement uniform Agency-wide network management. This analysis and planning will prepare the agency for the planned FY 2006 IT Infrastructure Upgrade covering the email operating system, hardware, and basic office automation software.

Voice over IP Study (VoIP).

This study is necessary to determine the feasibility of introducing VoIP in the SBA. VoIP technology may enable the Agency to utilize its existing wide and local area networks for voice communications as well as data communications, thereby improving the return on its investment. The study will determine if the Agency can realize a return on the initial investment necessary to implement this technology in a reasonable amount of time. The study will also determine whether the VoIP technology can be introduced into the Agency's computing environment without a decline in reliability, performance and service.

SBA plans the following IT projects for FY 2006 time frame:

The Agency-wide Upgrade to Windows XP.

This migration will establish Windows XP (or the most current version of Microsoft's operating system) as the Agency standard desktop and server operating system. This migration effort, which will take advantage of the SBA's current Microsoft licenses, will be part of the annual IT infrastructure hardware & software upgrade carried out through the refresh schedule. This upgrade is critical to reducing downtime, data storage crashes, as well as to increasing reliability of the infrastructure to reduce internal and external service disruptions.

E-Mail Archival.

The Agency does not have a system to archive aged e-mail messages. However, this technology is needed to:

- enable the Agency to archive e-mail data for extended periods of time (given, in part FOIA requirements)
- facilitate the retrieval of e-mails with a common topic or that were sent during a specified time frame
- restore deleted e-mail data when required
- support security audits

LAN Room Security System Upgrade.

This security system -- an access control system that limits entry to areas where critical network components are housed -- was implemented in the SBA's HQ building in 1990 solely for the network equipment rooms. It has functioned well over the years but has not kept pace with current technologies. A replacement is needed for this system so that current access, reporting, and restriction requirements can be met.

E-Government Office Initiatives

Enterprise Architecture.

Evaluate current EA Independent Verification & Validation report and develop a prioritized project list of EA maturity implementation tasks.

- Perform market analysis of EA Web tools and make a selection based upon the results of the EA tool analysis.
- Build EA Repository and make Agency EA information available to Program offices via the selected EA WEB based tool.
- Develop consistent EA compliance criteria.
- Provide EA training to 100% of Program Offices.
- Enterprise Information Management: Develop an Enterprise Data Management Program.
- Develop and issue Enterprise Data Program Policies and Procedures document.
- Provide EA training with emphasis on information quality and system engineering methods and tools.
- Create Data Quality Handbook and Methodology.

Enterprise Information Management (EIM).

Develop an Enterprise Data Management Program. EIM is intended to increase agency efficiency and reduce costs for information technology programs by taking an Agency-wide approach to data quality and information management. SBA's EIM initiative will ensure the availability of accurate, consistent and timely data for all stakeholders throughout the Agency. A pragmatic technical and management approach using proven Information Quality and Systems Engineering methods and tools linked to the Agency EA will reduce or eliminate the unintended costs associated with erroneous and duplicative data. EIM will reduce the cost of multiple systems collecting and managing redundant data. The EIM effort began in FY 2004 with internal surveys of key managers to ascertain the "perceived vs. intended" state of data management, to be followed by a data control board, data quality handbook and development of standard data management practices and policies.

Information Systems Support

In FY 2003, SBA established an Enterprise Architecture (EA). In FY 2004, OCIO evaluated the inventory of program office (lines of business) applications and developed a budget based on the migration of obsolete unsupported applications to the more modern SBA EA Web-based platform.

Currently the SBA has 11 applications developed in languages that are no longer supported by the vendor and not recognized as future platforms in the SBA EA model.

Additionally the SBA has 13 applications developed in programming languages which the EA identifies as a platform to be retired.

In FY 2005, SBA plans to address 5 of the 11 unsupported applications and 5 of the 13 COBOL programming language mainframe applications. These applications will be migrated to Web platforms utilizing standardized, reusable library code and Web page templates to increase operating efficiencies and reduce maintenance costs.

Based upon the creation of reusable libraries, SBA is well positioned in FY 2006 to address the 6 remaining applications and the additional 8 COBOL mainframe applications. While these applications would be larger and more complex to migrate, the code libraries and templates developed in FY05 will position SBA to migrate them to Web platforms within that fiscal year.

The overall goal of the IT budget is to not only align and upgrade the SBA applications to the Enterprise Architecture but also to bring modern technologies and efficiencies to key functional areas: system development and maintenance, security, web content for Internet sites, and other related IT infrastructure. The improvements outlined in the FY 2005 -06 plan will allow OCIO to meet the growing demand for IT services driven by the SBA program offices, electronic government initiatives, and critical legislative changes, while still controlling costs.

In FY 2006, SBA plans to migrate 50% of the obsolete legacy client server applications to the SBA's Target Enterprise Architecture, in support of bringing the SBA into compliance with E-government statutory requirements.

Organizational and Internal Processes

By FY 2006, SBA intends to achieve more complete integration of IT management practices and tools, so that IT investments will reliably be completed within cost, schedule and performance targets. SBA will seek to strengthen overall Agency wide IT management by (1) improving IT human capital resource planning in both HQ and field IT support and (2) unifying Enterprise Architecture, systems development, project management and IT Capital Planning policies and tools.

Improvement of the Agency's IT management and continued improvements in PMA Scorecard evaluations by OMB will require SBA to complete the following actions in FY 2006.

- A refresh of the Agency's Capital Planning and Investment Control guidance with emphasis on integrating the complete suite of process analysis tools and templates so that professional staff can reliably go to a single source for the information needed to conduct IT capital planning activities and project management.
- Agency-wide training of SBA community of IT capital planning practitioners on federal capital planning requirements and on the range, capability, necessity and timing of each of process tools available to them.

Annual CIO Council IT Skills survey to identify skills inventories and gaps and to estimate skill levels and quantities needed to support individual IT capital plans.

Long-Term Objective 4.5

Procurement and contracting services will be planned and managed to support the SBA program management and the achievement of the Agency's goals.

FY 2004 Results

Reduction of rent costs

The SBA, through its Office of Administration (OA), worked closely with program and support offices during FY 2004 to improve space and lease expense management. Through a targeted rent saving initiative, the SBA identified opportunities to reduce office space and the corresponding rent expenses. During FY 2004, the Office of Facilities Management, under the Office of Administration, completed 11 space reduction projects. The annual savings from these initiatives will be \$1.9 million.

Paperwork Reduction Act compliance

In order to help the SBA achieve Long-Term Objective 4.5 through the reduction of program costs imposed on small businesses, the Office of Administration worked closely with program and support offices during FY 2004 to ensure that the SBA meets Paperwork Reduction Act (PRA) requirements, eliminates any PRA violations and prevents future violations, by implementing the following procedures:

- 1) Will provide written notification to program officials of information collections scheduled to expire within a five month period.
- 2) Send electronic reminders to program officials at least twice month providing notification of expired information collections.
- 3) Conduct training sessions with program representatives to provide guidance on the Paperwork Submission Package process.
- 4) Announce all information collections that are scheduled to expire within a 90 day period and those that have already expired in the Management and Administration's Weekly Report.

Outcome Measure 4.5.1

By FY 2006, the SBA will achieve a rating of "Green" for having met all of the Core Criteria of the Competitive Sourcing initiative on the PMA.

During FY 2004, the SBA went from Red to Yellow in Progress and from Red to Yellow in Status for this PMA item. The SBA conducted five streamlined competitions on work performed by approximately 250 full time equivalent employees (FTE). The SBA submitted to OMB an updated Competitive Sourcing Plan. Our revised plan reflects OMB guidance to conduct a total of 10 competitions by the end of FY 2005. Further, the SBA completed and transmitted the FY 2003 competitive sourcing report to Congress required by P.L. 108-199, and completed and transmitted the FY 2004 Federal Activities Inventory Reform (FAIR) Act inventory.

In regards to specific competitions, the SBA has substantially developed the Performance Work Statement to be made part of the Request for Proposals for the Office of Disaster Assistance loss verification competition. This competition will affect approximately 25 employees. In addition, the SBA has substantially completed the Agency Tender proposals, i.e. Most Efficient Organization (MEOs) for the Government Contracting / Business Development (GC/BD) and Equal Employment Opportunity (EEO) & Civil Rights Commission (CRC) competitions. Based on consultation with OMB, the agency is currently performing preliminary work to re-compete the Office of Investment examination activities (about 20 employees) as a standard competition.

FY 2005 and FY 2006 Planned Performance

Office of Management and Administration

Competitive Sourcing

In Fiscal Year 2005, the SBA plans to substantially complete a number of competitive sourcing activities that had been pushed back due to fiscal constraints. The Agency plans to engage in standard competitions for (1) the SBIC examination function (formerly conducted as a streamlined competition), (2) 8(a) application processing activities in the of the Office of Government Contracting and Business Development (GC/BD), (3) Loss verification activities deployed nationwide in the aftermath of a disaster in the Office of Disaster Assistance (ODA) and, (4) Compliance review activities related to the recipients of the SBA recipients of Federal financial assistance in the Office of Equal Employment Opportunity and Civil Rights Compliance (EEO&CRC). In total, approximately 70 FTE will be affected by these four standard competitions.

The SBA also intends to announce in Fedbizopps that it will initiate standard competitions for, (1) Disaster loan servicing and liquidation activities in the Office of Capital Access (OCA) and, (2) Nationwide legal activities in support of Disaster Loan Servicing Activities in the Office of General Council (OGC). Following the contents of the SBA's approved competitive sourcing plan, in Fiscal Year 2006, the SBA will complete standard competitions for these functions. In total, approximately 100 FTE will be affected by these two standard competitions.

Reduction of rent costs

To achieve economies in rent and space allocations, the SBA will minimize the cost/rent burden while still satisfying space needs of all Agency offices by working cooperatively with GSA and each the SBA office to develop a detailed plan on reducing space requirements and building out appropriate space when necessary. Overall, OA will execute a space planning and acquisition program that ensures all office spaces meet Agency and broad governmental operational requirements. As funding levels permit, OA will continue to realign space, relocate offices and reduce overall space usage as part of the Agency's overall workforce transformation initiative. During FY 2005 and 2006, OA

plans to continue to pursue its reduction projects. It is estimated that these projects will result in a savings of more than \$1 million annually.

Paperwork Reduction Act compliance

OA will continue to enhance its electronic records management to further reduce the paperwork burden on small businesses. The cost associated with this initiative will impact the OCIO budget.

Office of Administration

OA's strategy for reaching this result will include several actions. Through better management and a decreased quantity of purchase cards, OA will increase open and fair access to Federal contracts for small businesses. To ensure maximum utilization of small businesses, accomplishment of Agency small business goals, and the realization of economies of scale, appropriate training will be developed and provided to purchase card holders. Ultimately, utilization of small businesses will increase, utilization of Agency resources will be maximized, and overall financial management will be improved.

OPGM plans to automate aspects of its grant programs to facilitate and effective conversion to the e-grants environment. The funding requested to begin this effort is \$200K for during FY 2006.

Office of the Inspector General Budget Request

**U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF THE INSPECTOR GENERAL**

**FISCAL YEAR 2006
BUDGET REQUEST**

CONGRESSIONAL JUSTIFICATION

February 7, 2005

EXECUTIVE SUMMARY

In accordance with the Inspector General Act of 1978, as amended (IG Act), the Office of Inspector General (OIG) supports the Small Business Administration (SBA) in the Agency's statutory mission to maintain and strengthen the Nation's economy by aiding, counseling, assisting, and protecting the interests of small businesses, and by helping individuals and businesses recover from disasters. Under the IG Act, the OIG has two primary roles – to independently evaluate and report on the efficiency and effectiveness of current SBA operations, and to prevent future problems by fostering integrity, accountability, and excellence in SBA's programs. The OIG's Fiscal Year (FY) 2006 budget request will provide resources to:

- Conduct and supervise audits and investigations of SBA programs and operations.
- Review existing and proposed laws and regulations relating to SBA programs and operations.
- Provide leadership of activities to promote economy, efficiency, and effectiveness, and reduce fraud, waste, and abuse.
- Keep the Agency and Congress informed of problems in SBA programs and operations, and the need for and progress of corrective actions.

This budget request aligns requested resources with the OIG's strategic goals and anticipated outcomes, as outlined in the OIG's FY 2003-2007 strategic plan.

Budget in Summary

For FY 2006, the OIG is requesting a total of \$15.4 million and 107 FTEs, an increase of \$2.1 million and 4 FTE over the FY 2005 enacted level. This amount includes \$14.5 million in direct appropriations and \$0.9 million to be transferred from SBA's disaster loan program account for work on disaster programs.

Practically the entire amount of the increase in funding requested for FY 2006 is for the following two critical areas:

Financial Statement Audit. The current 5-year contract with a certified public accounting (CPA) firm to conduct the audit of SBA's financial statements – a statutory requirement that is paid from the OIG's appropriation – expires in FY 2005 and must be re-competed. As a result of higher industry standards brought about by the Sarbanes-Oxley Act and accelerated timelines for submission of the Performance and Accountability Report (PAR), the cost of performing the financial statement audit will increase significantly. A survey of rates paid by other agencies indicates that the cost of the financial statement audit in FY 2006 could increase by more than 150 percent.

Hurricane Disaster Loans. As a result of the string of hurricanes during 2004, SBA has already approved nearly 42,000 loans totaling \$1.2 billion, and expects to provide over 100,000 loans totaling more than \$3 billion. Disaster loans are particularly vulnerable to errors and fraud due to the need to expedite processing to provide timely assistance to disaster victims. We expect that the hurricane-related loans will result in a significant increase in referrals and, therefore, will

have a significant impact on the OIG's workload in FY 2006 and beyond. To put this in perspective:

- As a result of Hurricane Andrew in 1992, the OIG opened 164 cases in the State of Florida, with potential losses of over \$17 million.
- As a result of the 1994 Northridge earthquake in California, for the years 1994 through 1999, the OIG opened 232 cases, with potential losses of over \$64 million.

We reassigning at least one criminal investigator to SBA's Miami District Office to address the additional workload. However, without additional resources, the OIG will be unable to devote adequate attention to this major area of vulnerability.

Aside from the additional funding to be directed to SBA's financial statement audit and the hurricane-related disaster loans in Florida, the amount requested for the OIG in FY 2006 is essentially a straight-line budget. With available resources, the OIG will continue to: (1) conduct 40 - 50 audits of various SBA activities; (2) review 200 proposed regulations, Agency directives, and laws to help ensure effective SBA operations; and (3) work an active caseload of 100 - 150 investigations of potential loan and contracting fraud. In addition, the OIG will continue to devote significant resources to: (1) evaluate the impact of SBA's transformation initiatives; and (2) identify and prosecute potential loan fraud relating to September 11th disaster loans, loans to non-citizens who falsely claim to be citizens, and loans containing false statements "packaged" by loan agents.

SBA's Transformation. As SBA downsizes and consolidates its operations, there is additional risk to taxpayers. For example, SBA recently consolidated its guaranty purchase and loan liquidation processes in Herndon, Virginia, where the work is being done by 63 employees, reduced from 266 District Office employees who did it previously. In 2004, SBA paid out \$706 million in guaranties. Indeed, an OIG review of the consolidation found that, among other things, there was a backlog of almost 7,000 liquidation files sent to Herndon that had not been reviewed. Given the extent of dramatic changes envisioned by SBA's transformation initiatives, the OIG needs adequate resources to continue to evaluate the impact of consolidation and SBA's ability to prevent potential losses of taxpayer dollars.

September 11th Disaster Loans. SBA responded to the September 11th tragedy by disbursing over \$1.3 billion in disaster relief loans. OIG audits and investigations have revealed that some of these loans were obtained through fraudulent representation. As of September 30, 2004, 1,495 loans had defaulted (12 percent) with a total value of \$209 million. Other September 11th disaster loan fraud cases are in various stages of investigation, and may warrant prosecution. It will take years to fully investigate and prosecute the individuals who fraudulently obtained these disaster loans. The OIG will continue to devote substantial resources to prosecute those individuals who took advantage of this national tragedy.

Citizenship Fraud in the Section 7(a) Loan Program. OIG investigations have revealed a pattern of borrowers falsely claiming to be U.S. citizens, with millions of dollars of loans at risk. The OIG has been reviewing a universe of over 2,500 loans in several areas of the country, and this universe is expected to expand in the future. Current investigations are finding that borrowers and loan packagers are participating in well-organized, multi-loan schemes where misrepresentations of citizenship are made, and the loans default quickly. Likewise, OIG audits continue to show a problem with ineligible loans resulting in millions of dollars in losses to taxpayers. As more loans are guaranteed by SBA using expedited processing, this problem may increase. The OIG has had success in prosecuting schemes involving non-citizens, and will continue to identify and prosecute additional major violators.

Loan Agent Fraud. Another area of concern is fraud committed by loan agents, such as packagers and brokers, in obtaining SBA-backed financing. Although competent and honest loan agents help small businesses gain access to capital, some have perpetrated fraudulent schemes involving hundreds of millions of dollars in loans. For instance, in one multi-state area, from 1996 through 2004, seven unscrupulous loan agents were involved with 260 fraudulent loans totaling over \$205 million. Also, SBA currently does not know how many loan agents may be involved with its loan programs due to a lack of information to identify loan agents and their corresponding SBA loans. As this information becomes available, as a result of new SBA reporting requirements, the OIG expects detection of loan agent fraud schemes to increase significantly. However, with current resources, only a small percentage of these cases can be investigated.

Achieving OIG's Vision (FY 2003 – 2007 Strategic Goals)

The following table shows, for each strategic goal, the resources requested by the OIG in FY 2006 for projects and activities to achieve the anticipated outcomes.

Strategic Goal	Anticipated Outcomes	FY 2006 Funding Request
<i>Goal 1: Prevent fraud and unnecessary losses in SBA programs</i>	<ul style="list-style-type: none"> • Fraud and unnecessary losses are reduced • SBA internal controls are strengthened and appropriately structured 	\$8.08 million
<i>Goal 2: Improve the accuracy of and the security over SBA accounting and management information, including performance data</i>	<ul style="list-style-type: none"> • SBA has more accurate information for decision-making • Improved ability to monitor and evaluate SBA's performance • Improved public confidence in SBA's operations 	\$3.06 million
<i>Goal 3: Assist SBA in improving its small business development and government contracting programs</i>	<ul style="list-style-type: none"> • Improved integrity in SBA's Government Contracting and Business Development programs and services • Improved efficiency and effectiveness in SBA's delivery of entrepreneurial assistance to small businesses 	\$1.25 million
<i>Goal 4: Assist SBA management in identifying and resolving persistent and emerging management issues</i>	<ul style="list-style-type: none"> • Management challenges identified by the OIG are addressed and resolved by SBA management • New risks are identified as they emerge and resources are devoted to addressing them 	\$1.22 million
<i>Goal 5: Strengthen our ability to identify and have maximum impact on the most significant SBA issues</i>	<ul style="list-style-type: none"> • Improved timeliness leading to greater impact • Greater sharing of information within the OIG • IT investments fully support operations and facilitate communications, data analysis, and knowledge management 	\$1.79 million
TOTAL		\$15.4 million

BUDGET HIGHLIGHTS

(\$ in Millions)	FY 2004 Actual	FY 2005 Enacted	FY 2006 Request	Difference from FY 2005
Total New Budget Authority (BA)	\$13.4	\$13.3	\$15.4	\$2.1
Full-Time-Equivalents (FTE)	98	103	107	4

The funding levels for each strategic goal include mandatory projects and functions, as required by various statutes, and discretionary projects or functions that will further the OIG's achievement of its strategic goals.

Goal 1: Prevent fraud and unnecessary losses in SBA programs

SBA is the preeminent gap lender for small business entrepreneurs in the United States. As a gap lender, SBA necessarily takes more risk than a conventional lender. Since its inception in 1953, SBA has loaned or guaranteed billions of dollars to finance and spur investment in small business concerns. In its business loan programs, SBA has shifted over the years from an organization that processed loans to one that relies on program participants to implement its credit programs and services. This reliance increases the vulnerability of financial loss and noncompliance with policies and procedures.

The Section 7(a) program is SBA's largest lending program and the Agency's primary vehicle for providing small businesses with access to credit. In FY 2004, SBA approved 81,133 Section 7(a) loans and paid guaranties for 6,219 loans with unpaid principal balances totaling \$706 million. SBA anticipates approving 88,000 loans in FY 2005. As of December 31, 2004, there were 13,749 loans in liquidation worth over \$2 billion.

Another key SBA lending program is the disaster loan program. It is the primary form of Federal assistance for non-farm individuals and businesses that suffer disaster losses. This program is particularly vulnerable to errors and fraud due to the need to expedite processing of disaster loans to provide timely assistance to disaster victims. As of December 31, 2004, there were 4,448 loans in liquidation with unpaid balances totaling over \$313 million.

Appropriate controls must be in place to ensure that these and other SBA programs comply with applicable laws and regulations and include safeguards to protect the government's assets. Unfortunately, these programs have had longstanding internal control problems, resulting in fraud and unnecessary losses. For FY 2004, 75 indictments and 30 convictions resulted from OIG investigations, with potential recoveries and fines of nearly \$18 million. Loans and/or contracts not approved as a result of OIG investigations and background checks totaled over \$35 million.

FY 2005 and FY 2006 Activities

The OIG will continue to focus on its statutory responsibility to detect and prevent fraud, waste, and abuse in SBA's programs. Major activities will include: (1) investigation of, and prosecutorial support for, cases alleging criminal and civil violations in such diverse programs as those involving Section 7(a) guaranteed loans, Section 504 Certified Development Companies, Small Business Investment Companies (SBICs), disaster assistance, and Section 8(a) Federal government contracting assistance; (2) audits of SBA programs and participants requested by the Agency, Congress, or other stakeholders; and (3) the name check program to verify the character of borrowers and other program participants.

The OIG will continue investigations of fraud relating to false citizenship claims by non-citizen borrowers. During FY 2004 and thus far in FY 2005, the OIG has been reviewing a universe of over 2,500 loans in several areas of the country, and this universe is expected to expand in the future. Although the OIG has had success in prosecuting schemes involving non-citizens, with current resources the OIG is able to review only a small percentage of defaulted loans.

The OIG will continue a recently initiated national initiative to detect fraud committed by loan agents, such as packagers and brokers. Loan agents, in concert with prospective borrowers, may use fictitious names, submit false tax returns, and misrepresent an applicant's employment, financial, or citizenship status to receive loans from SBA. Typically, the loan agent covertly receives excessive compensation from the borrower for packaging the loan application. Many of these loans default, resulting in millions of dollars in losses. For example, in one scheme involving at least \$28 million in loans, a loan agent pled guilty to conspiracy and fraud. He had caused prospective borrowers to sign false application documents and made it appear that the borrowers had provided the required capital injections or down payments. Also, due to SBA's consolidation of loan processing and liquidation, oversight of these loans shifted to the lenders, who will likely vary in the quality of their due diligence. As a result, the frequency of loan agent fraud schemes is expected to increase.

In the disaster assistance loan program, the OIG will devote substantial resources to identifying errors and fraud related to loans made as a result of the recent string of hurricanes. Disaster loans are particularly vulnerable to errors and fraud due to the need to expedite processing to provide timely assistance to disaster victims. In addition, the OIG will continue to identify vulnerabilities in the economic injury loans made as a result of the terrorist attacks of September 11, 2001, and other disasters. Audit and investigative work begun in FY 2003 has identified possible fraud and other problems with early defaulted loans. For example, in one completed investigation, two New York businessmen were convicted for making false statements concerning losses their company incurred as a result of allegedly being located at the World Trade Center. In fact, their business was not located at the World Trade Center. As of September 30, 2004, there were almost 1,495 defaulted 9-11 loans with unpaid balances of almost \$209 million. Because disaster assistance loans in geographical locations outside of New York City and Arlington, Virginia, or their immediate surrounding communities, were deferred for two years, repayment on these loans just began in FY 2004. Preliminary work suggests that a significant number of 9-11 loans may have involved fraud. Therefore, we anticipate an increased workload in this area that will last for several years.

Effective loan and lender monitoring is essential to prevent improper payments and reduce unnecessary losses of taxpayer dollars. The OIG will continue to conduct audits of business loans and disaster assistance loans that defaulted quickly. Past work has identified a number of areas where lenders have not effectively originated the loans, leading to early defaults, and SBA controls and procedures have not been effective in preventing improper payments. OIG work has also led to identifying opportunities for improved processes and monitoring by SBA.

Goal 2: Improve the accuracy of and the security over SBA accounting and management information, including performance data

For an entity to run and control its operations effectively, it must have reliable, timely, and secure information and communications. While SBA has made some progress in identifying and addressing problems with the accuracy and security of its information technology (IT), many significant problems remain. For example, SBA's Independent Auditor's Report on Internal Control discussed three matters considered reportable conditions: (1) Financial Management and Reporting Controls; (2) Credit Reform Controls; and (3) Agency-Wide Information System Controls.

In addition, the confidentiality and integrity of SBA's information systems are vital to the continued successful operation of the Agency. While IT can result in a number of benefits, such as information being processed more quickly and communicated almost instantaneously, it also increases the risk of inappropriate disclosure of sensitive data, and disruption of critical operations and services. SBA's IT security programs need improvement to ensure compliance with requirements established by Federal laws, regulations, and standards. The Office of Management and Budget (OMB) recently lowered SBA's score on e-government initiatives because of security flaws.

SBA has identified 38 "mission critical" support systems, including the following:

- Loan Accounting System: multiple mainframe programs that process and maintain accounting records and provide management reports for SBA's loan programs.
- Automated Loan Control System: a computer system maintained and operated at each of SBA's four disaster area offices.
- Denver Finance Center systems: a variety of specialized programs developed and maintained by the Office of the Chief Financial Officer (OCFO).
- Joint Accounting and Administrative Management System: a client-server financial management system used by all SBA offices for administrative accounting functions.
- Local and Wide-Area Networks: communications systems maintained and operated by all SBA offices.

FY 2005 and FY 2006 Activities

The current 5-year contract with a CPA firm to conduct SBA's financial statement audit – a statutory requirement that is paid from the OIG's appropriation – is expiring and must be re-competed. As a result of higher industry standards brought about by the Sarbanes-Oxley Act and accelerated timelines for submission of the PAR, the cost of performing the financial statement audit will increase significantly. A survey of rates paid by other agencies indicates that the cost of the financial statement audit in FY 2006 could increase by more than 150% over the current contract. Other statutorily mandated reviews that the OIG must perform include the annual Federal Information Security Management Act (FISMA) evaluation and the Federal Information Systems Control Audit Manual (FISCAM) review.

SBA has adopted a new strategic plan covering FY 2003-2008, and has developed new goals and objectives that are more results oriented. In its FY 2004 PAR, SBA reported that it continues to face many challenges in acquiring high-quality data on both outputs and outcomes. Limitations such as a 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. The OIG will conduct audits of selected SBA key performance data to determine its accuracy and completeness, and assess the process used to ensure the quality of such data. The results of these reviews will provide valuable information to decision makers who rely on the information to assess SBA's performance and accountability.

As SBA and its resource partners increasingly rely on IT, the need for close scrutiny of the security of information systems has also increased. The OIG will conduct audits to assess the controls and security of SBA's computer operating system and network, and identify ways to improve the quality of data collected through the loan accounting and loan application tracking systems. Both of these loan tracking systems play a key role in SBA oversight of its \$67.5 billion loan portfolio and provide information for performance measurement. The OIG needs to audit the Agency's main information systems periodically. These audits will identify current IT security weaknesses and determine whether the IT systems meet users' needs and contain accurate data. As threats to disrupt cyber-based systems continue to occur throughout the world, the Agency must take steps to improve controls to prevent such disruptions and ensure the continuity of mission critical operating systems.

Goal 3: Assist SBA in improving its small business development and government contracting programs

A significant portion of SBA's efforts are directed toward: (1) providing assistance to help small businesses obtain Federal contracts; and (2) providing other business development assistance. SBA's Office of Government Contracting and Business Development (GC/BD) is tasked with: (1) helping small businesses obtain a fair proportion of Federal contracting opportunities; and (2) helping "small, disadvantaged, and women-owned businesses build their potential to compete more successfully in our global economy." The purpose of one of the programs within this office, the Section 8(a) program, is to "assist eligible small disadvantaged business concerns compete in the American economy through business development." Various organizations, including Small Business Development Centers (SBDC) and the Service Corps of Retired

Executives (SCORE), receive SBA funding to provide counseling, training, and other services to entrepreneurs.

The Small Business Act sets a goal that 23 percent of Federal procurement be awarded to small businesses. SBA needs to ensure the integrity of small business contracting. Current issues in this area include: (1) the accuracy of reporting small business contract activity; (2) large businesses being classified as small businesses; and (3) failure to always follow regulations to protect small businesses. The OIG has received a number of complaints related to small business contracting size issues.

Within the Section 8(a) program, major vulnerabilities include: (1) inequitable distribution of contracting opportunities among participants; (2) a lack of implemented measurable, consistent, and mandatory criteria pertaining to all aspects of economic disadvantage; (3) a lack of implemented criteria defining business success for purposes of program graduation; (4) inadequate emphasis on business development; and (5) a primary database which does not contain the information needed to successfully manage the program. This program historically has had problems, and needs continued audit and investigative oversight.

SBA's Office of Entrepreneurial Development (ED) helps small businesses start, grow, and compete in global markets by providing quality training, counseling, and access to resources. In FY 2004, SBA provided almost \$110 million in funding for its ED programs. This included approximately \$89 million for the SBDC program and \$12 million for the Women's Business Ownership program, the two largest ED programs.

FY 2005 and FY 2006 Activities

The OIG will conduct audits to review the management and performance of GC/BD programs to determine whether they are meeting the needs of small businesses and operating with integrity. Audits scheduled to be started during FY 2005 will cover areas such as: (1) the accuracy of procurements reported as being awarded to small businesses; (2) contract bundling; (3) the mentor/protégé program; (4) the 8(a) annual review process; (5) 8(a) contract awards to non-disadvantaged businesses with minority-owned "front" companies; and (6) SBA training to Agency procurement employees on small business size standards. These audits will continue into FY 2006. The OIG will increase coverage of the Office of GC/BD in FY 2006 by conducting audits of the Certificate of Competency Program, the eligibility of HUBZone and 8(a) companies, and the accuracy of information relied on by Federal procuring agencies in awarding small business procurements.

The OIG will also conduct audits to review the management and performance of SBA's ED programs, including conducting reviews of the oversight and monitoring of program participants by the Women's Business Ownership program and SBDC program, as well as an audit to determine if the ED programs are reporting complete and accurate performance data in SBA's PAR.

Goal 4: Assist SBA management in identifying and resolving persistent and emerging management issues

As required by the Reports Consolidation Act of 2000, the OIG annually develops a report of the most serious management challenges facing SBA. The report on the top management challenges is included in the Agency's PAR. Challenges reported represent areas that are particularly vulnerable to fraud, waste, error, and mismanagement, or otherwise pose a significant risk, and generally have been the subject of one or more OIG or Government Accountability Office (GAO) reports. One of the OIG's key goals is to help SBA management resolve these issues as quickly and efficiently as possible. To date, the OIG has identified over 100 actions that the Agency needs to take to address the management challenges. The OIG works with SBA to resolve and update the challenges each year, and for FY 2004 and FY 2005 added new challenges. In addition, the OIG provides SBA with an internal mid-year assessment of Agency progress on resolving the challenges.

FY 2005 and FY 2006 Activities

Identifying and reporting the most significant management challenges facing the Agency cuts across all OIG work. Inherent to this effort is ongoing work to identify emerging issues and follow up on previously identified challenges. For example, the OIG will perform follow-up work to determine how well actions recently initiated by SBA to address the following management challenges have been implemented: Challenge 1 – *SBA needs to improve its managing for results processes and performance data*; Challenge 5 – *SBA needs better controls over the business loan purchase process*; and Challenge 9 – *Preventing loan agent fraud requires additional measures*. In developing new challenges, the OIG will identify existing or potential vulnerabilities in SBA's high-risk activities and recommend appropriate corrective actions. In addition, the OIG will identify emerging risks and develop strategies for incorporating appropriate actions into our audit and investigative programs.

OIG findings from audits and investigations can provide for more informed decisions about the effectiveness of SBA programs. The OIG will continue to assist the Agency and OMB in developing Program Assessment Rating Tool (PART) reviews by cross-referencing OIG reports and legal actions on PARTed programs to the PART questions. This targeted information provides an independent and objective perspective on the answers to the PART questions, and highlights significant issues that should be considered in a comprehensive program assessment.

Also, the OIG reviews Agency-wide proposed legislation, regulations, and internal directives, frequently providing comments to improve efficiency or prevent waste. Most of our comments result in changes and, therefore, lead to improved management of SBA's programs.

Goal 5: Strengthen our ability to identify and have maximum impact on the most significant SBA issues

The OIG's strategic goals are focused on the critical issues facing SBA. To be successful in addressing these goals, however, the OIG must also address internal management issues that are integral to the implementation of our strategies. Issues regarding human capital, IT, and the allocation and use of resources have widespread implications for the successful implementation of our strategies.

FY 2005 and FY 2006 Activities

The IG Act requires each IG to report to Congress semiannually on the activities of the office. In addition, the Reports Consolidation Act of 2000 requires the OIG to report annually on the top management challenges facing SBA. The OIG will continue to devote substantial resources to compile and write these reports, develop and maintain the management information systems (MIS) used to collect the data, and ensure the privacy and accuracy of information. In addition, the OIG will continue to devote significant resources to train its staff so they maintain proficiency and comply with mandatory continuing education and certification requirements in areas such as firearms, auditing, legal, and human resources.

The OIG expends much of its funding on developing reports that provide findings and recommendations to improve SBA programs and operations. To ensure that these recommendations are accepted, implemented, and have the intended impact, the OIG will focus additional attention on strengthening the audit follow-up process.

The OIG will continue to devote resources to: (1) maintain our independent personnel authority in hiring and promoting employees; (2) formulate and execute our budget; (3) maintain and upgrade IT systems and equipment needed to support OIG operations, including state-of-the-art surveillance and other equipment to facilitate investigations; and (4) ensure the reliability, integrity, and confidentiality of sensitive information. In addition, the OIG will participate in a peer review program with other OIGs in order to foster professionalism and quality within the OIG community. Peer reviews provide an independent assessment of the effectiveness of OIG auditing and investigative programs, as well as reasonable assurance that applicable standards and policies are being followed. The OIG will devote both staffing and travel resources to conducting reviews of other OIGs.

Resources

	FY 2004 Actual	FY 2005 Enacted	FY 2006 Request	Inc/(Dec) vs. FY 2005
New Budget Authority	\$13,000,000	\$13,014,000	\$14,500,000	\$1,486,000
Carryover from Prior Fiscal Year	\$171,160	\$149,755	\$0	\$(149,755)
Carryover into Next Fiscal Year	\$(149,755)	\$0	\$0	\$0
Transfer from Disaster	\$494,739	\$493,322	\$900,000	\$406,678
Recoveries	\$0	\$0	\$0	\$0
Balance Expired	\$0	\$0	\$0	\$0
Rescinded Funds – Appropriation	\$(136,793)	\$(173,826)	\$0	\$173,826
Total Budget Authority	\$13,357,946	\$13,483,251	\$15,400,000	\$1,916,749
Full-Time Equivalent (FTE)	98	103	107	4

HIGHLIGHTS OF FY 2004 FULL-YEAR ACCOMPLISHMENTS

For the period from October 1, 2003, through September 30, 2004, the OIG's efforts resulted in over \$57 million in cost avoidances and potential recoveries and fines. The table below provides additional detail.

Office-wide Dollar Accomplishments from October 1, 2003, through September 30, 2004

Potential Investigative Recoveries and Fines	\$17,887,395
Loans Not Made as Result of Investigations and Name Checks	\$35,367,934
Disallowed Costs Agreed to by Agency Management	\$3,255,810
Recommendations that Funds Be Put to Better Use Agreed to by Agency Management	\$835,678
Total	\$57,346,817

The OIG's efforts can generally be broken down into two main categories: (1) efficiency and effectiveness of SBA programs; and (2) fraud deterrence and detection in SBA programs.

Efficiency and Effectiveness of SBA Programs

During FY 2004, the OIG issued 45 reports with significant recommendations for improving Agency operations, reducing fraud and unnecessary losses, and recovering funds.

Efficiency and Effectiveness Activities from October 1, 2003, through September 30, 2004

Reports Issued	45
Recommendations Issued	261
Dollar Value of Costs Questioned	\$7,724,603
Dollar Value of Recommendations that Funds Be Put to Better Use	\$678,380

Follow-up Activities from October 1, 2003, through September 30, 2004

Recommendations Closed	201
Disallowed Costs Agreed to By Agency Management	\$3,255,810
Dollar Value of Recommendations that Funds Be Put to Better Use Agreed to by Agency Management	\$835,539
Unresolved Recommendations	366

Legislation/Regulations/Standard Operating Procedures (SOPs)/Other Reviews

Legislation Reviewed	131
Regulations Reviewed	17
Standard Operating Procedures Reviewed	21
Other Issuances Reviewed*	54

*This includes policy notices, procedural notices, Administrator's action memoranda, and other communications, which frequently involve the implementation of new programs and policies.

Fraud Detection and Deterrence in SBA Programs**Summary of Indictments and Convictions**

Indictments from OIG Cases	75
Convictions from OIG Cases	30

Summary of Recoveries and Management Avoidances

Potential Recoveries and Fines as a Result of OIG Investigations	\$17,887,395
Loans/Contracts Not Approved as a Result of OIG Investigations	\$5,031,292
Loans/Contracts Not Approved as a Result of the Name Check Program	\$30,336,642
Total	\$53,255,329

SBA Personnel Actions Taken as a Result of Investigations

Resignations/Retirements	3
Suspensions	1
Other	1

Program Actions Taken as a Result of Investigations

Debarments Recommended to the Agency	4
Debarments Pending at the Agency	4
Proposed Debarments Issued by the Agency	1

Summary of OIG Fraud Line Operation

Total Fraud Line Calls/Letters	308
Total Calls/Letters Referred to Investigations Division	45
Total Calls/Letters Referred to Program Offices or Other Federal Investigative Agencies	135
Total Calls/Letters Needing No Action	128

APPROPRIATIONS LANGUAGE

(Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act)

SMALL BUSINESS ADMINISTRATION

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended(5 U.S.C. app.), \$14,500,000.

The budget proposes \$14.5 million in new budget authority and \$900 thousand transferred from the Disaster Loans Program account for a total of \$15.4 million for the Office of the Inspector General (OIG) for 2006. This appropriation provides funds for Agency-wide audit and investigative functions to promote economy and efficiency in Agency operations and to prevent and detect fraud, waste, and abuse.

OBJECTIVES AND INTERMEDIATE OUTCOMES

Strategic Goal # 1: Prevent fraud and unnecessary losses in SBA programs

Below are the anticipated outcomes for Goal 1, as identified in the OIG's Strategic Plan. The OIG measures progress by using Objectives and Intermediate Outcomes.

- *Fraud and unnecessary losses are reduced.*
- *SBA internal control environment is strengthened and appropriately structured.*

Objective 1.1: Detect fraud and erroneous payments, and identify and recover losses

Strategies include:

- Give priority to investigations with a potentially broad Agency impact.
- Screen defaulted loans to identify possible fraud or improper loan processing by lenders.
- Analyze data on non-citizen loans.
- Expand use of civil fraud process to increase potential recoveries.

OIG-Wide Intermediate Outcomes		FY 2003	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate
1.1.1	Percentage of closed cases resulting in criminal, civil, or administrative action.	47%*	49%*	50%*	50%*
1.1.2	Total fines and potential recoveries identified as a percentage of total reported losses for those investigations.	43%*	23%*	30%*	35%*
1.1.3	Total fines and potential recoveries identified as a percentage of total reported losses for OIG caseload for that period.	N/A**	N/A**	N/A**	N/A**
1.1.4	Percentage of erroneous payments recovered versus erroneous payments identified in audits and other reviews.	85%*	83%*	85%*	85%*

*Total fines and recoveries are always subject to external factors over which the OIG has no control.

**The calculation methodology for this measure does not provide accurate and meaningful results. All measures will be reconsidered in developing a new strategic plan for FY 2005-2010.

Objective 1.2: Prevent fraud and erroneous payments

Strategies include:

- Target areas of greatest vulnerability and identify control weaknesses.
- Expand outreach with lenders and SBA officials to educate them on how to identify and prevent potential fraud.
- Protect the integrity of SBA programs through denial of assistance to those found to be of poor character.
- Analyze OIG information and work products to identify vulnerabilities, trends and fraud patterns, and convey findings and trends to SBA program officials and other OIG divisions for their use.

- Expand the use of the civil fraud and suspension and debarment process as a deterrent to lenders and lender agents' misconduct.

OIG-Wide Intermediate Outcomes		FY 2003	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate
1.2.1	Percentage of all recommendations for preventing future fraud and unnecessary losses accepted (Management Decisions) by management or otherwise resolved within 6 months of report issuance	80%	75%	80%	80%
1.2.2	Percentage of recommendations for preventing future fraud and unnecessary losses implemented by management within agreed upon timeframe	85%	67%	75%	75%
1.2.3	Percentage of dollars in recommended funds to be put to better use accepted by management or otherwise resolved within 6 months of report issuance	95%	100%*	95%	95%
1.2.4	Number of borrowers or applicants denied assistance as a result of OIG character referrals	78	131	119	120
1.2.5	Dollar value of loans denied as a result of character referrals	\$12.6M	\$29M	\$24M	\$25M

*There were only two OIG reports during this period.

Strategic Goal # 2: Improve the accuracy of and the security over SBA accounting and management information

Below are the anticipated outcomes for Goal 2, as identified in the OIG's Strategic Plan. The OIG measures progress by using Objectives and Intermediate Outcomes.

- *More effective SBA operations and improved decision-making.*
- *Improved ability to monitor and evaluate SBA performance.*
- *Improved public confidence in SBA's operations.*

Objective 2.1: Improved controls to enable SBA's achievement of Federal financial management objectives

Strategies include:

- Conduct annual financial statement audit.
- Conduct follow-up reviews to assess implementation of additional new financial systems or components to assess whether they support timely reporting and financial information for day-to-day decision making and other required performance.

OIG-Wide Intermediate Outcomes		FY 2003	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate
2.1.1	Percentage of all recommendations for improving the quality of financial information accepted by management (Management Decisions) or otherwise resolved within 6 months of report issuance.	85%	88%	85%	85%
2.1.2	Percentage of recommendations for systemic changes and improved controls implemented by management within agreed upon timeframe.	80%	53%*	75%	75%

*Estimated target dates for implemented actions in the financial management area are difficult to predict. Also, implementation actions are always subject to external factors over which the OIG has no control.

Objective 2.2: Improved controls to ensure SBA’s information systems achieve Federal standards of security

Strategies include:

- For new systems development, recommend features needed in the systems to protect the integrity of the programs.
- Conduct background checks on IT contractors both at headquarters and in the field.
- Participate on selected Agency project teams when new systems are developed.

OIG-Wide Intermediate Outcomes		FY 2003	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate
2.2.1	Percentage of all recommendations for improving the computer and information security accepted by management (Management Decisions) or otherwise resolved within 6 months of report issuance.	90%	75%*	80%	80%
2.2.2	Percentage of recommendations for information system security and improved controls implemented by management within agreed upon timeframe.	75%	48%*	70%	70%

*There have been substantial personnel changes in the Office of the Chief Information Officer recently which have impacted the Agency’s responsiveness to OIG recommendations.

Objective 2.3: Improved controls to ensure the quality and reliability of SBA’s key performance data

Strategies include:

- Evaluate Agency’s activities in developing goals and performance measures to fulfill requirements of the Government Performance and Results Act (GPRA), including assessment of performance data quality.
- Follow-up on prior GRPA audits to assess what SBA has done to implement the recommendations.
- Select a statistical sample of the most critical data for selected key programs and determine the quality of data used to report on performance results.

OIG-Wide Intermediate Outcomes		FY 2003	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate
2.3.1	Percentage of all recommendations for this goal that identify improvements over data quality controls accepted by management (Management Decisions) or otherwise resolved within 6 months of report issuance	60%	N/A*	65%	65%
2.3.2	Percentage of recommendations for improvements over data quality controls implemented by management within agreed upon timeframe.	70%	N/A*	65%	65%

*There were not enough reports and recommendations issued in this area to make this measure meaningful.

Strategic Goal # 3: Assist SBA in improving its small business development programs

Below are the anticipated outcomes for Goal 3, as identified in the OIG's Strategic Plan. The OIG measures progress by using Objectives and Intermediate Outcomes.

- *Improved efficiency and effectiveness in SBA's delivery of entrepreneurial assistance to small businesses.*
- *Improved public confidence in SBA's Government Contracting and Business Development programs and services.*

Objective 3.1: Review and recommend improvements to strengthen SBA's management and oversight of small business development programs

Strategies include:

- Conduct periodic audits and reviews of business development programs.
- Participate in Agency teams formed to assess and improve SBA's business development programs.
- Improve data on and analysis of complaints received for the purpose of conducting trend analysis.
- Assess Agency program reviews.
- Perform program reviews of services provided by entrepreneurial development office.

OIG-Wide Intermediate Outcomes		FY 2003	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate
3.1.1	Percentage of all recommendations that address improvements to strengthen SBA's management and oversight of small business development programs that are accepted by management (Management Decisions) or otherwise resolved within 6 months of report issuance.	65%	45%*	65%	65%
3.1.2	Percentage of all recommendations that address improvements to strengthen SBA's management and oversight of small business development programs that are implemented by management within agreed upon timeframe.	60%	42%*	65%	65%

*During this timeframe, the OIG was more active in issuing reports in the area of business development than in recent years. The OIG issued 55 recommendations relating to business development only 25 of which were agreed to within 6 months of report issuance. SBA management has recently placed increased emphasis on resolving recommendations which should improve the results for this objective. To assist the Agency in this effort, the OIG plans to focus additional attention on audit follow-up.

Objective 3.2: Review and recommend improvements to strengthen SBA's management and oversight of small business government contracting programs

Strategies include:

- Conduct periodic audits and reviews of SBA's government contracting programs.
- Participate in Agency teams formed to assess and improve SBA's government contracting programs.
- Improve data on, and analysis of, complaints received for the purpose of conducting trend analysis.
- Assess Agency program reviews.
- Conduct review to determine the validity of the information being used to report on the Government-wide business set-aside contracting requirement.

OIG-Wide Intermediate Outcomes		FY 2003	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate
3.2.1	Percentage of all recommendations that address improvements to strengthen SBA's management and oversight of small business government contracting programs that are accepted by management (Management Decisions) or otherwise resolved within 6 months of report issuance.	60%	90%	80%	80%
3.2.2	Percentage of all recommendations that address improvements to strengthen SBA's management and oversight of small business government contracting programs that are implemented by management within agreed upon timeframe.	60%	0%*	75%	75%

*Under this objective, there were only five recommendations with target implementation dates during this period. Implementation is subject to external factors over which the OIG has no control.

Strategic Goal # 4: Assist SBA management in identifying and resolving persistent and emerging management issues

Below are the anticipated outcomes for Goal 4, as identified in the OIG’s Strategic Plan. The OIG measures progress by using Objectives and Intermediate Outcomes.

- *Management challenges identified by the OIG are addressed and resolved by SBA management.*
- *New risks are identified as they emerge and resources are devoted to addressing them.*

Objective 4.1: Identify and assist SBA in addressing top management challenges

Strategies include:

- Conduct audits and reviews of high risk activities.
- Follow-up on select significant corrective actions.
- Conduct outreach to SBA employees to help identify emerging challenges.
- Prepare and utilize project checklist to help identify recurring or emerging management challenges or trends.

OIG-Wide Intermediate Outcomes		FY 2003	FY 2004 Actual	FY 2005 Estimate
4.1.1	Number of corrective actions or recommendations suggested in last Top Management Challenges Report addressing new and emerging issues. *	N/A	N/A	N/A
4.1.2	Percentage of suggested corrective actions or recommendations showing improvement from last year (positive change in color status from previous year). *	N/A	N/A	N/A
4.1.3	Percent of suggested corrective actions or recommendations satisfactorily addressed (reaching green status with in 3 years). *	N/A	N/A	N/A

*These measures, established for use in FY 2004, are being dropped. In attempting to compile data to establish a goal and baseline, it was determined that the measures for this goal do not appropriately demonstrate progress or assist the OIG in managing the challenge resolution process. The number of “actions needed” for the Agency to resolve a challenge can change from year to year to accommodate changed circumstances. Even the number of challenges changed from FY 2003 to FY 2004. Therefore, the OIG is providing the following narrative statement on Agency progress on the challenges.

Provided in accordance with the Reports Consolidation Act of 2000, the OIG’s Report on the Most Serious Management Challenges Facing SBA in FY 2004 contained one new challenge, which deals with the need for SBA to update its directives system in order to provide proper guidance and controls over Agency operations. In addition, Challenge 9 on loan fraud was updated to focus on fraud committed by loan agents. In May the OIG issued a new management challenge stating that “the current structure and oversight practices of the SBIC program place too much risk on taxpayer money.”

Recently, at the Administrator’s direction, the Agency has focused more attention on the challenges by, among other things, placing them on the Management Board agenda and

assigning responsibility for overseeing the Agency response to the management challenges to the Chief Operating Officer. As a result, SBA has made progress on many of the challenges, especially on the managing for results challenge. While this is encouraging, much more remains to be done. By their nature, these challenges require continued long-term commitment and effort by the Agency.

Strategic Goal # 5: Strengthen our ability to identify and have maximum impact on the most significant SBA issues

Below are the anticipated outcomes for Goal 5, as identified in the OIG’s Strategic Plan. The OIG measures progress by using Objectives and Intermediate Outcomes.

- *Improved timeliness leading to greater impact.*
- *Greater sharing of information within the OIG.*
- *IT investments that fully support operations and facilitate communications, data analysis and knowledge management.*
- *Organizational structure that provides best utilization of OIG resources.*

Objective 5.1: Provide the tools, services, and supportive work environment necessary to improve employee productivity.

Strategies include:

- Provide relevant job training to enhance employee work product.
- Provide state of the art IT equipment to allow employees to work remotely and efficiently resulting in high quality and timely work products.
- Improve internal communications to capitalize on the collective knowledge and experiences of all staff.

OIG-Wide Intermediate Outcomes		FY 2003	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate
5.1.1	Percentage of staff that received training	76%	67%	65%	65%
5.1.2	Percentage of audit staff who received or exceeded the required number of certified professional education (CPE) credits	100%	100%	100%	100%
5.1.3	Percentage of employees who have IT equipment that meets or exceeds the Agency’s minimum standards *	N/A	N/A	N/A	N/A
5.1.4	Number of material weaknesses identified in audit quality controls by external peer reviews based on last review **	0	N/A	N/A	0
5.1.5	Percentage of incoming requests and referrals assigned to more than one division to foster knowledge sharing	37%	43%	50%	50%

*SBA has not updated minimum IT equipment standards in recent years.

**External peer reviews are held only every three years.

Objective 5.2: Communicate and foster cooperation with all stakeholders, customers, and interested parties.

Strategies include:

- Publish Semi-Annual Report.
- Provide constructive comments on Agency issuance of proposed regulations and procedures.
- Make timely responses to stakeholders.

OIG-Wide Intermediate Outcomes		FY 2003	FY 2004 Actual	FY 2005 Estimate	FY 2006 Estimate
5.2.1	Percentage of internal and external communications documents/products processed in established timeframe	60%	73%	85%	90%

Objective 5.3: Develop and maintain a planning process that will provide for effective monitoring of operations and identify opportunities for improvement.

Strategies include:

- Revise MIS systems to clearly link projects and recommendations with the OIG’s performance plan.
- Develop quarterly assessments of progress against the performance and operating plans.
- Implement Workforce Restructuring Plan to maximize OIG efficiency.

OIG-Wide Intermediate Outcomes	
5.3.1	Narrative assessment of the results of the OIG planning process

As a result of the OIG planning process, during FY 2004 a substantial amount of all audit work covered issues directly related to the OIG-identified SBA management challenges. While our planning process has worked well, in developing annual data for the OIG’s FY 2003-2007 strategic plan, we have found that not all of the measures established for the plan provide management with appropriate and useful information in designing and managing our operations. For example, because ours is a relatively small OIG, in some plan goal areas, little work may be done due to higher priorities. This can significantly skew the performance measure numbers. Moreover, the impact of the amount of work done by strategic goal and objective together with the complexity of last year’s new plan led to unrealistic performance estimates in some cases. Consequently, a streamlined strategic plan will be developed in FY 2005.

PERFORMANCE MEASUREMENT LIMITATIONS

The OIG has developed a mix of output, intermediate outcome, and outcome measures to assess the effectiveness, quality, relevance, and timeliness of our work. Not all performance goals are of equal importance. While the OIG selected measures that address the primary direction of our efforts, they should be interpreted in light of a several external factors. Some of these factors are predictable, such as mandatory statutory requirements. Others are unpredictable, such as the budget, or the discovery of individual cases of fraud with a potential to yield such substantial court-ordered results or settlements in a single year that they cannot be easily compared to other work. About 75 percent of our work is in response to referrals of suspected fraud, complaints, and requests for auditing services. Moreover, it often takes several years after the completion of work on a given audit or investigation for its outcome to be final and its results known. Achievements can best be assessed over time. During a specific year, actual accomplishments may vary substantially from the norm. The ultimate authority in implementing OIG recommendations and improvements rests with the Agency. The OIG also cannot control the results of judicial or administrative proceedings.

To mitigate these factors, the OIG is continuing on-going efforts with SBA's policy and program officials to underline the importance of OIG findings and encourage the implementation of OIG recommendations. Likewise, the OIG works closely with judicial and administrative officials to ensure that criminal and administrative cases are appropriately handled. Within these parameters, the OIG strives to improve the performance of SBA programs and operations and deter fraud and other forms of misconduct.

DATA COLLECTION AND VERIFICATION

As appropriate, quantitative data is collected and stored in OIG MIS. Monetary results and recommended improvements are reported at the time of management decision in accordance with OIG legislative requirements. SBA's OCFO tracks actual monetary collections. Each OIG division is responsible for collecting, verifying, and validating all data in the performance report. The appropriate divisions document qualitative data. The data are consolidated by the Management and Policy Division. The OIG believes that the data are reasonably accurate. In the OIG's continuing effort to ensure the accuracy of MIS data and the security of all of IT systems, a new MIS is currently being implemented for the Investigations Division.

RESOURCES AND OPERATIONAL RESPONSIBILITIES

The OIG comprises the Immediate Office of the Inspector General, and the Auditing, Investigations, Counsel, and Management and Policy Divisions. In addition to Headquarters staff, the OIG currently has audit staff in Atlanta, Dallas, Chicago, and Los Angeles, and investigative staff in Atlanta, Chicago, Dallas, Denver, Houston, Kansas City, Los Angeles, New York, Philadelphia, and Seattle.

The **Auditing Division** performs financial and performance audits to promote the economy, efficiency, and effectiveness of SBA's programs. This division performs both internal audits of the Agency's management of its programs, and external audits of program participants.

The **Investigations Division** conducts financial, program, and personnel investigations involving SBA employees and service recipients, and maintains the OIG Fraud Hotline. The results of these investigations frequently provide the basis for civil or criminal prosecution by the Department of Justice or, as an alternative, administrative action by the Agency. The Office of Security Operations within the Investigations Division administers the background and name check programs for the Agency.

The **Counsel Division** provides independent legal advice to OIG staff; provides subpoena and litigation assistance for all OIG activities; provides training and guidance to OIG staff on Government-wide ethics and SBA-specific standards of conduct; and processes Freedom of Information/Privacy Act requests relative to OIG activities.

The **Management and Policy Division** supports office operations through internal planning, budget formulation and execution, information resources management, human resources management, and other administrative services. This division also produces the OIG's Semi-Annual Report to Congress and the Report on the Most serious Management Challenges Facing SBA, and coordinates OIG review of and comments on legislation, regulations, and other Agency issuances.

Appendices

Data Validation and Verification

Managing for results and integrating performance with budget information require valid, reliable and high-quality performance measures and data. 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, SBA relies on data from resource partners (such as SBDCs, SCORE, and WBC) and other Federal 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 SBA, as demonstrated by the creation of the Office of Analysis, Planning and Accountability within the OCFO.

SBA vigorously pursues the following strategies to address the shortcomings of its data quality:

- **Ensuring the validity of performance measures and data.** 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, 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. The OIG has carried out performance measure reviews on the following: 7(a), SBIC, Surety Bond Guarantee, 8(a) and the disaster programs.
- **Responding to data limitations.** It is not enough to identify data quality problems. Where there are data limitations, SBA is working hard to improve quality.
- **Building quality into the development of performance data.** The design process for new IT systems includes the requirements for developing and maintaining performance data. The new systems and upgrades will make sure that only correct data is entered into the systems and that data is stored with stringent verification and change rules. This is exemplified by the Lender/Loan Monitoring System project.
- **Reconciling Finances and Performance Costs.** This year for the first time, SBA was able to better 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.

FY 2004 Summary of Data Validation

During FY 2004, the SBA, through the Office of the Chief Financial Officer, Office of Analysis, Planning and Accountability worked with the programs to assist them in the process of verifying the alignment of their performance indicators with the Agency's Strategic Plan, and validation of the performance measures currently in use. Data validation is defined as determining if the performance indicator actually measures the goal or objective of interest and is a useful guide to policy making decision. This is a multiple step process.

Once the Agency had produced the FY 2003-2007 Strategic Plan, at the end of FY 2003, some of the program offices started a process of self-examination of their performance indicators. For example, the Office of Government Contracting and Business Development underwent consolidation of some of their performance indicators to better align their programs with the Agency's Long-Term Objectives and outcomes. Presently, all programs offices have examined the best fit of their programs with the Agency's Long-Term Objectives.

During FY 2004 the programs were given individualized training, including guidance on ensuring that the performance plan makes clear how a group of program outputs, if achieved, would logically result in accomplishment of the Agency's outcome goals. A result of this training was the modification of Long-Term Objective 1.6 (LTO) to better reflect the functions being performed by the programs contributing to it, while, at the same time, capturing previously unreported accomplishments.

Additionally, as part of FY 2004 data collection, program offices were asked to complete the questionnaire "**Validation of Data Used in Performance Measures**" for each performance indicator that was being used in the FY 2004 Performance and Accountability Report. This questionnaire represented an opportunity for managers to more formally evaluate the validity, accuracy and completeness of their data. As part of this questionnaire, they were asked to explain for each performance indicator its connection with the outcome(s) was helping to achieve. They were also asked to explain how they were using the performance indicator as a guide to policy-making decision, and any limitations to this usage. Data validation tables with detailed information about SBA's performance indicators can be found at <http://www.sba.gov/PAR.pdf>.

Finally, the Agency is devoting resources to formally validate the performance indicators within the context of measuring SBA's impact on the formation and growth of small business. SBA has contracted to have an independent external evaluation of the indicators of the programs contributing to Strategic Goal 2. This was also a recommendation of the PART process, which the Agency is implementing. Instead of providing resources for all programs, the Agency decided to focus on Strategic Goal 2, which represented approximately 2/3 of SBA's budget during FY 2003. This should be a more efficient use of the funds, at the same time, emphasizing the multiple contributions required for achieving the Agency's Long-Term Objectives.

SBA will continue improving the effectiveness of each of these steps. The Agency's intention is to develop a process that enables it to show clearly the linkage between dollars and activities, activities and outputs, and outputs and outcomes. In doing so, it intends also to be able to identify the unit cost of each activity and the unit cost of each result. This information will provide SBA with a level of operational transparency that will greatly facilitate effective resource allocation, as well as strengthen both programmatic and managerial accountability.

Appropriations Language

Salaries and Expenses

For necessary expenses, not otherwise provided for, of the Small Business Administration as authorized by Public Law 108–447, including hire of passenger motor vehicles as authorized by 31 U.S.C. 1343 and 1344, and not to exceed \$3,500 for official reception and representation expenses, \$307,159,000: *Provided*, That the Administrator is authorized to charge fees to cover the cost of publications developed by the Small Business Administration, and certain loan servicing activities: *Provided further*, That, notwithstanding 31 U.S.C. 3302, revenues received from all such activities shall be credited to this account, to be available for carrying out these purposes without further appropriations: *Provided further*, That \$88,000,000 shall be available to fund grants for performance in fiscal year 2006 or fiscal year 2007 as authorized. (*Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2005.*)

Office of Inspector General

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, \$14,500,000. (*Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2005.*)

Surety Bond Guarantees Revolving Fund

For additional capital for the Surety Bond Guarantees Revolving Fund, authorized by the Small Business Investment Act, as amended, \$3,000,000, to remain available until expended. (*Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2005.*)

Business Loans Program Account

Subject to section 502 of the Congressional Budget Act of 1974, during fiscal year 2006 commitments to guarantee loans under section 503 of the Small Business Investment Act of 1958, shall not exceed \$5,500,000,000: *Provided*, That during fiscal year 2006 commitments for general business loans authorized under section 7(a) of the Small Business Act, shall not exceed \$16,500,000,000: *Provided further*, That during fiscal year 2006 commitments to guarantee loans for debentures under section 303(b) of the Small Business Investment Act of 1958, shall not exceed \$3,000,000,000: *Provided further*, That during fiscal year 2006 guarantees of trust certificates authorized by section 5(g) of the Small Business Act shall not exceed a principle amount of \$12,000,000,000. In addition, for administrative expenses to carry out the direct and guaranteed loan programs, \$129,000,000, which may be transferred to and merged with the appropriations for Salaries and Expenses. (*Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2005.*)

Disaster Loans Program Account

For the cost of direct loans authorized by section 7(b) of the Small Business Act, \$83,335,000, to remain available until expended: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974. In addition, for administrative expenses to carry out the direct loan program authorized by section 7(b), of the Small Business Act, \$56,000,000, to remain available until expended, which may be transferred to and merged with appropriations for Salaries and Expenses, of which \$900,000 is for the Office of Inspector General of the Small Business Administration for audits and reviews of disaster loans and the disaster loan program and shall be transferred to and merged with appropriations for the Office of Inspector General; of which \$46,100,000 is for direct administrative expenses of loan making and servicing to carry out the direct loan program; and of which \$9,000,000 is for indirect administrative expenses: Provided, That any amount in excess of \$9,000,000 to be transferred to and merged with appropriations for Salaries and Expenses for indirect administrative expenses shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section. (Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2005.)

Administrative Provision Small Business Administration

Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Small Business Administration in this Act may be transferred between such appropriations, but no such appropriation shall be increased by more than 10 percent by any such transfers: *Provided, That any transfer pursuant to this paragraph shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section. (Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2005.)*

The SBA Programs and Offices

Office of Administration

(Part of the Office of Management and Administration)

The Office of Administration directs and executes all administrative management functions within the SBA Headquarters and monitors administrative programs in field offices. The Office of Administration 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 Advocacy

(Part of Executive Direction)

The Office of Advocacy is an independent voice for small business within the federal government. The Office of Advocacy represents the interests of all 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 policy makers. Economic research, policy analyses, and small business outreach help identify issues of concern. Regional Advocates and an office in Washington, DC, support the Chief Counsel's efforts.

Since its founding in 1976, the Office of Advocacy has pursued its mission in two ways: by creating research products that help lawmakers understand the contribution of small businesses to the U.S. economy and through regulatory experts who work to convince Federal agencies to consider the impact of their rules on small businesses before those rules go into effect. Recently, Advocacy added a new component to reduce regulatory burdens for small business at the state level by involving its Regional Advocates in promoting state model legislation based on Advocacy's experience with the Federal Regulatory Flexibility Act and Executive Order 13272 (titled "Proper Consideration of Small Businesses in Agency Rulemaking,"). 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 Field Operations (OFO)

(Part of Executive Direction)

The Office of Field Operations (OFO) is the liaison between the SBA field offices and 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 Deputy Administrators, Associate Administrators and 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; and informs the SBA Administrator of field activity.

Office of Congressional and Legislative Affairs (CLA)

(Part of Executive Direction)

The Office of Congressional and Legislative Affairs (CLA) serves as the liaison with Congress and its entities, including the Government Accountability Office.

Office of General Counsel (OGC)

(Part of Executive Direction)

The Office of General Counsel (OGC) provides advice for senior management, as well as legal support for all of the Agency's programs, initiatives and administrative responsibilities. The Office of General Counsel conducts litigation necessary to resolve legal issues, collect sums due and defends the Agency.

Office of Human Capital Management (OHCM)

(Part of the Office of Management and Administration)

The Office of Human Capital Management (OCHM) supports the U.S. Small Business Administration (the SBA) in better serving the public by developing and providing innovative human capital strategies. The OHCM advises the SBA management with respect to selecting, developing and managing a high-quality, productive workforce. OHCM develops policies, procedures and standards to strengthen and improve the Agency's human resources program in the areas of workforce planning and restructuring; employment; compensation and benefits; employee and labor relations; employee development; work/life programs; executive resources; leadership development; and succession planning. This office ensures the implementation, coordination and management of activities that affect Agency employees are aligned with crosscutting initiatives such as the President's Management Agenda and the SBA's strategic plan.

Office of the Chief Financial Officer (OCFO)

(Part of Executive Direction)

The Office of the Chief Financial Officer (OCFO) 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; direct, manage and provide 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; including systems for cash management, credit management, debt collection, and property and inventory management and control; and monitors the financial execution of the agency budget in relation to actual expenditures. This office also helps the Agency develop better

performance measures in order to facilitate the SBA's continued movement from measuring activity outputs to instead measuring programmatic outcomes. It provides tools and guidance to assist the Agency in expanding its capacity to conduct and utilize the results of program evaluations. OCFO also builds the SBA's capacity for results-based management through training and outreach to program offices and supports the Agency's strategic planning. This 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 (OCIO)

OCIO develops Agency IT policy, manages the Agency's technology infrastructure, and leads SBA's involvement in government-wide E-Gov initiatives. This office also identifies strategies and actions for program offices in both the field and in Headquarters to use technology to improve their service delivery, implement process efficiencies, improve information security, and operate at reduced costs. OCIO also administers the technical aspect of the SBA home page (www.sba.gov).

Office of the National Ombudsman (ONO)

(Part of Executive Direction)

The Office of the National Ombudsman (ONO) 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. The ONO receives comments from small concerns and acts as a liaison between them and federal agencies. Comments received from small businesses, are forwarded to federal agencies for a high level review and federal agencies are requested to respond concerning the fairness of their enforcement action. ONO encourages Federal agencies where appropriate to decrease the number of regulatory enforcement actions taken against small business and increase the number of enforcement actions in which the civil penalty is reduced or waived.

Office of Capital Access (OCA)

OCA assists small businesses in obtaining the capital necessary for growth by being a gap lender, providing assistance to small businesses that would otherwise not qualify for un-guaranteed financing, obtaining equity, or taking advantage of procurement opportunities. The 7(a) loan program provides working capital for small businesses and 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 Guaranty serves as a gap surety bond credit provider expanding the bond credit and capacity of small contractors who would not otherwise be able to compete for public and private work. Small Business Investment Company (SBIC) financings make capital available to small businesses through equity investments or long-term loans.

General Business 7(a) Loan Guaranty Program

The 7(a) loan program guarantees small business loans up to \$1.5 million (with a maximum loan size of \$2 million) for virtually every business purpose. The guaranty can be for as much as 85 percent on loans of \$150,000 or less and 75 percent on loans of more than \$150,000. Borrowers may have more than one SBA loan at a time, as long as the total amount guaranteed does not exceed the SBA's guaranty cap of \$1.5 million. The only exceptions to these limits are for loans approved under the Export Working Capital Program (EWCP), which receive a guaranty of up to 90 percent, and the Defense Loan and Technical Assistance (DELTA) Loan Program.

504 Certified Development Company Loans

The 504 program provides small businesses with long-term, fixed-rate financing for the purchase of land, buildings and long-life capital equipment. The SBA fully guarantees (at 100 percent) debentures issued by the CDC for up to 40 percent of the project cost not to exceed \$1.5 million, \$2.0 million for projects that meet specific public policy purposes, or \$4.0 million for small manufacturers. The remaining 60 percent is provided by borrower injection (10-20 percent) and private capital sources.

SBAExpress

SBAExpress encourages lenders to make more small loans to small businesses. Participating banks use their own documentation and procedures to approve, service and liquidate loans of up to \$350,000. In return, the SBA guarantees up to 50 percent of each loan.

Secondary Market

The secondary market plays an important role in enabling lenders to make long term loans. It provides a market in which these SBA loans can be sold when necessary for liquidity purposes or to match the maturities of assets and liabilities. Frequent secondary market buyers include banks, savings and loan companies, credit unions, pension funds and insurance companies.

Surety Bond Guarantee Program (SBG)

The SBG Program provides 70-90% bid, payment, and performance bond guarantees on behalf of small businesses for construction, service, and supply contracts up to \$2 million. The SBA's guarantee provides surety companies with the necessary incentive to extend surety bond credit to small contractors who could not otherwise compete in the contracting industry.

Small Business Investment Company Program (SBICs)

SBICs encourage private risk-taking by licensing and investing in privately owned and managed venture capital funds. These funds (SBICs) are a source of equity capital and long-term debt financing for new or expanding small businesses.

Office of Government Contracting and Business Development (GC/BD)

The Office of Government Contracting and Business Development (GC/BD) promotes small business participation in the Federal procurement market for goods and services. GC/BD 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 contracts to small businesses, small disadvantaged businesses, women-owned small businesses, HUBZone small businesses, and service disabled veteran-owned small businesses.

8(a) Program

The 8(a) Business Development Program assists firms owned and controlled by socially and economically disadvantaged individuals to enter and succeed in the economic mainstream. The SBA helps eligible small businesses in a structured developmental process that lasts up to 9-years. The SBA provides business development assistance authorized under section 8(a) of the Small Business Act. Assistance includes access to sole source and limited competition Federal contract opportunities, mentor-protégé opportunities, access to Federal surplus property and management training. The program works with Federal acquisition agencies to develop contract opportunities for program participants and assist firms with partnering, teaming, and joint venture arrangements in support of their business development plans. Nearly 10,000 firms participate in both the 8(a) and Small Disadvantaged Business programs.

HUBZone Program

Historically Underutilized Business Zones (HUBZones) are distressed urban and rural areas characterized by chronic high unemployment and/or low household income, or are designated Indian Lands. Firms that the SBA certifies as qualified HUBZone Small Business Concerns are eligible for Federal contract award preferences.

7(j) Management and Technical Assistance Program

Under 7(j), the SBA awards grants, contracts, and cooperative agreements for the development of training and technical assistance to companies owned and controlled by socially and economically disadvantaged individuals, companies located in areas of high unemployment, or firms located in areas of low income.

Prime Contracting

Prime contracting increases small business opportunities in the Federal acquisition process. This is accomplished through initiating small business set-asides, identifying new small business sources, counseling small businesses on doing business with the Federal government and assessing compliance with the small business contracting requirements through surveillance reviews.

As part of GCBD, the Small Business Innovation Research (SBIR) group is overseen and administered by the SBA's Office of Technology. Funding for these awards comes from Agencies with the top 11 research and development budgets. The program provides a vehicle for small businesses to propose innovative ideas in competition for Phase I and Phase II awards, which represent specific research and development needs of the participating Federal agencies. These awards may result in commercialization of the effort at the Phase III level.

Another aspect of GCBD, is the Small Business Technology Transfer (STTR) service that is overseen and administered by the SBA's Office of Technology. Awards are funded by participating Agencies. The program requires each small business competing for a Federal R&D project to collaborate with a nonprofit research institution. This program is a joint venture from the initial proposal to project completion.

Small Disadvantaged Business (SDB) Certification

SDB certification ensures that small businesses owned and controlled by individuals claiming to be socially and economically disadvantaged meet the eligibility criteria. Federal, state and local agencies use this certification in meeting their goals for contracting to SDBs.

Entrepreneurial Development (OED)

The Office of Entrepreneurial Development (OED) serves the small business community through outreach, public/private sector collaborative ventures and other creative mechanisms, providing counseling and training to America's small businesses that otherwise would not be able to obtain this type of assistance. OED helps individual entrepreneurs to take advantage of opportunities the market offers by providing free and low-cost education and training, topical information and management assistance critical for sound decision making to start small businesses and through their "growth stages". The tools used to accomplish this are OED's SCORE, Small Business Development Center (SBDC) and Women's Business Center (WBC) programs along with the SBA's district offices.

SCORE

The SCORE program with a grant from the SBA uses a volunteer network of over 11,000 business men and women, in nearly 400 chapters throughout the country, to bring real-world expertise and hands-on experience to America's prospective and start-up small businesses. SCORE volunteers are active and retired executives and small business owners who provide online and face-to-face counseling, mentoring, and training workshop services to position small businesses for success through sound decision-making. These "Counselors to America" give back to the nation's local economies more than a million hours of volunteer service by annually conducting approximately 500,000 counseling and training sessions.

Small Business Development Centers (SBDCs)

SBDCs, with grants from the SBA and matching funds, provide management and technical assistance, with more than 1,100 service locations in all 50 states and the territories to start-up and established businesses seeking free or low cost assistance. SBDCs offer counseling, training, and other services tailored to meet the requirements and needs of the state and community in which the businesses are located. This program assists businesses in the areas of marketing and business strategy; financing; technology transfer; government procurement; management, manufacturing; engineering; sales; merchandising; accounting; e-commerce; exporting; and other disciplines needed to start and grow their small businesses.

Women's Business Centers (WBCs)

WBCs, with grants from the SBA and matching funds, assist women entrepreneurs by offering programs and services to help them succeed. WBCs promote the growth of women-owned businesses through programs that address business training and technical assistance, and provide access to credit and capital, federal contracts, and international trade opportunities. With WBCs in nearly every state and territory, a nationwide network of mentoring roundtables, women-owned venture capital companies, and technology WBCs help women at every stage of developing and expanding successful businesses.

Small Business Training Network (SBTN)

The Small Business Training Network (SBTN) is an E-Government initiative designed to train more small business clients more efficiently. It is an effort that demonstrates the viability, importance and flexibility of online training as a delivery channel for an evolving SBA.

SBTN is a virtual campus. It offers more than 40 online courses and electronic tools; features a comprehensive electronic library; provides links to over 35 online universities and colleges; and offers quick links to every training event SBA sponsors around the country. In 2005, SBA is focusing on offering online courses that require client registration and meet new standardized "client definitions."

Native American Outreach

The Office of Native American Affairs (ONAA) ensures that Native American Indians, Native Alaskans and Hawaiians seeking to create, develop and expand small businesses have full access to the necessary business development and expansion tools available through the Agency's entrepreneurial development, lending and procurement programs. In addition, contracts are awarded to small Native American businesses to facilitate the creation of new small businesses and foster the growth and maturity of innovation small Native American entrepreneurs.

Office of National Women's Business Council (NWBC)

The Office of National Women's Business Council (NWBC), an independent organization, undertakes a variety of programs and initiatives in support of women-

owned businesses. MWBC holds two statutorily-mandated public meetings, that include the participation of the women's business community at large. NWBC also holds other public roundtable events: one with the Office of Advocacy and the OWBC on the state of women's business research, one on the issue of access to affordable health care, and one on the subject of mentoring for women in business.

NWBC publishes research study reports and fact sheets that synthesize and summarize Federal and other research information for women business owners and policy makers, such as on health care issues and Federal procurement. NWBC manages two web sites: nwbc.gov and womenbiz.gov; has a bimonthly e-newsletter, and holds a monthly toll-free issues conference call, Women's Business Connection, to inform and engage women business owners on important policy issues.

Office of Disaster Assistance (ODA)

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 disaster loan program is administered through four Area Offices located in Niagara Falls, NY; Atlanta, GA; Ft. Worth, TX; and Sacramento, CA. 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 the 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, including small businesses owned by members of Reserve Component of the U.S. Military called to active duty.

Office of Veterans Business Development (OVBD)

(Part of Executive Direction)

The Office of Veterans Business Development (OVBD) conducts comprehensive outreach on behalf of the Agency, and is responsible for the formulation, execution, and promotion of policies and programs of the Administration. OVBD operates its National Outreach Initiative through direct service delivery, through utilization of funding agreements with resource partners, through coordination of outreach and service delivery with other Federal Agency partners, and through development of Agency program initiatives.