

U.S. SMALL BUSINESS ADMINISTRATION

FY 2012 CONGRESSIONAL BUDGET JUSTIFICATION AND FY 2010 ANNUAL PERFORMANCE REPORT



Table of Contents

Overview of Budget Request	1
Understanding the Budget Tables	13
Budget Tables	15
FY 2012 Performance Plan and FY 2010 Annual Performance Report.....	27
<i>Strategic Goal One – Growing businesses and creating jobs</i>	<i>31</i>
<i>Strategic Goal Two – Building an SBA that meets the needs of today's and tomorrow's small business</i>	<i>80</i>
<i>Strategic Goal Three – Serving as the voice for small business</i>	<i>103</i>
Appendices	113
<i>Appendix 1 — Appropriations Language.....</i>	<i>115</i>
<i>Appendix 2 — FY 2010 E-Government Act Report.....</i>	<i>119</i>
<i>Appendix 3 — Data Validation and Certification</i>	<i>125</i>
<i>Appendix 4 — Discontinued Indicators.....</i>	<i>127</i>
<i>Appendix 5 — SBA Federal Employee Viewpoint Survey (FEVS) Action Plan</i>	<i>129</i>
<i>Appendix 6 — SBA Wellness Action Plan</i>	<i>133</i>
<i>Appendix 7 — SBA Programs and Offices.....</i>	<i>137</i>
<i>Appendix 8 — Glossary of Acronyms and Abbreviations.....</i>	<i>143</i>
Office of the Inspector General Budget Request.....	149

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Overview of Budget Request

The U.S. Small Business Administration's (SBA) efforts to assist entrepreneurs and small business owners are especially critical as the U.S. economy continues to move toward recovery. Throughout America's history, small businesses have played a leading role as the driver of economic growth and job creation. In fact, more than half of working Americans own or work for a small business and small businesses are responsible for two of every three net new private sector jobs created in recent years.

The SBA plays a critical role in strengthening America's economy by providing tools to help grow businesses and create jobs. These tools include: access to capital; opportunities in federal contracting; access to entrepreneurial education and counseling; and disaster assistance for business owners, homeowners, and renters.

In FY 2010, the SBA revised its Strategic Plan, which will guide the Agency's actions and measure its performance over the next five years. The three goals are: (1) *growing businesses and creating jobs*; (2) *building an SBA that meets the needs of today's and tomorrow's small businesses*; and (3) *servicing as the voice for small business*. This plan builds on the success the SBA has achieved under the Recovery Act.

This budget request mirrors the goals and strategies outlined in the Strategic Plan, giving both "Main Street" and "high-growth" small businesses the tools they need to strengthen America's foundation of competitiveness and innovation. The plan also reflects the Agency's core values of being outcomes-driven, customer-focused, employee-enabled, accountable, efficient and transparent.

SBA's total budget request for FY 2012 is \$985 million in new budget authority. Of this amount, the Salary and Expense request is \$575 million, which includes Compensation and Benefits (\$270 million) and Non-credit programs (\$160 million). Other budget amounts include Business Loan Subsidy (\$215 million), Disaster Assistance program (\$167 million), and the Office of Inspector General (\$18 million). In addition, pursuant to Subtitle F entitled "Small Business Regulatory Relief" of the Small Business Jobs Act of 2010 (P.L. 111-240), a separate account was established for SBA's Office of Advocacy. Funding for the Office of Advocacy which was previously included in Executive Direction in FY 2010 and FY 2011 is broken out for FY 2012 and totals \$9 million. While this overall budget request reflects an increase of 19 percent from the FY 2010 enacted budget level, the increase is primarily driven by the additional subsidy required for the business loan program.

Strategic Plan Update

In FY 2010 the SBA updated its Strategic Plan. This plan is the result of extensive dialogue throughout the Agency, across the Administration, and with leaders in the small business community. The process resulted in three Strategic Goals for the next five years:

1. ***Growing businesses and creating jobs***
2. ***Building an Agency that meets the needs of today's and tomorrow's small businesses***
3. ***Serving as the voice for small business***

This Budget Request bridges the updated FY 2011-2016 Strategic Plan with the FY 2008-2013 Strategic Plan which had four Strategic Goals. The updated plan reflects more clearly the focus and priorities of the Administration and SBA leadership while continuing to provide a framework to maximize the Agency's strength and resources in order to fulfill the SBA mission to maintain and strengthen the nation's economy by enabling the establishment and vitality of small businesses and by assisting in the economic recovery of communities after disasters.

Strategic Goal One: Growing businesses and creating jobs

Objective 1.1 — Expand access to capital through SBA's extensive lending network

Small businesses rely on access to capital, lines of credit, and business loans much more than do large businesses. SBA's capital access programs provide a critical foundation for small business development and economic growth, especially as access to conventional business loans remains tight among private lenders.

SBA's FY 2012 Budget request plus prior year carryover of subsidy funds will support a total of more than \$24 billion in small business financing through the 7(a), 504/Certified Development Company (CDC), and direct Microloan programs.

For its 7(a) guaranty loan program, the SBA requests \$129.8 million of credit subsidy budget authority to support a program level of \$16.5 billion, which includes \$14.5 billion in term loans and \$2 billion in revolving line of credit facilities. The latter is expected to support \$48 billion in total disbursement activity, as borrowers draw and repay over the life of the guaranty. Therefore, when included with 7(a) term loans, the budget supports \$62.5 billion in total 7(a) credit activity.¹ In addition, the SBA requests a \$12 billion program level for the 7(a) secondary market guaranty program.

Significant Savings #1:² The \$16.5 billion figure for the 7(a) guaranty loan program is \$1 billion lower than that enacted for FY 2010, with that adjustment based on an assessment of SBA's loan volume over the past two fiscal years. This results in 7(a) subsidy savings of \$11 million.

Significant Savings #2: The redesign of the Community Express 7(a) loan pilot program is expected to result in savings of \$10 million, due to the decision to end the pilot program based on ongoing risk-related concerns. In its place, the SBA is launching a new Advantage platform that accomplishes the dual goals of: (1) meeting the capital needs of small businesses in underserved communities; and (2) appropriately lowering the Agency's credit risk, and thus taxpayer risk.

¹ OMB Circular A-11 requires that the SBA revise its 7(a) program level to reflect for economic activity of the revolving loans that exist in its loan portfolio, to better reflect the total economic activity supported by the federal guaranty. The SBA must ensure the portfolio considers each disbursement and repayment when calculating the activity of the portfolio. This adjustment accounts for the increase in program level from \$16.5 billion to \$62.5 billion.

² OMB required all agencies to submit five areas of significant terminations, reductions and savings to reduce costs below FY 2011 budget levels.

High Priority Performance Goal #1:³ **Expand access to capital by increasing the number of active SBA lending partners for the 7(a) loan program to 3,000 by September 30, 2011, a 15 percent increase over the FY 2008 and FY 2009 average.** At the same time, the SBA will continue to focus on process improvements and simplification efforts to help strengthen the Agency's ability to efficiently and effectively provide SBA loans.

The Agency also requests \$7.5 billion in lending authority for the 504/CDC program with a total of \$81.8 million of credit subsidy budget authority to support the program. This amount of lending authority is the same level enacted in FY 2010 for the 504 program. In addition, the Agency requests \$1.6 million for servicing costs of 504 secondary market pools (section 503 of the Recovery Act) and \$3.8 million in credit subsidy budget authority to support a Microloan direct program level of \$25 million.

As part of the five-year Strategic Plan, the SBA aims to continuously improve its customer experience for both SBA lenders and borrowers by streamlining loan processes, training SBA staff and affiliated counselors, and creating more robust training opportunities for current and prospective SBA lenders. In addition to increasing the number of active lending partners, the SBA will measure its performance in coming years by the number of small businesses assisted, the amount of loan dollars approved, and the number of jobs supported (as reported by borrowers).

Objective 1.2 — Ensure federal contracting goals are met and/or exceeded by collaborating across the federal government to expand opportunities for small businesses and strengthen the integrity of the federal contracting certification process and data

When small businesses win federal contracts, they are able to increase production, expand, innovate, and create jobs while being responsive in meeting the U.S. government's needs. SBA's government contracting and business development programs help small businesses – including those owned by women, service-disabled veterans, and participants in the 8(a) and HUBZone programs – gain access to federal contracting opportunities. The FY 2012 request includes \$4 million for follow-on work related to the contracting task force, which includes training, IT system upgrades and enforcement. Of the \$4 million request, \$1 million is for compensation and benefits.

SBA's FY 2012 Budget supports \$2.5 million for the HUBZone program. As documented in SBA's Strategic Plan, overall efforts will focus on expanded outreach and training to both federal agency procurement officers and small business owners who want to begin or increase contracting. In addition, the SBA will work to increase accountability, transparency and data integrity across its contracting programs.

The FY 2012 request includes an additional \$1 million for implementation and support of the women's contracting program.

High Priority Performance Goal #2: Increase small business participation in federal government contracting to meet the statutory goals and reduce participation by ineligible firms. The President's Task Force on Federal Contracting Opportunities for Small Business, led by the SBA, developed recommendations to help ensure the government meets the statutory goal of 23 percent⁴ of federal government prime contracts going to small businesses and that the agencies meet their goals for small businesses owned by women and service-disabled veterans, as well as small disadvantaged businesses and those in HUBZones. SBA's Office of

³ OMB requires all agencies to develop and strive to achieve several "high-priority performance goals." These goals have been integrated into the Agency's budget request.

⁴ For FY 2009, small businesses received nearly 22 percent of federal contracts for an all-time record of \$96 billion in contracts. Notably, about 30 percent of Recovery Act contracts have gone to small businesses.

Government Contracting and Business Development will play a lead role in the task force's government-wide efforts to strengthen policies and guidance, equip the acquisition workforce, and leverage technology to benefit small business contractors. The Office of Field Operations will also help with marketing, outreach, and training in the small business community. At the same time, the SBA will continue to actively prevent and remove ineligible firms from small business contracting programs.

Objective 1.3 — Strengthen SBA's entrepreneurial education, counseling and training resources to help create new businesses and support the needs of existing businesses by successfully focusing on core program resources and ensuring these resources are aligned with the needs of both Main Street and high-growth small businesses

Entrepreneurs and small business owners who have a long-term counseling, training and/or mentoring relationship are proven to have more sales, more hires and more economic impact on their communities. SBA's field staff and 14,000 affiliated counselors at small business development centers, women's business centers, veteran business outreach centers and SCORE chapters are proven, effective resources for helping more than a million small businesses clients each year grow and create jobs.

This budget includes a total of about \$124 million to support SBA's resource partners. This includes \$103 million to support 900 small business development centers, \$14 million to support 110 women's business centers, and \$7 million to support 368 chapters of SCORE, a mentoring program involving volunteer active and retired executives.

The new Strategic Plan emphasizes that the Agency will continue to strengthen management and technical assistance programs that are relevant to both Main Street and high-growth small businesses. This will involve a renewed focus on helping small businesses with contracting, exporting, and technological innovation. Also, the Agency will strengthen its focus on helping entrepreneurs from underserved communities.

The Agency will transparently measure its impact by keeping track of the number of small businesses created and assisted, the number of clients served, and the dollar value of capital that SBA-affiliated counselors have helped secure for their clients.

Significant Savings #3: There is notable overlap and duplication between the technical assistance provided by SBA's microlending intermediaries and the PRIME technical assistance program. In an effort to eliminate this duplication, the SBA is eliminating the PRIME technical assistance program, which will result in savings of \$8 million. Also, the Recovery Act provided \$24 million to support the Microloan program, which, in addition to the \$10 million requested for FY 2012, will allow for robust technical assistance training for small business owners in FY 2012.

Objective 1.4 — Ensure that SBA's disaster assistance resources for businesses, homeowners, and renters can be deployed quickly, effectively and efficiently

Returning small business operations to normal in the wake of a disaster is critical to ensuring that local economies regain traction as quickly as possible. The SBA helps businesses prepare for disaster and provides direct low interest loans to small business owners, homeowners and renters.

The FY 2012 budget request supports a disaster loan volume of \$1.1 billion in direct lending (the Agency's 10 year average based upon "normalized" activity adjusted for inflation). For administrative expenses, \$167 million is requested. These funds are critical to supporting SBA's effort to efficiently and effectively service its large outstanding loan portfolio.

Significant Savings #4: An overhaul and reengineering of SBA's Disaster Assistance program – including the implementation of popular online disaster loan applications in 2008 – has resulted in



significant efficiencies in disaster response operations, such as a decrease in the average loan application turnaround time from 70 days to 10 days – significantly better than the Agency’s goal of processing loan applications in 18 to 21 days. Additionally, the program now has more than 2,000 on-call reservists, the vast majority of whom can be deployed with just 48 hours of notice. As a result, the SBA will reduce its current full time disaster staff by 150 (from 1,000 to 850). This action, along with some reduction in operating costs, will result in savings of about \$8 million.

High Priority Performance Goal #3: Process 85 percent of home disaster loan applications within standard (18 days) and 85 percent of business disaster loan applications within standard (21 days). SBA’s Office of Disaster Assistance will lead the Agency in overseeing the success of this goal. The Office of Field Operations’ network of providers and partners will help as needed when disaster strikes a particular SBA region or district.

Objective 1.5 — Strengthen SBA’s relevance to high-growth entrepreneurs and small businesses to more effectively drive innovation and job creation through both the Agency’s existing programs as well as new initiatives

A small number of high-growth small businesses account for virtually all of the net new job creation in the economy. These high-growth small businesses have different needs than Main Street small businesses. The SBA creates opportunities for these high-growth small firms through a number of unique programs which emphasize investment, innovation, exporting, and other areas.

The FY 2012 Budget supports continued emphasis on key programs to support high-growth small firms, including: (1) continuing to increase the availability of long-term, patient capital to growing small businesses via the Small Business Investment Company program (\$3 billion in authority); (2) strengthening the Small Business Investment Research program (SBIR) by expanding outreach, increasing commercialization rates, and scaling best practices among the 11 participating agencies; and, (3) expanding new programs such as a high-growth mentoring programs.

Beginning in 2012, the SBA will leverage the SBIC debenture program to support \$200 million annually over the next five years in impact investments in small business concerns that are “place-based” (located in or employing residents of low or moderate income areas, or economically distressed areas); “people-based” (owned or managed by individuals, or which serve communities, with limited opportunities to access investment credit or capital for business growth); or “sector-based (in sectors that the SBA has identified as national priorities). The SBA will also create within the SBIC debenture program a new vehicle, the Innovation Fund, to address the capital gap many start-ups face between “angel investor” financing and later-stage venture capital financing. Over each of the next five years, up to \$200 million in matching funds will be available to investors seeking to support innovative companies looking to ramp up their operations and create new jobs. Both programs would operate at zero cost to the taxpayer.

High Priority Performance Goal #4: Improve the Small Business Innovation Research (SBIR) program, which helps meet federal agency research and development needs and drives innovation to increase America’s global competitiveness. The SBA will build on the success of this program by implementing a program-wide performance management system. This effort will standardize performance metrics across all agencies, deploy an improved data collection and reporting system, implement more systematic monitoring for fraud, waste and abuse, and track commercialization from existing program awards.

On Sept. 27, 2010, President Obama signed into law the Small Business Jobs and Credit Act of 2010, the most significant piece of small business legislation impacting SBA’s Office of International Trade since its creation. For a full discussion of the impact of this legislation on export opportunities for high-growth small businesses, see Objective 1.5 in the performance section of this document.

The SBA requests \$12 million for the Regional Innovation Clusters to further develop these initiatives that are creating jobs and supporting high-growth businesses.

Objective 1.6 — Strengthen outreach to underserved communities and underserved populations, including those with high levels of unemployment and poverty as well as underserved populations including minorities, women, and veterans.

Underserved communities often have limited access to capital, counseling, and federal contracting opportunities. SBA's unique products, services, and programs provide a path to business ownership for Americans from all walks of life.

The FY 2012 Budget supports SBA's ongoing efforts to ensure that its programs remain accessible to underserved communities. The SBA will continue to work collaboratively with community development partners, credit unions, minority association groups, and others to tailor and target programs to meet the needs of underserved communities. The FY 2012 Budget includes a request of \$3 million for the Emerging Leaders program to add more delivery sites, and \$2.5 million to support 16 veterans business development outreach centers.

Per the Strategic Plan, the Agency will continue to measure and increase the reach of its lending programs, such as 7(a), Microloans, 504, and the Small Business Investment Company program, into underserved markets. The SBA will make greater efforts to track the percentage of underserved clients that tap into SBA's resource partner networks. The Agency will also work closely with federal agency partners to ensure that government contracting sub goals are met.⁵

Strategic Goal Two: Building an SBA that meets the needs of today's and tomorrow's small businesses

Objective 2.1 — Strengthen SBA's core programs to ensure that they are high-performing, effective, and relevant to the needs of the small business community

Entrepreneurs and small business owners have limited time and resources. The SBA works to continuously strengthen, streamline and simplify its tools and resources to meet their needs.

The FY 2012 Budget supports SBA's ongoing efforts to become more customer-focused, user-centric, and transparent in deploying its programs and in sharing valuable information with the small business community. The Agency will build on its recently implemented customer relationship management tools while providing robust performance and financial management information. The SBA requests \$1.2 million for Business.gov for web site management and software management services, including Spanish language support. The Agency will also measure customer satisfaction more closely with its new online applications and resources. In addition, the Agency will ensure that SBA's technological infrastructure is meeting the needs of employees, their stakeholders, their partners, and small business owners.

The FY 2012 request includes an additional \$1 million to better coordinate the delivery of services to small business with the Department of Commerce. The funding will improve client service infrastructure integration and training/networking between the agencies, so that small businesses have more positive experiences dealing with the federal government, and can take full advantage of the many opportunities available to them.

Significant Savings #5: The long-term Loan Management and Accounting System is an important effort to modernize SBA loan programs, off-site data storage, and computing facilities. The project will be redesigned, resulting in savings of more than \$20 million.

⁵ See High Priority Performance Goal #2.

Under the Strategic Plan, the SBA will continue to meet Open Government goals while providing robust financial performance and management reporting. Satisfaction ratings for SBA online applications and resources will drive decision-making.

Objective 2.2 — Invest in SBA’s employees so they can more effectively serve small businesses

To many entrepreneurs and small business owners, there is no substitute for talking to a “real person” who can help them get the information and tools they need to grow. The greatest asset of the SBA is its employees, so the Agency will continue to empower its staff and partners to help small businesses.

This budget request supports 2,227 full-time equivalent employees; an increase of 24 over the FY 2010 enacted level. Eighteen new FTEs will work to mitigate risk in the Government Contracting program and six new FTEs will work to improve government acquisition and procurement practices within the SBA. The Agency will create a stronger focus on recruiting and retaining exceptional talent, while reducing time-to-hire.

The Office of Human Capital Management will continue its efforts to create a high performing workforce by further aligning individual work plans to the Agency’s strategic goals and objectives. It will provide more training, stronger succession planning, and better technologies that empower employees to work more efficiently and effectively throughout the Agency’s diverse workforce. The Strategic Plan itself will act as a guide for creating a performance-based culture that links each employee to advancing organizational goals. At the same time, the office will help analyze gaps of talent that the Agency might need to fill in the future.

Objective 2.3 — Mitigate risk to taxpayers and improve oversight across SBA programs

Taxpayers, including entrepreneurs and small business owners, expect their tax dollars will be used wisely. SBA programs give taxpayers a strong “bang for the buck,” and the Agency will continue to find ways to mitigate risk while ensuring that small businesses have access to and fully benefit from the Agency’s programs.

The FY 2012 Budget supports efforts across all SBA programs to reduce risk. In capital access programs, the Agency created a more robust risk rating system, with more transparency in portfolios, and “best practices” for lender oversight (including more on-site and off-site lender monitoring). In government contracting, the SBA will strengthen certification, surveillance, site visits, reviews, and enforcement (including debarment and/or prosecution, when appropriate). In entrepreneurial education programs, the Agency will continue to conduct robust financial and programmatic assessments for all resource partners, including risk ratings and Baldrige -based accreditation to drive continuous improvement in the small business development centers. Also, the SBA will more closely monitor programs in its Investment Division, using external valuations when appropriate, while winding down programs such as Participating Securities in a responsible way. The SBA will also ensure that Disaster Assistance loan programs are effective in managing risk and oversight.

Strategic Goal Three: Serving as the voice for small business

Objective 3.1 — Collaborate with other agencies to strengthen the delivery of programs, resources and services

Small businesses know their voices can often go unheard when major new federal initiatives are being discussed and implemented. The SBA has a “seat at the table” in major interagency efforts, ensuring that small businesses will be helped and not harmed by any new efforts.

SBA's FY 2012 Budget supports its efforts to be an active player in collaborations that will help small businesses grow and create jobs. The SBA will continue to find new ways to build on successful interagency efforts such as the Small Business Innovation Research program, small business contracting programs, efforts in exporting, and more. In addition, the SBA will make efforts to "step in" to provide input, expertise, and/or resources when a major new initiative has the potential to positively or adversely impact America's nearly 30 million small businesses. An example is a proposed initiative with the Department of Commerce to better coordinate the delivery of services.

Objective 3.2 — Foster a small business-friendly environment by encouraging federal agency awareness about the impact of unfair regulatory enforcement and compliance efforts, reducing burdens on small business, and improving small business research and the collection of relevant small business data

Now more than ever small businesses expect the federal government to help, not hurt, their efforts to grow. The SBA will play an active role in the President's government-wide effort to ensure that a common-sense regulatory environment exists where entrepreneurs and small business owners can continue to innovate, create jobs, and strengthen U.S. competitiveness. Also, SBA's National Ombudsman and Office of Advocacy play key roles in identifying and reducing regulatory burdens on entrepreneurs and small businesses.

The National Ombudsman's office will continue to reinvigorate its Regional Regulatory Fairness Boards while working with agencies to address specific regulatory concerns voiced by small businesses throughout the country. The Office of Advocacy will continue to conduct and distribute meaningful independent research that reveals new data and important findings. This research will help decision makers such as the Congress and federal agencies (including the SBA) as well as entrepreneurs and small business owners.

The Office of Advocacy will continue to measure cost savings achieved as a result of its regulatory interventions. The National Ombudsman's office will continue to process complaints and comments from small businesses to agencies, while measuring each agency's effectiveness and timeliness of response.

Objective 3.3 — Promote the availability, analysis, and dissemination of the most current, accurate, and detailed statistics possible on small business

The Office of Policy and Strategic Planning and the Office of Advocacy, have undertaken a project to provide a series of statistics and economic indicators that will help policy makers understand the state of small business. These statistics will provide a sense of the economic environment facing small firms throughout the country along with trend data to show the direction of the small business economy.

To create this analysis, the Office of Advocacy and OPSP are reviewing various existing databases and considering several options for the data inputs. Inputs will relate to sales, employment, profit, and other factors that will help describe the highlights and challenges of operating a small business in the current economy. The intent of the project is to provide output on a quarterly basis. By providing relatively frequent analysis, the SBA will be in a position to determine appropriate policy recommendations. The intent is to spend FY 2011 developing and finalizing the statistics and economic indicators that the SBA will use and have the new information ready for publication in FY 2012.

Special Sections

Place-based programs

Through an extensive network of field offices and partnerships with public and private organizations, the SBA delivers its services to people throughout the United States, Puerto Rico, the U. S. Virgin Islands and Guam. The SBA has partners and staff in places across the country; including inner-cities, suburbs and rural areas. Many of the Agency's lending products and contracting programs target specific areas and demographics. A number of SBA's programs are inherently place-based and are part of the core services that are provided to entrepreneurs.

- **Historically Underutilized Business Zone contracting program** — The HUBZone program is a unique program that directs federal contract dollars to small businesses located in areas of high unemployment, low-income, Native American lands, and military bases closed under the Base Realignment and Closure Act in efforts to stimulate economic development. This combination provides a mechanism that reconciles the cost of providing federal assistance to distressed communities with the need of the federal government to acquire products and services at fair prices. By using federal procurement dollars to promote economic development, the HUBZone program bridges the gap between the costs of federal initiatives aimed at revitalizing distressed communities on the one hand, with benefits of market-based economic development on the other. The program has helped thousands of small businesses in both urban and rural areas as they compete for federal contracts, and has measurable outcomes showing the annual value of federal contracts awarded to HUBZone firms (\$12.4 billion in FY 2009 or 2.81 percent of total contracts). The SBA has stepped up efforts to strengthen the integrity of this program through activities such as increased site visits (from 100 in FY 2008 to nearly 1,000 in FY 2010).
- **Regional Innovation Clusters - Innovative Economies** — The SBA is a natural home for expertise and leadership in regional innovation clusters. In FY 2010, the Agency collected proposals from eligible, self-organized, market-driven regional cluster projects that demonstrate high potential for successfully expanding opportunities for small businesses, creating jobs, and adding to regional economic growth. The SBA made awards to ten of these clusters located across the country. Three clusters specifically focus on industries and technologies that have the potential to meet the cutting-edge technology needs of the Department of Defense. In FY 2012, the SBA will continue its Innovative Economies Initiative focus on accelerating small business growth and job creation through clusters that leverage and align a region's economic, business and workforce assets. After two years of learning how federal funding can maximize a regional cluster's growth the SBA will continue to fund regional clusters that demonstrate strong outcomes for small businesses and innovation, including access to new markets, the creation of new products or business lines, regional economic growth, and job creation.
- **Cluster Partnerships** — In FY 2010 the SBA helped forge an interagency partnership to coordinate federal efforts and leadership in supporting regional innovation clusters, working with the Departments of Commerce, Labor, and Education to form the Taskforce on Advancing Regional Innovation Clusters. Through this partnership, the SBA participated in a joint grant opportunity with the Department of Energy and the Department of Commerce, leveraging a DOE HUB grant focused on green building technology research to develop a regional innovation cluster in Philadelphia. Also, the SBA and the Environmental Protection Agency announced a joint partnership to establish the Water Technology Innovation Cluster in the greater Cincinnati area involving small businesses in Ohio, Indiana, and Kentucky. At the same time, the SBA worked with other agencies to further regional innovation clusters.
- **Emerging Leaders** — SBA's Emerging Leaders initiative, started in FY 2009, has been extremely successful in expanding delivery of SBA products and services in underserved

markets. In FY 2010, the Emerging Leaders pilot program (15 cities) was expanded to include an additional 12 communities serving Native American entrepreneurs. This is a highly-intensive, eight-month, executive training program for small business owners whose firms show high potential for growth. Emerging Leaders builds on the success shown by graduates of the pilot program. These graduates reported significantly higher sales, more local hires, and more government contracts. While the pilot program was focused on inner-city entrepreneurs, the Emerging Leaders program now involves cities with high percentages of Native American-owned firms which face additional obstacles due to the rural nature of some and the lack of understanding of tribal governance by private enterprise. In FY 2012, the SBA plans to build on its success by continuing to fund high level entrepreneurial education for inner-city businesses across the country that show a high potential for growth; and it will provide them the network, resources and motivation required to build sustainable businesses of size and scale within designated inner-city geographic locations.

- **Export Outreach** — These teams leverage local knowledge and resources by combining the client relationships of SBA district offices and resource partners (SBDCs, WBCs, SCORE) and other local service providers with the expertise of locally based international trade service providers (federal government trade promotion agencies, freight forwarders, international bankers, international trade centers, etc.). The teams are designed to make local resources to small enterprises aware of available international trade expertise, and enhance communication and collaboration between resource partners and international trade experts. Ultimately, export outreach teams can provide a local referral system for small business exporters.
- **SBDCs** — The Small Business Development Center program is in the unique position to develop customized and local economic recovery initiatives as place-based policies. It does this by leveraging federal dollars through matching contributions of a myriad of state, local and private sector entities. SBDCs across the country foster the economic growth of small businesses. These small businesses in turn advance local and regional economic development through the generation of business revenues, job creation and job retention. As a result, SBDCs have increasingly become partners in collaborative efforts at the federal, regional, state and local levels. SBA's Office of Small Business Development Centers (OSBDC) has been privileged to work on several interagency initiatives including E3 (Economy, Energy and Environment), an Appalachian regional development initiative to help improve the economic climate for Appalachia communities. OSBDC continues to have a leadership role in an informal interagency effort known as the Interagency Network of Enterprise Assistance Providers which provides a monthly forum for information sharing across dozens of federal agencies. These meetings have provided an atmosphere which has led to better awareness of Agency place-based policies.
- **Impact Investing Initiative** — The SBA will work with the private sector to invest \$1 billion over the next five years in promising high-growth companies in underserved communities. Leveraging untapped authorization in the SBA's SBIC program, the SBA can provide a match to private capital raised by investment funds that are committed to place-based investing in low-moderate income areas, targeted sectors such as clean energy, and greater social impact such as job creation in distressed regions. This program would operate at no cost to the taxpayer.
- **Other place-based resources** — The SBA has an extensive network of counseling, training and mentoring partners that are local, on the ground resources for small businesses across the country. These resource partners are key to helping realize national initiatives that leverage place-based approaches to support small businesses, including those led by the SBA like the Regional Innovation Clusters initiative, and those in which the SBA is a partner like green energy, exporting, and broadband efforts. SBA's resource partners include 900 small business development centers which are often co-located at community colleges and local universities, 110 women's business centers, and 368 chapters of SCORE, a mentoring

program led by experienced executives. The SBA also has an extensive network of thousands of lenders that deliver its guaranty financing programs, and hundreds of microlenders that provide both financing and counseling.

Women and Girls programs or practices⁶

In FY 2012, the SBA will continue its work to increase access to capital, counseling, and contracts for women who own or would like to start small businesses. In FY 2011, the Agency will move forward on implementing a new rule to ensure women-owned small businesses have the maximum opportunity to compete for and win federal contracts. This rule will allow the use of set asides to ensure women-owned small businesses have maximum practical opportunity to win federal contracts. The rule is a critical step toward improving women business owners' equal access to, and participation in, federal contracting.

The Office of Women Business Ownership will continue to oversee the 110 women's business centers across the country to ensure these centers are offering effective counseling and training. The Office of Veterans Business Development has partnered with Syracuse University to deliver the V-WISE program designed specifically for the emerging community of women veteran entrepreneurs.

The SBA will work with the National Women's Business Council and the White House to organize and host women entrepreneur events across the country. Agency representatives will continue to have discussions with women small business owners and women leaders regarding the current challenges facing women entrepreneurs.

Low priority Agency programs

- **Drug-Free Workplace** program (\$1 million appropriated in FY 2010). The program has no outcome measures and no obligations as of July 31. It is scheduled for termination.
- **Prime Technical Assistance** (\$8 million appropriated in FY 2010). The program has no performance metrics and is not discernibly different from other SBA entrepreneurial assistance programs such as the Microloan program technical assistance piece, the Women's Business Center program, or the Small Business Development Center program. While the PRIME program is designed specifically for micro-level businesses, it is also duplicative and less targeted than Microloan program technical assistance funding, which is included in the budget request. This program is scheduled for termination.
- **Special Purpose Counseling Grants** (\$5.1 million of the full line item funding of \$113 million appropriated in FY 2010). Use of funds for these grants are for services and target markets already included as part of core funded program requirements. The grants management process including proposal, reporting and payments is an onerous administrative burden for both the grantees and the SBA. Having to administer and manage these special purpose grants creates inefficiencies and a dilution of scarce resources.

⁶ Per OMB, the SBA is asked to highlight the programs or practices that they consider most promising to move forward the objectives of the White House Council on Women and Girls.

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Understanding the Budget Tables

In an effort to reduce the complexity of its congressional budget request, the SBA has revised the FY 2012 budget tables. Four previous tables have been deleted in their entirety and several others have been modified in an effort to tie the budget detail directly to enacted and requested appropriated amounts. In addition, any discussion of the FY 2012 Budget request uses the FY 2010 enacted level as the point of comparison, not the FY 2011 congressional budget request or any other FY 2011 level. To make it clear that FY 2011 appropriations action is still pending, the FY 2011 column is entitled "Annualized FY 2011 CR Level."

Table 1 - Summary of New Budget Authority

This table shows the Gross amount of new funding appropriated by Congress for FY 2010, the annualized amount of funding for FY 2011 at the continuing resolution level, and the requested funding for FY 2012. New budget authority is different from total funding in that it does not include funds carried over from year to year and other sources of funding, such as fees and reimbursable expenses.

- *Gross New Budget Authority* is the amount appropriated by Congress.
- *Salaries and Expenses, Business Loan Program, Disaster Loan Program, Inspector General, and Surety Bond Guarantee* are the five previous appropriation accounts for the SBA.
- *Office of Advocacy* is a new appropriation account established pursuant to Subtitle F entitled "Small Business Regulatory Relief" of The Small Business Jobs Act of 2010 (P.L. 111-240) for SBA's Office of Advocacy. Funding for the Office of Advocacy was included in Executive Direction in FY 2010 and FY 2011. It is broken out separately for FY 2012.
- This table can be cross-referenced with Table 5 as discussed below.

Tables 2 – 4 - Salaries and Expenses

The top part of Table 2 shows the major uses of the Salaries and Expenses budgetary resources. The following explains the major categories:

- *Office Operating Budgets* (See detail on the bottom half of this page.) These are the funds that program and administrative offices directly manage for daily operations, e.g., travel, supplies, and contracted services.
- *Agencywide Costs* (See Table 3). These are costs such as rent and telecommunications, which are managed centrally by the agency.
- *Compensation & Benefits*. All Compensation and Benefits for the Salaries and Expenses Account are managed centrally. The Full Time Equivalents supported by Compensation and Benefits appear in Table 8, in addition to FTEs that support Disaster, the Inspector General, Reimbursable Funds, Line Item Initiatives and the Office of Advocacy.
- *Non-Credit Programs* (See Table 4). These programs have received separate funding in the Salaries and Expenses account in the past. In an effort to better manage the agency's resources, avoid duplication of administrative systems, and allow more flexibility in managing resources, the agency is requesting that some of the current non-credit programs be merged into office operating budgets.
- *Congressional Initiatives*. These are constituent interest grants authorized by Congress for administration by the SBA.
- *Reimbursable Expenses*. These are programs for which the SBA receives reimbursable budget authority from other federal government agencies.

The bottom part of Table 2 shows the detail of Office Operating Budgets (from the top part of the chart) by major program office, e.g. Capital Access, Entrepreneurial Development.

Table 5 - Sources of Funds: Appropriation Detail

This table shows the detail for all of the appropriation accounts. The Disaster Assistance and Business Loans programs accounts include additional detail regarding the administrative and loan program components. The Business Loan administrative account and a portion of the Disaster administrative account are transferred to and combined with the Salaries and Expenses account to cover the administrative cost of operating those programs.

Table 6 – Summary of Changes – Agency Operating Budget

This table is a reconciliation of the amounts needed for the Salaries and Expenses operating budget. The amounts shown for the S&E operating budget are the same as shown in Table 2. The amount requested for FY 2012 is reconciled to the amount enacted for FY 2010. The Explanation of Change shows the major reasons for the requested increase or decrease in funding.

Table 7 - Summary of Credit Programs and Revolving Fund

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. The data on this table do not cross reference to Table 9. For example, the amount shown for the Surety Bond Guarantee program on Table 7 is SBA's share of the liability for guaranteeing performance bonds for small businesses. The amount shown for the Surety Bond Program in Table 9 is the salaries, benefits, various fixed costs, and overhead for administering the Surety Bond Guarantee program in Table 7. See the explanation for Table 9 below.

Table 8 - Full Time Equivalent Employees

This table shows the number of Full Time Equivalent employees by fiscal year and major program activity. FTE is different from positions or headcount in that it is calculated by the number of employee hours worked during the fiscal year.

Table 9 - Total Cost by Program and Activity

This table displays the full cost for administering each of SBA's major programs and services. This includes direct costs from the operating budget plus compensation and benefits, agency-wide costs (such as rent and telecommunications), and indirect costs such as agency overhead (e.g., financial management). This information varies from Table 2, which shows the direct operating budget costs for major program offices. It also differs from Table 4, which shows the total amount for grants, but excludes administrative direct, indirect, and overhead costs.

The costs presented in Table 9 are used in the performance tables that are included in the Performance Budget. Table 9 does not include subsidy budget authority for business and disaster loan programs or the appropriation for surety bond guaranties.

Budget Tables

Table 1
FY 2012 Congressional Budget Submission
SUMMARY OF NEW BUDGET AUTHORITY
(Dollars in Thousands)

	FY 2010 Actual	Annualized FY 2011 CR Level	FY 2012 Request	FY 2012 Incr/(Decr) vs FY 2010
Gross New Budget Authority				
Salaries and Expenses	\$ 492,438	\$ 492,438	\$ 427,296	\$ (65,142)
Business Loan Program				
Administration	153,000	153,000	147,958	(5,042)
Loan Subsidy	83,000	83,000	215,365	132,365
Disaster Loan Program				
Administration*	76,588	76,588	167,300	90,712
Loan Subsidy	1,690	1,690	0	(1,690)
Inspector General	16,300	16,300	18,400	2,100
Office of Advocacy**	0	0	9,120	9,120
Surety Bond Guarantee	1,000	1,000	0	(1,000)
Total, Gross New Budget Authority ***	<u>\$ 824,016</u>	<u>\$ 824,016</u>	<u>\$ 985,439</u>	<u>\$ 161,423</u>

* In FY 2010, the Office of Disaster Assistance used funds carried over from previous years. The reason for the large increase in FY 2012 is due to the fact that the estimated carryover amount from FY 2011 is expected to be minimal. The SBA will streamline staffing and operations to use administrative funds in the most effective and cost efficient manner, which is expected to provide savings relative to operating levels in recent years.

** Subtitle F entitled "Small Business Regulatory Relief" of The Small Business Jobs Act of 2010 (P.L. 111-240) established a separate account in the General Fund of the Treasury for SBA's Office of Advocacy. In accordance with these requirements, funding for the Office of Advocacy which was previously included in Executive Direction in FY 2010 and FY 2011 is broken out for FY 2012.

*** Amounts do not include funding provided in the American Recovery and Reinvestment Act of 2009, the Department of Defense Appropriations Act, 2010, the Temporary Extension Act of 2010, Extension of the Small Business Loan Guarantee Program and The Small Business Jobs Act of 2010.

Table 2
FY 2012 Congressional Budget Submission
SALARIES and EXPENSES
(Dollars in Thousands)

	FY 2010	Annualized	FY 2012	FY 2012
	Actual	FY 2011	Request	Incr/(Decr)
		CR Level		vs FY 2010
Salaries and Expenses Budget				
Office Operating Budgets	\$ 107,514	\$ 103,779	\$ 111,336	\$ 3,822
Agency-wide Costs	45,720	50,527	56,294	10,574
Compensation and Benefits	257,561	268,185	270,311	12,750
Subtotal, Agency Operating Budget	410,795	422,492	437,942	27,147
Non-Credit Programs	181,957	185,350	160,250	(21,707)
Congressional Initiatives	56,098	59,000	0	(56,098)
Reimbursable Expenses	48	1,000	1,000	952
Total *	\$ 648,898	\$ 667,842	\$ 599,192	\$ (49,706)
Office Operating Budget Detail				
Executive Direction	\$ 20,547	\$ 25,985	\$ 29,585	\$ 9,038
Capital Access	24,182	18,120	23,000	(1,182)
Office of Investment	5,022	5,221	3,515	(1,507)
Gov Contr/Business Development	4,527	6,562	9,653	5,126
Entrepreneurial Development	2,144	2,616	1,958	(186)
Management and Administration	11,149	13,303	9,214	(1,935)
Chief Information Officer	34,981	26,762	29,201	(5,780)
Regional and District Offices	4,962	5,210	5,210	248
Total *	\$ 107,514	\$ 103,779	\$ 111,336	\$ 3,822

* Note: Amounts do not include funding provided in the American Recovery and Reinvestment Act of 2009, the Department of Defense Appropriations Act, 2010, the Temporary Extension Act of 2010, Extension of the Small Business Loan Guarantee Program and The Small Business Jobs Act of 2010.

Table 3
FY 2012 Congressional Budget Submission
AGENCY-WIDE COSTS
(Dollars in Thousands)

	FY 2010	Annualized	FY 2012	FY 2012
	Actual	FY 2011	Request	Incr/(Decr)
	Actual	CR Level	Request	vs FY 2010
Express Mail	\$ 343	\$ 490	\$ 498	\$ 155
Judgment Fund	350	765	777	427
Office Security	2,720	2,953	3,078	358
Performance Awards	2,334	2,401	2,439	105
Postage	468	592	732	264
Reasonable Accommodations	46	41	102	56
Relocation	10	765	377	367
Rent	32,325	34,847	38,979	6,654
Telecommunications	4,238	4,511	4,924	686
Transit Subsidy	997	1,184	2,066	1,069
Unemployment Compensation	307	396	726	419
Workers Compensation	1,582	1,582	1,596	14
Total	<u>\$ 45,720</u>	<u>\$ 50,527</u>	<u>\$ 56,294</u>	<u>\$ 10,574</u>

Table 4
FY 2012 Congressional Budget Submission
NON-CREDIT PROGRAMS and REIMBURSABLE EXPENSES
(Dollars in Thousands)

	FY 2010 Actual	Annualized FY 2011 CR Level	FY 2012 Request	FY 2012 Incr/(Decr) vs FY 2010
Non-Credit Programs				
7(j) Technical Assistance Program	\$ 3,275	\$ 3,400	\$ 3,100	\$ (175)
Drug-Free Workplace	1,000	1,000	0	(1,000)
HUBZone Program	2,189	2,200	2,500	311
Microloan Technical Assistance	19,220	22,000	10,000	(9,220)
National Women's Business Council	920	1,000	1,900	980
Native American Outreach	1,243	1,250	1,250	7
PRIME Technical Assistance	8,000	8,000	0	(8,000)
SBDC Grants	112,624	113,000	103,000	(9,624)
SCORE	7,000	7,000	7,000	0
Veterans Business Development	2,500	2,500	2,500	0
Women's Business Centers Grants	13,997	14,000	14,000	3
Entrepreneurial Development Initiatives (Clusters)	9,989	10,000	12,000	2,011
Emerging Leaders	0	0	3,000	3,000
 Total, Non-Credit Programs *	 <u>\$ 181,957</u>	 <u>\$ 185,350</u>	 <u>\$ 160,250</u>	 <u>\$ (21,707)</u>

* Note: Amounts do not include funding provided in the American Recovery and Reinvestment Act of 2009, the Department of Defense Appropriations Act, 2010, the Temporary Extension Act of 2010, Extension of the Small Business Loan Guarantee Program and The Small Business Jobs Act of 2010.

Table 5
FY 2012 Congressional Budget Submission
SOURCES OF FUNDS: APPROPRIATION DETAIL
(Dollars in Thousands)

	FY 2010 Actual	Annualized FY 2011 CR Level	FY 2012 Request	FY 2012 Incr/(Decr) vs FY 2010
Salaries and Expenses				
Net New Budget Authority	\$ 492,438	\$ 492,438	\$ 427,296	\$ (65,142)
Carryover from prior year	28,275	43,469	43,679	15,404
Carryover into next fiscal year	(43,469)	(43,679)	(44,005)	(536)
Transfer from Business Loans	153,210	153,210	148,222	(4,988)
Transfer from Disaster Loans	9,000	9,000	9,000	0
Reimbursable Expenses	48	1,000	1,000	952
Estimated Fee Income	9,396	12,404	14,000	4,604
Total Budget Authority	\$ 648,898	\$ 667,842	\$ 599,192	\$ (49,706)
Business Loans				
<i>Administrative Expenses</i>				
New Budget Authority	\$ 153,000	\$ 153,000	\$ 147,958	\$ (5,042)
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 Salaries & Expenses	(153,000)	(153,000)	(147,958)	5,042
Unobligated Balances at Year End	0	0	0	0
Total Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0
<i>Loan Subsidies</i>				
New Budget Authority	\$ 83,000	\$ 83,000	\$ 215,365	\$ 132,365
Subsidy Receipts	0	0	0	0
Carryover from prior fiscal year	6,904	38,783	38,783	31,879
Carryover into next fiscal year	(38,783)	(38,783)	0	38,783
Transfer from Other Accounts	0	0	0	0
Transfer to Salaries & Expenses	(210)	(210)	(264)	(54)
Rescission on Unobligated Balances	0	0	0	0
Total Budget Authority	\$ 50,911	\$ 82,790	\$ 253,884	\$ 202,973
Disaster Assistance				
<i>Administrative Expenses</i>				
New Budget Authority	\$ 76,588	\$ 76,588	\$ 167,300	\$ 90,712
Carryover from prior fiscal year	136,286	26,424	16,000	(120,286)
Carryover into next fiscal year	(26,424)	(16,000)	0	26,424
Transfer from Disaster Loans	10,000	126,500	0	(10,000)
Recoveries	9,079	0	0	(9,079)
Transfer to Inspector General	(1,000)	(1,000)	(1,000)	0
Transfer to Salaries & Expenses	(9,000)	(9,000)	(9,000)	0
Rescission on Unobligated Balances	0	0	0	0
Total Budget Authority	\$ 195,529	\$ 203,512	\$ 173,300	\$ (22,229)

Table 5
FY 2012 Congressional Budget Submission
SOURCES OF FUNDS: APPROPRIATION DETAIL
(Dollars in Thousands)

	FY 2010 Actual	Annualized FY 2011 CR Level	FY 2012 Request	FY 2012 Incr/(Decr) vs FY 2010
<i>Direct Loans Program</i>				
New Budget Authority	\$ 1,690	\$ 1,690	\$ 0	\$ (1,690)
Carryover from prior fiscal year	853,233	804,954	539,454	(313,779)
Carryover into next fiscal year	(804,954)	(539,454)	(414,454)	390,500
Transfer to Disaster Administration	(10,000)	(126,500)		10,000
Recoveries from prior years	11,810	10,000	10,000	(1,810)
Rescission on Unobligated Balances	0	0	0	0
Total Budget Authority	\$ 51,779	\$ 150,690	\$ 135,000	\$ 83,221
<i>Inspector General</i>				
New Budget Authority	\$ 16,300	\$ 16,300	\$ 18,400	\$ 2,100
Carryover from prior fiscal year	5,635	4,356	4,356	(1,279)
Carryover into next fiscal year	(4,356)	(4,356)	(4,215)	141
Transfer from Disaster	1,000	1,000	1,000	0
Reimbursable Expenses	0	0	0	0
Unobligated Balances at Year End	0	0	0	0
Total Budget Authority	\$ 18,579	\$ 17,300	\$ 19,541	\$ 962
<i>Office of Advocacy</i>				
New Budget Authority	\$ 0	\$ 0	\$ 9,120	\$ 9,120
Carryover from prior fiscal year	0	0	0	0
Carryover into next fiscal year	0	0	0	0
Unobligated Balances at Year End	0	0	0	0
Total Budget Authority	\$ 0	\$ 0	\$ 9,120	\$ 9,120
<i>Surety Bond Guarantee Program</i>				
New Budget Authority	\$ 1,000	\$ 1,000	\$ 0	\$ (1,000)
Total Budget Authority	\$ 1,000	\$ 1,000	\$ 0	\$ (1,000)
Total Financing Available	\$ 966,696	\$ 1,123,134	\$ 1,190,037	\$ 223,341
<i>Summary, By Appropriation Account</i>				
Salaries and Expenses	\$ 648,898	\$ 667,842	\$ 599,192	\$ (49,706)
Business Loan Program	50,911	82,790	253,884	202,973
Disaster Assistance Administration	195,529	203,512	173,300	(22,229)
Disaster Loan Program	51,779	150,690	135,000	83,221
Inspector General	18,579	17,300	19,541	962
Office of Advocacy	0	0	9,120	9,120
Surety Bond Guarantee Program	1,000	1,000	0	(1,000)
Total	\$ 966,696	\$ 1,123,134	\$ 1,190,037	\$ 223,341

Table 6
FY 2012 Congressional Budget Submission
SUMMARY OF CHANGES - Agency Operating Budget
(Dollars in Thousands)

Salaries and Expenses Operating Budget	
FY 2010 Actual	\$ 410,795
FY 2012 Request	<u>437,942</u>
Change - Increase/(Decrease)	\$ 27,147
Adjustments:	
Net mandatory salary and other adjustments, including additional staff for the contracting task force follow-on work	\$ 12,750
Increased funding to cover inflation for Operating Budgets	4,260
Increase in Agency-wide costs	10,574
Decrease for Loan Modernization and Accounting System	(10,042)
Government-wide Collaborative Initiatives:	
Business.gov increase for web site management and software management services, including Spanish language site support	1,237
Government-wide effort to improve government acquisition and procurement practices	1,767
Improved client service infrastructure and training/networking between the SBA and the Department of Commerce	1,000
Counseling and Government Contracting	
For programmatic efforts to implement the Women-owned Small Business rule	1,000
Contracting task force follow-on work regarding waste, fraud and abuse (training, IT system upgrades, and enforcement)	3,000
ARRA Continuing Activities	
Servicing costs of 504 secondary market pools (Section 503 of ARRA)	<u>1,600</u>
Total Change - Increase/(Decrease)	<u>\$ 27,147</u>

Table 7
FY 2012 Congressional Budget Submission
SUMMARY OF CREDIT PROGRAMS & REVOLVING FUND *
(Dollars in Millions)

	Program Level			Subsidy Amount			Subsidy Rate		
	Annualized			Annualized			Annualized		
	FY 2010 Actual	FY 2011 CR Level	FY 2012 Request	FY 2010 Actual	FY 2011 CR Level	FY 2012 Request	FY 2010 Actual	FY 2011 CR Level	FY 2012 Request
Guarantied Loans									
Section 7(a) Guaranty	\$ 2,211	\$ 11,102	\$ 14,493	\$ 10.2	\$ 83.2	\$ 87.5	0.46%	0.75%	0.87%
Section 7(a) Guaranty Revolvers	0	37,456	32,722	0.0	41.2	39.2	0.00%	0.11%	0.12%
Section 7(a) Dealer Floor Plan	0	15,410	15,337	0.0	3.1	3.1	0.04%	0.02%	0.02%
Section 504 CDC Guaranty	866	5,625	7,500	0.0	0.0	81.8	0.00%	0.00%	1.09%
SBIC - Debentures	1,165	3,000	3,000	0.0	0.0	0.0	0.00%	0.00%	0.00%
Total	\$ 4,242	\$ 72,593	\$ 73,052	\$ 10.2	\$ 127.5	\$ 211.5			
Direct Loans									
Microloan Direct Program	\$ 7	\$ 25	\$ 25	\$ 3.0	\$ 3.8	\$ 3.8	12.04%	15.06%	14.71%
Total Business Loans	\$ 4,249	\$ 72,618	\$ 73,077	\$ 13.2	\$ 131.3	\$ 215.3			
Secondary Market Guaranties	\$ 3,379	\$ 12,000	\$ 12,000	\$ 0.0	\$ 0.0	\$ 0.0	0.00%	0.00%	0.00%
Disaster Assistance	\$ 472	\$ 1,100	\$ 1,100	\$ 51.8	\$ 0.0	\$ 0.0	10.77%	13.53%	11.28%
Surety Bond Gurantee Program 1/	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1.0	\$ 1.0	\$ 0.0			
Immediate Disaster Assistance	\$ 0	\$ 19	\$ 18	\$ 0.0	\$ 0.4	\$ 0.0	N/A	1.89%	1.96%
Expedited Disaster Assistance	\$ 0	\$ 0	\$ 59	\$ 0.0	\$ 1.3	\$ 0.0	N/A	N/A	2.28%

* Note: Amounts do not include funding provided in the American Recovery and Reinvestment Act of 2009, the Department of Defense Appropriations Act, 2010, the Temporary Extension Act of 2010, Extension of the Small Business Loan Guarantee Program and The Small Business Jobs Act of 2010.

1/ The funds requested for Surety Bonds and displayed under Subsidy Amount are for claims.

2/ The estimated program level of \$1.1 billion is supported by sufficient unobligated balances in subsidy budget authority funds that are to be carried over from FY 2009 into FY 2010/FY 2011/FY 2012.

Table 8
FY 2012 Congressional Budget Submission
FULL TIME EQUIVALENT (FTE) EMPLOYEES

	FY 2010 Actual	Annualized FY 2011 CR Level	FY 2012 Request **	FY 2012 Incr/(Decr) vs FY 2010
Regular Funds	2,115	2,189	2,161	46
Disaster Loan Making	984	1,000	850	(134)
Disaster Loan Servicing	136	171	171	35
Line Item Initiatives	20	20	20	0
Office of Advocacy*	0	0	46	46
Inspector General	110	119	120	10
Total	3,365	3,499	3,368	3

*Subtitle F entitled "Small Business Regulatory Relief" of The Small Business Jobs Act of 2010 (P.L. 111-240) established a separate account in the General Fund of the Treasury for SBA's Office of Advocacy. In accordance with these requirements, funding for the Office of Advocacy which was previously included in Executive Direction in FY 2010 and FY 2011 is broken out for FY 2012.

** The request for Regular Funds, Line Item Initiatives, and Office of Advocacy supports 2,227 FTEs.

Table 9
FY 2012 Congressional Budget Submission
TOTAL COST BY PROGRAM AND ACTIVITY
(Dollars in Thousands)

	FY 2010 Actual	Annualized FY 2011 CR Level	FY 2012 Request	FY 2012 Incr/(Decr) vs FY 2010
Capital Access Programs				
International Trade Program	\$ 8,016	\$ 5,223	\$ 8,277	\$ 261
Surety Bond Program	6,175	5,740	6,343	168
Subtotal	\$ 14,191	\$ 10,963	\$ 14,620	\$ 429
7(a) Loans				
Loan Making - 7(a) Loans	\$ 52,082	\$ 63,858	\$ 54,670	\$ 2,588
Loan Servicing - 7(a) Loans	5,885	6,714	6,203	318
Loan Liquidation - 7(a) Loans	25,363	28,109	26,554	1,191
Lender Oversight - 7(a) Loans	11,760	11,833	13,821	2,061
Subtotal	\$ 95,090	\$ 110,514	\$ 101,248	\$ 6,158
504 Loans				
Loan Making - 504 Loans	\$ 20,373	\$ 23,837	\$ 21,327	\$ 954
Loan Servicing - 504 Loans	2,155	2,249	2,275	120
Loan Liquidation - 504 Loans	4,524	5,129	4,771	247
Lender Oversight - 504 Loans	9,180	9,114	10,789	1,609
Subtotal	\$ 36,232	\$ 40,329	\$ 39,162	\$ 2,930
Microloans				
Loan Making - Microloans	\$ 4,264	\$ 3,773	\$ 4,427	\$ 163
Loan Servicing - Microloans	968	1,073	864	(104)
Loan Liquidation - Microloans	265	257	237	(28)
Microloan Technical Assistance	19,818	10,580	10,524	(9,294)
Prime Technical Assistance	8,371	3,583	326	(8,045)
Subtotal	\$ 33,686	\$ 19,266	\$ 16,378	\$ (17,308)
SBIC Loans				
Loan Making - SBIC Loans	\$ 4,001	\$ 3,140	\$ 4,293	\$ 292
Loan Servicing - SBIC Loans	13,289	13,076	14,238	949
Loan Liquidation - SBIC Loans	6,972	5,736	7,480	508
Subtotal	\$ 24,262	\$ 21,952	\$ 26,011	\$ 1,749
GCBD Programs				
7(j) Program	\$ 5,478	\$ 6,723	\$ 5,727	\$ 249
8(a) Program	56,817	66,423	63,581	6,764
HUBZone Program	16,969	12,101	18,285	1,316
Prime Contract Program	26,136	33,975	31,004	4,868
Business Matchmaking	3,125	2,870	3,330	205
Subcontracting Program	3,164	4,400	3,439	275
Subtotal	\$ 111,689	\$ 126,492	\$ 125,366	\$ 13,677

Table 9
FY 2011 Congressional Budget Submission
TOTAL COST BY PROGRAM AND ACTIVITY
(Dollars in Thousands)

	FY 2010	Annualized	FY 2012	FY 2012
	Actual	FY 2011	Request	Incr/(Decr)
		CR Level		vs FY 2010
Entrepreneurial Development Programs				
Drug Free Workplace	\$ 1,014	\$ 1,086	\$ 16	\$ (998)
SCORE	12,205	11,209	13,067	862
Small Business Development Centers	128,232	130,139	119,257	(8,975)
Distance Learning Portal	604	604	571	(33)
Native American Outreach	5,104	4,139	5,278	174
Women's Business Ownership	22,373	23,957	22,905	532
Entrepreneurial Development Initiatives (Clusters)	12,703	13,846	15,232	2,529
Emerging Leaders	0	3,776	3,859	3,859
Subtotal	\$ 182,235	\$ 188,756	\$ 180,185	\$ (2,050)
Executive Direction				
Advocacy	\$ 9,318	\$ 12,392	\$ 19,655	\$ 10,337
National Women's Business Council	1,260	2,500	2,535	1,275
Ombudsman	1,426	1,682	1,538	112
Veteran's Business Development	6,402	7,849	7,138	736
Subtotal	\$ 18,406	\$ 24,423	\$ 30,866	\$ 12,460
Regional and District Office Programs				
Field Offices - Counseling	\$ 7,365	\$ 7,928	\$ 7,866	\$ 501
Field Offices - Training	9,748	11,287	10,427	679
Subtotal	\$ 17,113	\$ 19,215	\$ 18,293	\$ 1,180
				0
Total - Regular Funds	\$ 532,904	\$ 561,910	\$ 552,129	\$ 19,225
Disaster Assistance				
Loan Making - Disaster	\$ 210,448	\$ 211,636	\$ 186,668	\$ (23,780)
Loan Servicing - Disaster	38,221	31,293	33,902	(4,319)
Subtotal	\$ 248,669	\$ 242,929	\$ 220,570	\$ (28,099)
Other				
Inspector General	\$ 25,321	\$ 26,054	\$ 28,723	\$ 3,402
Congressional Grants	56,099	0	0	(56,099)
Rural Business Investment Program	13	100	111	98
Business Gateway	0	4,874	0	0
Other Reimbursable Programs	0	900	900	900
Subtotal	\$ 81,433	\$ 31,928	\$ 29,734	\$ (51,699)
Total Obligations	\$ 863,006	\$ 836,767	\$ 802,433	\$ (60,573)

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FY 2012 Performance Plan and FY 2010 Annual Performance Report

Table of Contents

Strategic Goal One – Growing businesses and creating jobs	31
Objective 1.1 – Capital	31
7(a), 504, Microloan, Surety Bond Guarantee, SBDC, International Trade, Field Operations, Veterans	
Objective 1.2 –Contracting	42
Prime/Subcontracting,8(a), 7(j), HUBZone, Field Operations, Veterans	
Objective 1.3 – Counseling	45
SBDC, Score, WBC, Distance Learning, Drug Free Workplace, Emerging Leaders, Microloan, Field Operations, Veterans	
Objective 1.4 – Disaster Assistance	54
Disaster, Field Operations	
Objective 1.5 – Innovation/Investments	58
SBIR, SBIC, Regional Innovation Clusters, International Trade, Field Operations	
Objective 1.6 – Underserved Markets	67
Capital Assistance: 7(a), 504, Microloan, International Trade, SBIR, SBIC	
Counseling/Management/Technical Assistance: SBDC, WBC, SCORE, Emerging Leaders, 7(j), Native American Affairs, Faith-based, Veterans, Regional Innovation Clusters, Field Operations	
Contracting Assistance: 8(a), HUBZone	
Strategic Goal Two – Building an SBA that meets the needs of today's and tomorrow's small businesses	80
Objective 2.1 – Infrastructure	80
Chief Information Officer, Business Gateway, Chief Financial Officer, Loan Processing Centers, Field Operations	
Objective 2.2 – Human Capital	95
Human Capital Management, Chief Information Officer	
Objective 2.3 – Risk Management	98
Credit Risk Management, Program Oversight, Field Operations	
Strategic Goal Three – Serving as the voice for small business	103
Objective 3.1 – Interagency Collaboration	103
Prime Contracting, SBDC, Native American Affairs, Disaster, International Trade, SBIR, SBIC, Veterans, Regional Innovation Clusters	
Objective 3.2 – Reducing Burdens	105
Advocacy, Ombudsman	
Objective 3.3 – Statistics on Small Business	111
Advocacy, Policy and Strategic Planning	

Strategic Goal One – Growing businesses and creating jobs

Strategic Goal One has six Objectives:

- 1.1 – Expand Access to capital through SBA's extensive lending network.
- 1.2 – Ensure federal contracting goals are met and/or exceeded by collaborating across the federal government to expand opportunities for small businesses and strengthen the integrity of the federal contracting certification process and data.
- 1.3 – Strengthen SBA's entrepreneurial education, counseling and training resources to help create new businesses and support the needs of existing businesses by successfully focusing on core program resources and ensuring these resources are aligned with the needs of both Main Street and high-growth small businesses.
- 1.4 – Ensure that SBA's disaster assistance resources for businesses, homeowners, and renters can be deployed quickly, effectively and efficiently.
- 1.5 – Strengthen SBA's relevance to high-growth entrepreneurs and small businesses to more effectively drive innovation and job creation through both the Agency's existing programs as well as new initiatives.
- 1.6 – Strengthen outreach to under-served communities and under-served populations.

Strategic Goal Two - Building an SBA that meets the needs of today's and tomorrow's small business

Strategic Goal Two has three Objectives:

- 2.1 – Strengthen SBA's core programs to ensure that they are high performing, effective, and relevant to the needs of the small business community.
- 2.2 – Invest in SBA's employees so they can effectively serve small businesses.
- 2.3 – Mitigate risk to taxpayers and improve oversight across SBA programs.

Strategic Goal Three – Serving as the voice for small business

Strategic Goal Three has three Objectives:

- 3.1 – Collaborate with other agencies to strengthen the delivery of programs, resources and services.
- 3.2 – Foster a small business-friendly environment by encouraging federal agency awareness about the impact of unfair regulatory enforcement and compliance efforts, reducing burdens on small business, and improving small business research and the collection of relevant small business data.
- 3.3 – Promote the availability, analysis, and dissemination of the most current, accurate, and detailed statistics possible on small business.

FY 2012 Performance Plan

Overview

This FY 2012 Performance Plan lays out the activities that the SBA will undertake as it moves forward to expand opportunities for the nation's small businesses and to assist victims of federally-declared disasters. The goals, objectives and strategies outlined in this plan are guided by core values which serve as the foundation for SBA's new FY 2011 – FY 2016 Strategic Plan, reflecting the focus and priorities of the new Administration. These four core values are:

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

The SBA helps entrepreneurs and small business owners take advantage of the opportunities the market offers by providing knowledge, skills and technical assistance; access to capital; and contracting opportunities, either directly from the SBA or through the Agency's resource partners.

Capital Assistance — The financial vulnerability of a small business may make SBA capital assistance a vital tool for success. The SBA has structured its programs to fill the financial gap as determined by differing financial markets and the various stages of a small company's lifecycle. The Agency has placed a focus on providing financing assistance that is both effective and at the lowest possible cost to the taxpayer. The SBA provides loans through its 7(a), 504, and Microloan programs, as well as long term loans and equity financings through its Small Business Investment Company (SBIC) program. The Surety Bond Guarantee program assists small businesses in obtaining required bonding in the construction, supply, and service sectors by guaranteeing the surety company between 70 and 90 percent of the losses incurred if a small business defaults.

Counseling/Management and Technical Assistance — The SBA, through its counseling/management and technical assistance programs, helps small businesses start, grow, create jobs, and contribute to the economy. The Agency offers a wide spectrum of services through a nationwide network of resource partners, an online training network, and specialized programs such as a high-intensity year-long entrepreneurial training program. Counseling and training programs serve both budding entrepreneurs and highly experienced small business owners. Also, technical assistance programs provide entrepreneurs with a solid foundation of business knowledge and skills. Six years of longitudinal impact studies show there is a significant economic impact on businesses receiving technical assistance through SBA's Entrepreneurial Development programs.

Contracting Assistance — The SBA works across federal agencies to ensure that U.S. small businesses have opportunities to sell products and services to the federal government, helping to meet the 23 percent contracting goal and additional goals for underserved populations. For example, the 8(a) program is a business development program that offers a broad scope of assistance to socially and economically disadvantaged firms. The HUBZone program is a place-based contracting assistance program whose primary objective is job creation and increasing capital investment in distressed communities.

Disaster Assistance – The SBA is the federal government’s primary source of money for the long term repair and rebuilding of disaster-damaged private property for homeowners, renters, businesses of all sizes and private nonprofit organizations. Whether a disaster is declared by the President or by the SBA Administrator, SBA disaster loans cover the entire non-farm private sector. The Disaster Assistance loan program is the only form of SBA assistance that is not limited to small businesses.

Strategic Plan Update

In FY 2010 the SBA, as required by OMB Memorandum A-11, updated its Strategic Plan which provides a framework to maximize the Agency’s strengths and resources in order to help small businesses as they lead the country out of the recession which began in 2007.

With this updated plan, the SBA will continue to serve both Main Street and high-growth small businesses. This dual focus is critical to sustaining the small business communities that Americans need every day, while also growing the next generation of great U.S. companies that will create thousands of well-paying jobs here at home.

This plan is the result of extensive dialogue throughout the Agency, across the Administration, and with leaders in the small business community. The process has resulted in three Strategic Goals for the next five years:

- 1. *Growing businesses and creating jobs***
- 2. *Building an Agency that meets the needs of today’s and tomorrow’s small businesses***
- 3. *Serving as the voice for small business***

Each goal contains objectives that are directly tied to performance both at the individual level and Agency-wide.

These are challenging times, and the SBA’s role in helping small businesses grow and create jobs has never been more important.

Strategic Goal One – Growing businesses and creating jobs

Objective 1.1 — Expand Access to capital through SBA’s extensive lending network

Capital Assistance

In FY 2010, small businesses were aided by extensions to the American Recovery and Reinvestment Act of 2009 (Recovery Act), which expanded SBA’s existing credit and investment programs. Many small businesses continued to feel the effects of the FY 2009 credit crisis, which significantly reduced access to capital for small businesses. However, the overall picture for small businesses has improved. At the end of FY 2010, President Obama signed the Small Business Jobs Act of 2010, which further expanded SBA’s credit and investment programs, offering new opportunities for small business to access needed capital, and extended several temporary Recovery Act programs.

The SBA worked to increase points of access for small businesses by partnering with lenders across the country. The Agency worked with other federal agencies and financial regulators to identify and help address small business capital access issues. At the same time, the SBA worked to support government-wide initiatives focused on innovation, exporting and manufacturing.

Continued Recovery: In FY 2010, several SBA temporary Recovery Act capital access programs were continued, including:

- **Loan fee reductions** — Upfront guaranty fees paid by small business borrowers in both the 7(a) and 504 programs, as well as certain lender fees in the 504 program, were eliminated through authority of the Recovery Act. Additional extension funds were made available on multiple occasions when the original funding provided in the Recovery Act for this popular program ran out. In September 2010 the program was again extended with the passage of the Jobs Act.
- **Guaranty level increases** — Most 7(a) loans could receive an increased guaranty up to 90 percent with a \$1.5 million maximum guaranty. This program proved to be so effective in increasing lender interest in making small business loans that funding was extended multiple times, and additional authority and funding was made available by the Jobs Act through the beginning of FY 2011.
- **Small Business Jobs Act of 2010** — The reduced fees and higher guaranty levels of the Recovery Act proved so successful at increasing the volume of SBA-backed loans that the Administration proposed and Congress extended them for a sixth time in September as a central piece of the Small Business Jobs Act of 2010. Also included in the Jobs Act was a higher alternate size standard and maximum loan size for SBA’s flagship loan programs.
- **America’s Recovery Capital (ARC) loans** — This new loan program provided deferred payment, 100 percent interest free loans of up to \$35,000 to help viable small businesses facing immediate financial hardship make payments on existing debt.
- **Guaranteed 504 first mortgage loan pools** — This new program helps spur a secondary market for first mortgages associated with 504 loans.
- **Higher contract dollar surety bonds** — The contract limit in the surety bond program was increased from \$2 million to \$5 million, and in some cases up to \$10 million.

- **Expanded funding for microloans** — The Recovery Act provided additional program funds for microloans and related technical assistance.
- **Expanded funding for international trade financing** — The Recovery Act provided additional benefits to small business exporters with the waiver of borrower fees and an increased guaranty to 90 percent for the Export Express loan product.
- **Extended Patriot Express Pilot Loan for three years** --- providing focused lending activity into the veteran and military community including spouses.

Authorization for these programs continued through FY 2010 with the exception of higher loan guaranties, which expired on May 31, 2010 but were restored with the Jobs Act on September 27, 2010. The Jobs Act temporarily re-authorized the fee reductions and guaranty level increases for several months in FY 2011. In total, the \$680 million provided through the Recovery Act and extensions for fee relief and higher guaranties supported approximately \$30 billion in overall lending activity. In addition, over 8,000 small businesses received SBA ARC loans.

Increasing Points of Access: Beyond the economic recovery activities, SBA's Office of Capital Access led several initiatives in FY 2010 to improve the performance and quality of its core operations and loan processing centers. The SBA also strengthened relationships with existing SBA lenders and, with the aid of the Recovery Act programs, attracted more than 1,300 lenders that were new to the SBA or had not made an SBA loan since 2007. The Agency is focused on keeping those returning lenders with a special processing option for low volume lenders, more customer service capacity than ever before, and payment times for guaranty purchases that average less than 30 days when lenders submit complete demand packages. With the general reduction in small business lending, the increase in SBA loan activity means that SBA loan programs are more critical than ever to the ongoing access to capital for America's small businesses.

7(a) and 504 Loans

Loans Approved	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual
7(a) and 504 Loans Approved Combined (\$000)	\$20,254,795	\$20,605,967	\$ 17,960,926	\$13,025,367	\$ 16,840,305
7(a) and 504 Loans Approved Combined (#)	107,234	110,275	78,317	47,897	54,833

In the following pages, the 7(a), 504 and Microloan programs are presented separately (individual charts and narratives) to highlight their individual contributions to SBA's efforts to make capital accessible to America's small businesses, especially in the midst a difficult economic environment.

7(a) Loan Program

The 7(a) loan program is one of the Agency's primary business loan programs to assist small businesses in obtaining financing when they do not qualify for conventional credit. It is particularly valuable to those underserved businesses that have traditionally had trouble accessing the conventional credit market. Its flexibility enables small businesses to obtain financing of up to \$5 million for various business uses, with a loan maturity of up to 10 years for working capital and 25 years for real estate.

Smaller dollar SBA loans have fallen off in volume since 2007, in part because they are the costliest for lenders to make. However, they also disproportionately benefit underserved markets, women-owned businesses and start-ups. One initiative that the SBA intends to build upon to help reverse the trend of

fewer smaller dollar loans being made is the expansion of the Small/Rural Lender Advantage initiative which was launched in FY 2008. It provides smaller SBA lenders a streamlined way to process their regular 7(a) loans as a way to encourage them to consider doing more SBA lending. The Agency would like to make it available to more lenders in FY 2011. With its focus on smaller dollar loans (\$350,000 or less) broader access to Small/Rural Lender Advantage will encourage lenders to make more of these relatively costly loans in the communities that need them most. In this way, it will directly address Objective 1.6 — *Strengthen outreach to under-served communities and under-served populations.*

In addition, the SBA has set a High-Priority Performance Goal of increasing the number of active lending partners using its 7(a) loan programs. It is important that the SBA ensure its programs are available at local banks, credit unions, and other SBA lenders throughout the country since many small business owners already have pre-existing relationships with lenders. The SBA will increase its outreach initiatives so that small business owners will have increased access to capital through their current lenders. This High-Priority Performance Goal directly supports SBA's Objective 1.1 — *expand access to capital through SBA's extensive lending network* — and a portfolio of more than \$90 billion in outstanding SBA loans and guaranties. The SBA planned to increase the number of active lending partners to 3,000 by September 30, 2011, a 16 percent increase over the 2008 and 2009 average.

7(a) Loan Program

Performance Indicator ⁽¹⁾	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Loans Approved (\$000) (Non-Recovery) ⁽²⁾	Output	\$ 14,525,100	\$ 14,292,141	\$ 12,671,136	\$ 2,808,969	\$ 2,434,355	\$5,800,000		\$12,800,000	\$ 13,160,000
Loans Approved (\$000) (Recovery) ⁽³⁾	Output	DNA*	DNA*	DNA*	\$ 6,382,135	\$ 9,972,642	\$5,300,000		DNA*	DNA*
Total Loans Approved (\$000)	Output	\$ 14,525,100	\$ 14,292,141	\$ 12,671,136	\$ 9,191,104	\$ 12,406,997	\$ 11,100,000	12%	\$ 12,800,000	\$ 13,160,000
SB Assisted (#) (Non-Recovery) ⁽²⁾	Output	88,292	90,146	62,441	12,175	13,195	23,000		40,700	41,800
SB Assisted (#) (Recovery) ⁽³⁾	Output	DNA*	DNA*	DNA*	24,978	28,510	14,500		DNA*	DNA*
Total SB Assisted (#) ⁽⁴⁾	Output	88,292	90,146	62,441	37,153	41,705	37,500	11%	40,700	41,800
Jobs Supported (#) (Non-Recovery) ⁽²⁾	Outcome	705,481	776,729	586,955	136,838	130,600	443,300		474,100	487,400
Jobs Supported (#) (Recovery) ⁽³⁾	Outcome	DNA*	DNA*	DNA*	287,142	342,902	181,700		DNA*	DNA*
Total Jobs Supported (#) ⁽⁴⁾	Outcome	705,481	776,729	586,955	423,980	473,502	625,500	-24%	474,100	487,400
USM - SB Assisted (#) ⁽⁴⁾⁽⁵⁾	Output	60,042	61,780	43,699	24,096	25,679	25,500	1%	24,800	25,500
Active Lending Partners (#) ⁽⁶⁾	Output	2,312	2,383	2,408	2,771	3,061	2,800	9%	3,000	3,200
Cost per SB Assisted (\$)	Efficiency	\$ 821	\$ 792	\$ 1,382	\$ 7,460	\$ 11,351	N/A*	N/A*	\$ 2,715	\$ 2,422

Budgetary Resources	Budgetary Obligations Incurred					Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request
Total Administrative Resources (\$000)	\$ 72,485	\$ 71,387	\$ 86,282	\$ 277,157	\$ 473,376	\$ 110,514	\$ 101,248
Administrative Resources (\$000) (Non-Recovery) ⁽²⁾	\$ 72,485	\$ 71,387	\$ 86,282	\$ 90,764	\$ 95,090	\$ 110,514	\$ 101,248
Administrative Resources (000) (Recovery) ⁽³⁾	\$ -	\$ -	\$ -	\$ 186,393	\$ 378,286	N/A*	N/A*

*DNA - Does Not Apply
 *NA - Not Available
 (1) 7(a) results supported by Recovery Act provisions are segregated from total program performance. Recovery targets and results include all eligible activity since 2/17/2009 using Recovery Act funds.
 (2) Non Recovery Funds - includes allocated overhead costs.
 (3) Recovery Funds - does not include overhead costs.
 (4) A more precise methodology was developed in FY 2009 to calculate "Jobs Supported" and "Small Businesses Assisted." In addition to the change in methodology, the "Job Supported" figures are net of fully cancelled loans. Prior year results have been restated to reflect this change. "Jobs Supported" replaced the title "Jobs Created/Retained." "Jobs Supported" more clearly described the measured activity.
 (5) The SBA expanded the definition of USM (underserved markets) to include specific underserved populations (i.e., veterans, women and minorities). Prior year results have been restated to reflect this change.
 (6) This performance indicator has been identified as a High Priority Performance Goal (HPPG).

Variance Explanation
Total Loans Approved (12% over target) - Increase is due to Recovery Act funds. The waiver of borrower fees allowed more small businesses to apply for loans as their up front costs were reduced. In addition, the higher guaranty increased the total number of banks making SBA guaranteed loans.
Total SB Assisted (11% over target) - Increase is due to Recovery Act funds. The waiver of borrower fees allowed more small businesses to apply for loans as their up front costs were reduced. In addition, the higher guaranty increased the total number of banks making SBA guaranteed loans.
Total Jobs Supported (24% under target) - The goal was based on a change in methodology for calculating jobs supported that was not implemented. While the FY 2010 actual was below goal there was almost a 12% increase in the total jobs supported over FY 2009.
USM - SBA Assisted (1% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.
Active Lending Partners (9% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.



FY 2010 Accomplishments

FY 2010 continued to be a tough year for small businesses to obtain credit to grow their businesses and create new jobs. The SBA focused on its 7(a), 504 and Microloan programs to meet the credit needs of small businesses by leveraging funding to expand capital available to them. For example, the Agency used \$680 million of taxpayer funds to support \$21.5 billion in approved loans supporting more than \$30 billion in lending commitment to small businesses. FY 2010 saw a turnaround in SBA lending, as the number of SBA 7(a) and 504 loans approved increased nearly 19 percent over the same period in FY 2009, and dollar volume climbed 39 percent.

While the increase in SBA guaranteed lending was primarily attributable to the Recovery Act, SBA's effort to diversify its lender base resulted in hundreds of new lenders actively marketing the Agency's programs to small businesses. SBA's outreach efforts added more than 1,300 active lenders to its lending network. Many of these lenders are small, community-based banks located in underserved communities that support businesses in need of capital. SBA loan products allow these lenders to serve more Main Street businesses than they otherwise could have that need capital to maintain their operations and/or expand.

In FY 2010, the Office of Financial Assistance began an evaluation of the pilot loan programs that are scheduled to expire. While several of these pilots have been well received and have been in existence as pilots for some time, some have experienced limited growth, while others have had unacceptably high rates of loss. The purpose of the evaluation is to:

- reassess the goals of each program,
- simplify and align them where possible,
- strengthen the lending process where appropriate,
- determine and manage appropriate program risks against mission objectives, and
- restructure the programs to help ensure their long-term success.

After the evaluation is complete, the programs will be eliminated, modified as necessary and/or made permanent.

In addition, the SBA has closely monitored the performance of the Dealer Floor Plan (DFP) financing pilot program which was initiated in FY 2010 as a way to provide credit to small businesses in a particularly hard-pressed sector. Under the pilot, the SBA offered government-guaranteed loans to finance inventory for eligible auto, recreational vehicle, boat, manufactured home and other dealerships. Though the DFP program ran successfully through September 2010 and enabled lenders in certain regions of the country to keep dealers critical to their local economies viable, participation was below what was anticipated, especially from larger regional and national lenders. The SBA allowed the pilot to end at its expiration date of September 30, 2010 and will stand up a new DFP pilot in FY 2011 (part of the Jobs Act) that should be more attractive to larger floor plan lenders.

FY 2012 Planned Performance

For its 7(a) program, the SBA requests \$129.8 million of credit subsidy budget authority in FY 2012 which, combined with prior year carryover of subsidy funds, will support \$16.5 billion in lending authority. This support will help the 7(a) program be an important contributor in the marketplace, helping ensure that small businesses have accessible and affordable credit that they would not be able to otherwise obtain. The small business lending market is still struggling to recover from the recent credit crisis and the overall economic downturn, as evidenced by the tightening of credit standards. It is important to keep this critical pipeline of lending open to entrepreneurs who can help put Americans back to work and revive the economy.

As part of the Agency-wide focus on simplifying products, processes and services, the SBA will redouble efforts with its Lender Relationship Management initiative. The goal is to simplify the process by which the Agency partners with lenders while increasing the number and diversity of points of access to SBA loan products. This will be done by involving more community oriented lenders as well as mission oriented non-profit entities in the loan programs, especially 7(a). Unified under the banner, *Lender Advantage*, this effort will target smaller loans, particularly for start-ups and young businesses; loans that support job growth; and more loans that assist small businesses located in underserved markets. SBA's largest and most sophisticated lenders will also have access to this simplified loan processing platform which will leverage their extensive distribution channels to increase the flow of capital to small businesses. Use of technology and better educational tools for interfacing with processing and servicing centers will also be stressed in order to continue improving efficiencies and customer service.

The Standard Operating Procedures modernization effort also continues into FY 2011 and 2012. As a complement to the recently completed update of the SOP for liquidation (SOP 50 51, Loan Liquidation and Guaranty Purchase) an updated Servicing SOP (SOP 50 50) for 2012 should be ready by 2012, thereby finishing a complete revamp of the core SOPs.

The Recovery Act programs and projects will continue to be closely monitored to identify their effectiveness in contributing to economic recovery.

504 Loan Program

The 504 loan program serves small businesses requiring "brick and mortar" and/or major equipment financing. A typical 504 project includes a loan secured from a private sector lender with a senior lien, and an SBA backed loan secured from a Certified Development Company (CDC) in a second position. Thanks to particular features of this program, such as a statutorily-mandated job creation component, a community development goal, or a public policy goal achievement component, the program helps the SBA facilitate job creation and meets the Agency's mission to maintain and strengthen the nation's economy by enabling the establishment and viability of small businesses. As with 7(a), the 504 loan program receives much support from SBA field offices, which promote the program and trains lenders and small businesses on program features.

504 Loan Program

Performance Indicator ⁽¹⁾	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Loans Approved (\$000) (Non-Recovery)	Output	\$ 5,729,695	\$ 6,313,826	\$ 5,289,790	\$ 1,150,336	\$ 881,345	\$ 2,300,100		\$ 4,750,000	\$ 4,900,000
Loans Approved (\$000) (Recovery)	Output	DNA*	DNA*	DNA*	\$ 2,683,927	\$ 3,551,963	1,700,000		DNA*	DNA*
Total Loans Approved (\$000)	Output	\$ 5,729,695	\$ 6,313,826	\$ 5,289,790	\$ 3,834,263	\$ 4,433,308	4,000,100	11%	4,750,000	4,900,000
SB Assisted (#) (Non-Recovery)	Output	9,719	10,409	8,675	1,845	1,687	2,700		8,100	8,400
SB Assisted (#) (Recovery)	Output	DNA*	DNA*	DNA*	4,616	5,977	2,900		DNA*	DNA*
Total SB Assisted (#) ⁽⁴⁾	Output	9,719	10,409	8,675	6,461	7,664	5,600	37%	8,100	8,400
Jobs Supported (#) (Non-Recovery)	Outcome	118,840	126,069	111,996	22,033	17,206	99,400		88,800	91,600
Jobs Supported (#) (Recovery)	Outcome	DNA*	DNA*	DNA*	52,816	65,337	33,600		DNA*	DNA*
Total Jobs Supported (#) ⁽⁴⁾	Outcome	118,840	126,069	111,996	74,849	82,543	133,000	-38%	88,800	91,600
USM - SB Assisted (#) ⁽⁴⁾	Output	5,972	6,520	5,613	3,956	4,384	3,500	25%	4,800	5,000
Active Lending Partners (#)	Output	271	273	274	274	267	267	0%	267	267
Cost per SB Assisted (\$)	Efficiency	\$ 2,204	\$ 2,394	\$ 2,894	\$ 13,317	\$ 14,389	N/A*	N/A*	\$ 4,979	\$ 4,662

Budgetary Resources	Budgetary Obligations Incurred					Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request
Total Administrative Resources (\$000)	\$ 21,424	\$ 24,915	\$ 25,106	\$ 86,041	\$ 110,276	\$ 40,329	\$ 39,162
Administrative Resources (\$000) (Non-Recovery) ⁽²⁾	\$ 21,424	\$ 24,915	\$ 25,106	\$ 31,889	\$ 36,232	\$ 40,329	\$ 39,162
Administrative Resources (\$000) (Recovery) ⁽³⁾	\$ -	\$ -	\$ -	\$ 54,152	\$ 74,044	N/A*	N/A*

*DNA - Does Not Apply

*N/A

(1) 504 results supported by Recovery Act provisions are segregated from total program performance. Recovery targets and results include all eligible activity since 2/17/2009 using Recovery Act funds.

(2) Non Recovery Funds - includes allocated overhead costs.

(3) Recovery Funds - does not include overhead costs.

(4) A more precise methodology was developed in FY 2009 to calculate "Jobs Supported" and "Small Businesses Assisted." In addition to the change in methodology, the "Job Supported" figures are net of fully cancelled loans. Prior year results have been restated to reflect this change. "Jobs Supported" replaced the title "Jobs Created/Retained." "Jobs Supported" more clearly described the measured activity.

Variance Explanation

Total Loans Approved (11% over target) - Increase in businesses assisted is due to Recovery Act funds. The waiver of borrower fees allowed more small businesses to apply for loans as their up front costs were reduced. In addition, the higher guaranty increased the total number of banks making SBA guaranteed loans.
Total SB Assisted (37% over target) - Increase in businesses assisted is due to Recovery Act funds. The waiver of borrower fees allowed more small businesses to apply for loans as their up front costs were reduced. In addition, the higher guaranty increased the total number of banks making SBA guaranteed loans.
Total Jobs Supported (38% under target) - The goal was based on a change in methodology for calculating jobs supported that was not implemented. The SBA underestimated the prolonged nature of the recession and the impact it would continue to have in 2010. 504 lost share to 7(a) as the 90% guaranty allowed more banks to finance the entire loan.
USM-SB Assisted (25% over target) - SBA's high priority performance goals focused the Agency on greater engagement with small businesses to help them weather the recession.

FY 2010 Accomplishments

In FY 2010 the SBA began the process of making major revisions to the 504 regulations to strengthen the governance and oversight of the program and simplify the processes while eliminating the non-value added regulatory burden on CDCs. This was accomplished by modifying the CDC structure requirements and deemphasizing membership requirements while emphasizing board of director responsibilities in areas such as accountability for community development objectives, risk management, and executive compensation. The SBA plans to complete the regulatory revisions during FY 2011 and 2012. As a complement to this simplification effort and consistent with the re-engineering of the servicing centers, loan administration processes will be reviewed so that non-value-added practices can be eliminated while strengthening program integrity.

Also in FY 2010, the SBA took steps to make permanent the interim final rule authorizing the 504 refinancing provision made possible by the Recovery Act. Under this new provision, 534 loans were approved for \$405.5 million to refinance existing higher cost debt in most cases. This provision will be a boost to growing small businesses as it will allow them to free up more cash to support their growth while locking in the cost of their existing debt, often for substantially less than their current monthly payments.

Finally, in FY 2010 the SBA brought the efficiency and effectiveness of its web-based ETran loan submission and servicing platform to 504 loans for the first time. From the Sacramento processing center to the servicing centers in Fresno and Little Rock, E504 increased the number and type of transactions

that CDCs can process in a streamlined automated fashion. Over time this will allow the Agency to reallocate resources to more value-added activities within the center.

FY 2012 Planned Performance

The SBA is requesting \$81.8 million of credit subsidy budget authority in FY 2012 which, combined with prior year carryover of subsidy funds, will support \$7.5 billion in lending authority for the 504 program. This will help ensure that the program remains competitive in the marketplace, while making accessible and affordable long-term, fixed-rate and low cost credit available to small businesses that they would not be able to obtain otherwise on reasonable terms. It is important to keep this critical pipeline of lending open to entrepreneurs who can help put Americans back to work and revive the economy through FY 2012.

In FY 2012, the SBA will continue the implementation of the revised 504 regulations which will strengthen CDC governance and oversight by modifying the requirements for the CDC structure and emphasizing board of director responsibilities and accountabilities as well as SBA's role in determining reserve adequacy. This regulation revision is in step with Objectives 2.1 and 2.3. The revised regulations will expand access of other nonprofit economic development entities into the program. In addition, steps will be taken to increase the competition among CDCs. The result will offer small businesses greater access to this unique source of fixed-rate financing. It will also expand the availability of this important risk mitigation and capital leveraging tool to even more first mortgage lending partners.

In support of these changes, the SBA will continue to emphasize working with its field offices to expand outreach to small businesses and lenders. This simplification of the CDC governance process will allow the Agency to redirect more staff and oversight efforts to higher value-added activity, especially areas focused on risk mitigation, program controls and the reduction of waste, fraud and abuse in keeping with Objective 2.3.

In FY 2012, the SBA will work with the Office of Field Operations to further expand ETran use, especially for smaller CDCs.

Microloan Program

The Microloan program helps the smallest of small businesses establish themselves and achieve success. Under the program, the SBA provides loans to community based lenders (Intermediaries) which, in turn, re-lend the money to provide microloans (\$50,000 or less) to start-up, newly established, and growing small businesses in need of small scale financing. The SBA also provides Intermediaries with grants to help fund the cost of providing business-based management training and technical assistance to the microbusinesses. The integration of micro- level loans with training and technical assistance shores up the capacity of the microborrower to turn a profit while learning how to meet basic business requirements, improve business operations, grow the business and create jobs.

Microloan Program

Performance Indicator ⁽¹⁾	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
SB Assisted (#) (Non-Recovery)	Outcome	2,395	2,427	2,682	2,722	2,566	2,328		4,600	2,385
SB Assisted (#) (Recovery)	Output	DNA*	DNA*	DNA*	5	1,232	1,521		DNA*	1,092
Total SB Assisted (#)	Output	2,395	2,427	2,682	2,722	3,795	3,849	-1%	4,600	3,477
Jobs Supported (#) (Non-Recovery)	Outcome	10,247	10,499	9,985	10,950	10,303	11,000		14,500	10,500
Jobs Supported (#) (Recovery)	Output	DNA*	DNA*	DNA*	20	3,309	1,735		DNA*	3,500
Total Jobs Supported (#)	Output	10,247	10,499	9,985	10,950	13,612	12,735	7%	14,500	14,000
Loans Approved by SBA to Microlenders (\$)	Output	N/A*	N/A*	N/A*	N/A*	\$ 38,129	NG*	NG*	NG*	NG*
Loans Approved by Microlenders (\$000) (Non-Recovery)	Output	\$ 33,100	\$ 32,300	\$ 31,100	\$ 34,923	31,532	\$ 55,965		\$ 65,000	\$ 43,931
Loan Approved by Microlenders (\$000) (Recovery)	Output	DNA*	DNA*	DNA*	5	13,514	10,962		DNA*	DNA*
Total Loans Approved by Microlenders (\$000)	Output	\$ 33,100	\$ 32,300	\$ 31,100	\$ 34,928	\$ 45,046	\$ 66,927	-33%	\$ 65,000	\$ 43,931
Businesses Counseled (#) (Non-Recovery)	Output	2,545	2,489	2,682	2,757	9,976	9312		6,500	2,385
Businesses Counseled (#) (Recovery)	Output	DNA*	DNA*	DNA*	0	4,940	6,084		DNA*	\$ 1,092
Total Business Counseled (#)	Output	2,545	2,489	2,682	2,757	14,916	15,396	-3%	6,500	3,477
USM - SB Assisted (#)	Output	2,588	2,522	2,770	2,792	9,976	NG*	NG*	4,500	3,500
Active Lending Partners (#)	Output	140	150	143	139	163	NG*	NG*	126	124
Cost per SB Assisted (\$)	Efficiency	\$ 6,626	\$ 7,126	\$ 6,855	\$ 10,983	\$ 16,223	N/A*	N/A*	\$ 4,188	\$ 4,710

Budgetary Resources	Budgetary Obligations Incurred					Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request
Total Resources (\$000) ⁽²⁾	\$ 15,870	\$ 17,294	\$ 18,385	\$ 29,895	\$ 61,568	\$ 19,266	\$ 16,378
Administrative Resources (\$000) (Non-Recovery) ⁽³⁾	\$ 15,870	\$ 17,294	\$ 18,385	\$ 29,895	\$ 33,686	\$ 19,266	\$ 16,378
Administrative Resources (\$000) (Recovery) ⁽⁴⁾	\$ -	\$ -	\$ -	\$ -	\$ 27,882	\$ -	\$ -

*DNA - Does Not Apply

*NG - New Indicator Not Goaled for FY 2010

*NA - Not Available

(1) Microloan results supported by Recovery Act provisions are segregated from total program performance. Recovery targets and results include all eligible activity since 2/17/2009 using Recovery Act funds.

(2) Prior to this year Prime Technical Assistance costs were not included in the Microloan Program. Prime Technical Assistance costs are now included in the Microloan Program costs. The prior years have been restated to reflect this.

(3) Non Recovery Funds - includes allocated overhead costs.

(4) Recovery Funds - does not include overhead costs.

Variance Explanation

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

Total Jobs Supported (7% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

Loans Approved by Microlenders (33% under target) - The amount estimated for FY2010 was significantly over estimated. Microloans generated by new funding generally lag by about 6 to 9 months in re-lending.

Total Business Counseled (3% under target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

FY 2010 Accomplishments

During FY 2010, the Microenterprise Development Branch, which administers the SBA Microloan program and the PRIME Grant program, provided approximately \$38.1 million to Microloan program intermediary lenders to provide business capital to microenterprises across the nation. By the end of FY 2010, those intermediaries had made approximately 3,800 microloans to microbusiness borrowers totaling approximately \$44.12 million.

The Agency continued work, started in late FY 2010, towards a summer 2011 goal of completing phase one of an improved data gathering, performance measurement, and portfolio management system to improve oversight and transparency, improve technical assistance and training data, and further mitigate risk.

FY 2012 Planned Performance

In FY 2011 and 2012, the SBA anticipates that, as successful small businesses repay their loans, increased numbers of microloan intermediaries will be able to “recycle” funding to new borrowers, enabling the SBA to fund more microbusinesses without having to award new direct loans to intermediaries. During FY 2012, the Agency anticipates that the Microloan program will continue to support the Strategic Goals by:

- expanding further into areas formerly underserved by the program;
- increasing efficiency in providing micro-level financing to individuals or entities that seek to start a business or expand a microbusiness that is in need of capital in the amount of \$50,000 or less and/or in need of business based technical assistance and training;
- continuing outreach to all markets in an effort to place loan capital into the hands of microbusinesses, creating employment and self-employment opportunities and strengthening the base of economic growth; and
- expanding the use of field office support to:
 - increase efficiency in the lender review and recommendation process;
 - ensure that selected lenders are relevant to the local small business community;
 - mitigate risk at the beginning of the process by selecting lenders that exhibit a high level of quality in serving the microbusiness community and in making and servicing microloans;
 - continue using field offices to help with closing loans to intermediary lenders, and;
 - increase SBA’s local presence with the microlenders by increasing the use of field offices to provide a greater number of on-site oversight visits, local training for intermediaries, and referrals of potential microborrowers. (A task force was formed in FY 2010 to address increased field office involvement and training of field office personnel.)
 - Increase penetration into defined demographic groups such as veterans.

Surety Bond Guarantee Program

Under the Surety Bond Guarantee program, the SBA guarantees bid, payment, and performance bonds on contracts up to \$2 million for small and emerging contractors who cannot obtain surety bonds through regular commercial channels. The Recovery Act temporarily increased the program’s \$2 million ceiling to guarantee bonds up to \$5 million, and in some cases up to \$10 million, through September 30, 2010. The SBA guaranty gives sureties an incentive to provide bonding for eligible contractors and thereby increases a contractor’s access to contracting opportunities. Under the surety guaranty, an agreement between a surety and the SBA, the Agency assumes between 70 percent and 90 percent of the loss in the event of contractor default.

Surety Bond Guarantee Program

Performance Indicator ⁽¹⁾	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Contract Value of Bid and Final Bonds (\$ Billions)	Output	\$ 1.73	\$ 2.25	\$ 2.45	\$ 2.76	\$ 4.00	\$ 3.50	14%	\$ 3.32	\$ 3.70
Total Bid and Final Bonds Guaranteed (#)	Output	5,214	5,809	6,055	6,135	8,348	7,200	16%	7,600	8,850
Jobs Supported (#) (Non-Recovery)	Outcome	4,560	4,764	4,638	4,053	\$ 13,655	6,100		6,400	14,900
Jobs Supported (#) (Recovery)	Output	*DNA	*DNA	*DNA	203	425	300		DNA*	DNA*
Total Jobs Supported (#)	Output	4,560	4,764	4,638	4,256	14,080	6,400	120%	6,400	14,900
Cost per Job Supported (\$)	Efficiency	\$1,536	\$1,454	\$951	\$1,152	\$439	DNA*	DNA*	\$897	\$426

Budgetary Resources	Budgetary Obligations Incurred					Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request
Total Administrative Resources (\$000) ⁽¹⁾	\$ 7,006	\$ 6,926	\$ 4,413	\$ 4,904	\$ 6,175	\$ 5,740	\$ 6,343

*DNA - Does Not Apply

(1) Administrative Resources does not include funds appropriated for the contingent liability in the revolving fund.

Variance Explanation

All Performance Indicators - Surety bond goals were exceeded because the Recovery Act strengthened the program, allowing more small businesses to obtain bonds. The SBA established these goals in FY 2008, prior to the Recovery Act strengthening the program.

FY 2010 Accomplishments

In FY 2010, the SBA guaranteed approximately 8,300 bid and final bonds representing a combined contract value of more than \$4 billion, a 44 percent increase over FY 2009. Complementing this increased bond activity, the number of surety company participants increased by approximately 32 percent during FY 2010. The SBA admitted five new companies to the Prior Approval program, and one new company to the Preferred Surety Bond program. Although program activity increased significantly in FY 2010, program cycle time performance goals were exceeded. The average bond guaranty application cycle time was 3.5 days, well below the goal of 4.5 days. The 13 day average claims processing cycle time was also well below the goal of 20 days.

The SBA permanently adopted the temporary size standard that was implemented under the Recovery Act. This size standard qualifies a concern as small if the concern, combined with its affiliates, does not exceed the size standard for the North American Industry Classification System code that corresponds to a primary industry of the concern together with any affiliates. Without this action, some small businesses that qualified for SBA bond guaranties under the Recovery Act would have been ineligible after September 30, 2010. Additionally, the SBA published a proposed rule that will allow small businesses greater access to bonding on timber sales contracts. This rule amends the definition of eligible contract and allows the SBA to provide performance bonds for federal, state, and local timber sales contracts. The SBA also published a rule that would implement the provisions of the Small Business Disaster Response and Loan Improvements Act (Farm Bill) that increases the contract dollar threshold for surety bond guaranty eligibility for contracts related to major disasters declared by FEMA.

FY 2012 Planned Performance

During FY 2012, the SBA will continue to work with the surety industry, SBA field offices, and the small business community to help ensure small businesses can obtain bonds and, in turn, compete for and receive contract awards. Program office efforts will focus on strengthening relationships with individual surety companies and the large network of bond agents and producers across the country in order to reach more small businesses in need of bonding. Among other outreach activities, the program office will participate in surety industry conferences in order to promote greater surety company and agent participation in the program. There will also be continued emphasis on adopting process improvements that will streamline the application requirements for small business and surety companies and their agents.



Small Business Development Center (SBDC) Program

The SBDC program has a strategic focus on assisting entrepreneurs and small business owners in the acquisition of capital. In 2010, SBDC clients reported that the counseling support they received from SBDC business advisors resulted in them obtaining more than \$3.8 billion in loans and equity infusion. Small businesses reported that 36 percent of this financing came from traditional bank financing and capital markets and 55 percent came in the form of equity contributions from angel investors, family, friends, and venture capitalists. SBA backed loans accounted for 19 percent of the capital raised by SBDC clients in 2010.

FY 2012 Planned Performance

The SBDC program will continue providing individualized business advice to small businesses. Linking their in-depth counseling to the sources of capital will be a critical factor in SBDCs being able to help clients obtain capital. The SBDC network will leverage relationships with the lending and investment community to support the capital acquisition needs of entrepreneurs with a goal of assisting clients in acquiring \$3.7 billion in financing.

Objective 1.2 — Ensure federal contracting goals are met and/or exceeded by collaborating across the federal government to expand opportunities for small businesses and strengthen the integrity of the federal contracting certification process and data

Contracting Assistance

The strength of the nation's economy is fortified when competitive and innovative small businesses are able to participate in the federal marketplace and provide solutions to the many challenges facing the federal government. The SBA works to increase the breadth and strength of the national industrial base and the number of jobs supported by the small business sector through its federal contracting programs. It assists other agencies in utilizing the skills and capabilities of small business, while helping small businesses grow stronger through federal contracting opportunities. The SBA works with federal agencies to help meet the goal of 23 percent of all eligible federal government prime contracting dollars going to small businesses, which is one of the Agency's High Priority Performance Goals.

The SBA provides contracting assistance through its prime contracting and subcontracting assistance programs, as well as its business development program. While each Office of Government Contracting and Business Development (GCBD) program has a very different objective, the programs' missions complement one another.

Prime Contracting and Subcontracting Assistance Programs

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

Prime Contracting Program ⁽¹⁾

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal	FY 2012 Goal
Fed Contract Dollars Awarded to SB (\$ Billion)	Output	\$ 78.0	\$ 83.0	\$ 93.0	\$ 96.8	\$ 90.0	8%	\$ 90.0	\$ 90.0	\$ 90.0
Fed Contract Dollars Awarded to SB (% of Total Applicable Federal Contract Dollars) ⁽²⁾	Output	22.8%	22.0%	21.5%	21.9%	23.0%	1.1%	23%	23%	23%
Contracts to Small Disadvantaged Businesses - 8(a) Program Participants (%) ⁽²⁾	Output	6.76%	6.58%	6.76%	7.57%	NA*	NA*	5.00%	5.00%	5.00%
Contracts to Women-Owned Small Businesses (%) ⁽²⁾	Output	3.41%	3.42%	3.39%	3.68%	NA*	NA*	5.00%	5.00%	5.00%
Contracts to Service-Disabled Veteran Owned Small Businesses (%) ⁽²⁾	Output	0.87%	1.01%	1.49%	1.98%	NA*	NA*	3.00%	3.00%	3.00%
Contracts to HUBZone Firms (%) ⁽²⁾	Output	2.11%	2.24%	2.34%	2.81%	NA*	NA*	3.00%	3.00%	3.00%
Jobs Supported (#)	Outcome	612,000	605,000	654,114	662,107	643,293	3%	637,156	637,156	637,156
Cost per Job Supported (\$)	Efficiency	\$ 30.81	\$ 32.80	\$ 36.94	\$ 36.60	NA*	NA*	NA*	\$ 60.23	\$ 54.06

Budgetary Resources	Budgetary Obligations Incurred				Budget Requests		
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request
Total Administrative Resources (\$000)	\$ 18,853	\$ 19,842	\$ 24,164	\$ 24,230	\$ 29,300	\$ 38,375	\$ 34,443

*N/A - Not Available

(1) FY 2010 data will not be available until 3rd third quarter FY 2011. Therefore, the SBA always goals against the prior year - FY 2009.

(2) This performance indicator has been identified as a High Priority Performance Goal (HPPG).

Variance Explanation

Fed Contract Dollars Awarded to SB (\$) (8% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.
Fed Contract Dollars Awarded to SB (#) (1.1% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.
Jobs Supported (3% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

Three contracting programs specifically target underserved markets and underserved populations. Therefore, the 7(j), 8(a) and HUBZone programs appear under Objective 1.6.

FY 2010 Accomplishments

Because of the nature of and requirements associated with federal procurement, the FY 2010 results are not available until the third quarter of FY 2011. However, during this period, the results for federal contracts with funds provided under the Recovery Act exceeded the statutory goals for small businesses, small disadvantaged businesses, service-disabled veteran owned small businesses, women owned small businesses, and HUBZone businesses.

SBA Administrator Mills co-chaired, along with the Secretary of Commerce and the Director of the Office of Management and Budget, the Presidential Task Force on Small Business Contracting. The task force submitted short-, medium- and long-term solutions for increasing small business participation in federal government contracting.

The SBA contracted for a study to analyze all aspects of the procurement center functions in order to maximize the use of these resources.

The SBA also remained committed to continued and effective oversight and program management. The Agency set up a structure to run its wide array of government contracting and business development programs efficiently and effectively, while minimizing fraud, waste, abuse and mismanagement. In particular, GCBD examined and streamlined its certification process to ensure that eligible small businesses can participate in the 8(a) and HUBZone programs; and it conducted, with the help of SBA's Office of Field Operations, HUBZone site visits to ensure that firms participating in the program are eligible and compliant with program regulations. GCBD also conducted 8(a) annual reviews of 8(a) firms that have a community development component, such as CDCs and tribally-owned firms, to ensure their

compliance with requirements. It also managed the protest process for small businesses and service-disabled veteran-owned small businesses.

FY 2012 Planned Performance

During this period the SBA will continue to work with the Office of Federal Procurement Policy and federal agencies on improving data quality and minimizing fraud, waste and abuse. In addition, the SBA will continue to work with federal agencies to ensure small businesses get their fair share of government contracting opportunities.

The SBA will continue to enhance existing tools to assist federal agencies in meeting the federal government-wide prime and subcontracting small business statutory procurement goals, which is one of the Agency's High Priority Performance goals.

Additionally, by FY 2012, the SBA will have implemented many of the provisions of the Small Business Jobs Act of 2010. The SBA requests \$4 million for follow-on work to implement recommendations from the Interagency Task Force on Federal Contracting Opportunities for Small Businesses, such as new mentor-protégé programs, technology enhancements and workforce training.

Objective 1.3 — Strengthen SBA’s entrepreneurial education, counseling and training resources to help create new businesses and support the needs of existing businesses by successfully focusing on core program resources and ensuring these resources are aligned with the needs of both Main Street and high-growth small businesses

Counseling/Management and Technical Assistance

Each year, over a million entrepreneurs and small business owners use the expertise of the SBA and its principal resource partners – the small business development centers, women’s business centers and SCORE – to establish or grow a small business. This assistance includes support for developing business and strategic plans, conducting market studies, implementing new technologies, accessing capital, and much more.

SBA’s Office of Entrepreneurial Development will continue a customer-focused approach to improving the effectiveness of its management, technical assistance, and counseling programs at all stages of the small business cycle, and referring qualified small businesses to SBA lending and contracting programs.

SBA’s Office of Veterans Business Development will continue to partner with and grow the Entrepreneurship Boot Camp for Veterans With Disabilities Consortium of Universities, manage the development and delivery of the V-WISE program for women veterans and the Endure and Grow program for Reserve Component members and their families, and will continue to manage the Veteran Business Outreach Center program specifically for veterans and members of the military community and their spouses.

The SBA provided \$8 million in PRIME grant funding to support expansion of and improvements in training and technical assistance to microenterprises and potential microbusiness owners. The funds are for technical assistance infrastructure capacity building; and for research and development in the field of microenterprise development.

Small Business Development Center Program

As SBA’s largest non-finance program, small business development centers (SBDC) provide services to help entrepreneurs create viable businesses and sustain and grow established businesses. SBDCs deliver management and technical assistance to small businesses using an extensive business education network comprised of 63 lead centers managing 900 outreach locations throughout the U.S. and the insular territories. SBDCs deliver professional counseling and training in key management areas such as strategic planning and development, as well as financial planning and cash flow management, to more than 580,000 business clients annually. Special emphasis areas include aiding innovation and high-growth companies with Small Business Innovative Research (SBIR) grants, commercialization and technology transfer, and export tools and guidance. Nine SBDCs are now accredited Small Business Technology Development Centers with more special emphasis centers in the pipeline for 2011. SBDCs assist with disaster recovery efforts, contracting, energy efficiency, veterans’ assistance, and manufacturing.

SBA grant funding to small business development centers brings together a unique mix of SBA, state and private sector financial resources. Through this funding model, SBDCs across the country foster the economic growth of small businesses that in turn advance local and regional economic development through the generation of business revenue, job creation and job retention.

SBDC Program

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Long-Term Counseling Clients (#) ⁽¹⁾	Output	N/A*	53,736	53,557	58,468	59,247	60,000	-1%	61,000	54,000
SB Created (#) ⁽¹⁾ (Non-Jobs Bill)	Outcome	N/A*	7,331	12,730	12,543	14,065	7,500		12,500	12,400
SB Created (#) ⁽¹⁾ (Jobs Bill)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*		800	3,200
Total SB Created	Outcome	N/A*	7,331	12,730	12,543	14,065	7,500	88%	13,300	15,600
Capital Infusion (\$ Millions) (Non-Jobs Bill)	Outcome	N/A*	\$ 3,400	\$ 3,600	\$ 3,489	\$ 3,780	\$ 2,500		\$ 3,500	\$ 3,500
Capital Infusion (\$ Millions) (Jobs Bill)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*		\$ 200	\$ 800
Total Capital Infusion	Outcome	N/A*	N/A*	N/A*	N/A*	\$ 3.8	\$ 2.5	51%	\$ 3,700.0	\$ 4,300.0
Jobs Supported (Jobs Bill)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	11,000	44,000
Cost per Job Supported (\$) (Jobs Bill)	Efficiency	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	\$ 1,120	\$ 1,120
Cost per SB Created (\$)	Efficiency	N/A*	\$ 13,810	\$ 8,757	\$ 10,366	\$ 9,117	N/A*	N/A*	\$ 5,577	\$ 4,357

Budgetary Resources	Budgetary Obligations Incurred					Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request
Total Administrative Resources (\$000)	\$ 103,007	\$ 101,241	\$ 111,481	\$ 130,020	\$ 128,232	\$ 130,139	\$ 119,257

*N/A - Not Available

(1) The methodology for measuring this indicator changed in FY 2010. Prior years, FY 2006 - FY 2009, have been adjusted for this change.

Variance Explanation

Long-Term Counseling Clients (1% under target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

SB Created (88% over target) - FY 2010 goals were set in anticipation that a poor economy would decrease demand for services. Other SBA loan programs, including the Recovery Act funds, helped drive clients to SBDCs for unanticipated assistance with new business creation.

Capital Infusion (51% over target) - FY 2010 goals were set at FY 2009 goals in anticipation that the recession would greatly affect the ability of small businesses to obtain credit and capital. However, SBDCs were proactive in marketing their assistance and were successful in helping businesses obtain capital. SBDCs were also active in promoting SBA's Recovery Act loan assistance, which helped increase end of year totals.

FY 2010 Accomplishments

In support of SBA's objective to grow businesses and create jobs, during FY 2010 the Office of Small Business Development Centers (OSBDC) administered \$113 million dollars in grant funds to the SBDC network to strengthen the delivery of entrepreneurial counseling and training. SBDC business advisors helped more than 13,639 entrepreneurs start new businesses. This averages about 37 new businesses per day. The SBDC national network provided counseling services to approximately 107,741 nascent entrepreneurs and 104,817 existing businesses and training services to approximately 379,794 clients.

While SBDC clients accounted for approximately 4 percent of SBA's 7(a) and 504 loan approvals, more than 80 percent of SBDC clients were able to acquire capital from banks and conventional lenders as well as angel investors and venture capitalists. SBDC business advisors have become a valuable resource for lenders and borrowers seeking non-government guaranteed loans.

The SBA provided \$3.4 million to: promote green energy, green buildings and green job growth; provide assistance to veterans and communities affected by defense cutbacks; and reach out to communities that were negatively affected by industry cutbacks and closures.

FY 2012 Planned Performance

Recognizing the catalytic role of technology-based and high-growth small businesses, the SBA, through OSBDC will encourage more SBDC business counselors to become ASBDC (Association of Small

Business Development Centers) certified technology counselors. Likewise, SBA will continue to encourage SBDCs to attain the status of “small business technology development center” to meet the business assistance demands of this business sector. To further the strategic goal of ensuring that core resources are aligned with the needs of Main Street and high-growth small businesses, SBDCs will help entrepreneurs turn their ideas and concepts into new business ventures. The SBA will continue to support SBDCs seeking to expand their capacity to provide exporting assistance to small businesses.

In FY 2012, SBDC performance will be tied to two sources – core funding and the Small Business Jobs Act (SBJA) grants. Using SBJA money, SBDCs will provide in-depth business advice to small businesses that will leverage this support to create and retain an additional 44,000 jobs. Also, as a result of the SBJA funding, it is anticipated that SBDCs will help entrepreneurs create 3,200 new businesses. While total combined outcomes for the two funding sources will increase from previous levels, core funding for the SBDC program is expected to decrease in FY 2012 and, correspondingly, the performance expectations for the core program have been adjusted to reflect the lower level of business assistance that will be available to entrepreneurs.

During FY 2007, new goals were established that center on quality and economic impacts rather than volume of program outputs. In FY 2010 the SBA assessed and analyzed the program performance measurements. Based on its evaluation, the office made an adjustment to the performance measures used to drive program results, with a focus towards increasing emphasis on providing in-depth business advising and creating greater alignment throughout the program.

The SBA will continue to evaluate the work performed through the special grants for portable assistance, veterans' services, and energy efficiency to identify areas of improvement to ensure that special grants are administered most effectively and efficiently.

SCORE

SCORE's volunteer cadre of business professionals donated more than 1.2 million hours of experience, mentoring, business knowledge and advice to America's entrepreneurs online and through 368 chapters nationwide. SCORE adapts its structure and services to meet the needs of small business in ever-changing economic conditions.

SCORE grants are an SBA program. The annual appropriation provides volunteer recruitment, training and support, equipment and leases, technology, management systems, marketing materials and course development necessary for a successful broadband volunteer provider network.

SCORE

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
SB Assisted (#)	Output	308,710	336,411	360,559	380,357	407,240	349,867	16%	349,867	419,000
SB Created (#)	Outcome	N/A*	1,082	943	931	1,077	1,082	-0.5%	1,082	1,080
Cost per SB Assisted (\$)	Efficiency	\$ 54.85	\$ 29.13	\$ 29.36	\$ 23.46	\$ 29.97	N/A*	N/A*	\$ 32.04	\$ 31.19

Budgetary Resources	Budgetary Obligations Incurred					Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request
Total Administrative Resources (\$000)	\$ 16,932	\$ 9,799	\$ 10,586	\$ 8,922	\$ 12,205	\$ 11,209	\$ 13,067

*N/A - Not Available

Variance Explanation

SB Assisted (16% over target) - Demand for services exceeded initial expectations during FY2010 Recovery; goals adjusted upward for FY2011 and FY2012

SB Created (0.5% under target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

FY 2010 Accomplishments

Helping businesses survive in challenging times was a target in FY 2010. SCORE chapters and mentors increased community outreach and added recession-focused training workshops. Other recovery efforts included workshops in disaster preparation and planning, winning business contracts generated by the federal economic stimulus efforts, and advice on taking advantage of new SBA-backed financial options. Additionally, new start up ventures were a feature of workshops, combined with mentoring between sessions intended to help potential small business owners reach a “go-or no-go” decision.

SCORE continued to innovate with online technology and resources for entrepreneurs. More than 3.2 million people visited the SCORE website, www.score.org. Fast and easy access to online advice is provided through a network of 1,200 mentors with over 600 distinct business and functionality skills sets. SCORE also launched an online client community filled with SCORE experts who participate in discussions and answer questions. Other online connections include eNewsletters, social media, a YouTube channel and topical live webinars. The SCORE Women’s Success Blog, which won an Interactive Media Award for Outstanding Achievement in 2009, is part of SCORE’s service to women, who comprise more than 48 percent of all clients.

In FY 2010 SCORE’s online workshops providing training to entrepreneurs continued to experience significant growth. Online workshop participants increased by 28 percent from FY 2009. SCORE’s unique blend of face-to-face counseling and training coupled with online business advising and workshops reached a total of 407,240 clients.

Recognizing that increased access and use of broadband is critical to business growth and sustainability, SCORE launched a public/private partnership with the SBA, the Federal Communications Commission and technology providers to furnish technology training and tools for small businesses, particularly those in low income areas. The benefits to small business will include: free mentoring from experts with backgrounds on various broadband applications, regional training events to introduce broadband to small businesses, online “how-to” tools/strategies for e-commerce and high speed success, and information on digital literacy and online webinars.

FY 2012 Planned Performance

In FY 2012 SCORE will continue to focus on client service and expansion. One emphasis will be recruitment of new volunteers, including outreach, marketing and materials.



SCORE plans to implement volunteer certification. The new certification will feature a core training program for all volunteers along with specific modules for mentors, workshop instructors, and leaders. Additionally, SCORE will begin work on designing a new chapter re-chartering process whereby SCORE chapters will undergo a bi-annual accreditation process to ensure that all chapters are meeting SCORE's operating guidelines.

SCORE plans to launch a certified business plan program which will allow SCORE volunteers to certify a client's business plan in meeting certain criteria. SCORE will work with banking partners and the SBA to ensure the clients with certified business plans receive favorable consideration in loan underwriting. The goal is to help clients with access to capital in order to start or expand their businesses.

Broadband will remain a high priority during the next few years. Broadband training across the United States which was launched in FY 2011 will continue via regional events. In FY 2012, online courses across topics such as broadband, search engine optimization, social media, and ecommerce will be launched nationally.

Women's Business Ownership Program

The Office of Women's Business Ownership (OWBO) has management and oversight authority of the Women's Business Center (WBC) program. The program's mission is to provide quality counseling and training services to all entrepreneurs, primarily women, and serves many who are socially and economically disadvantaged. The program does this by reaching out to established and aspiring entrepreneurs through more than 100 nonprofit organizations that host the WBCs. Located throughout most of the U.S. and its territories, WBCs help start and grow small firms in the local areas in which they serve to stimulate economic growth. WBCs provide training, counseling, and mentoring on a vast array of topics, ranging from basic training on how to write a business plan to more specific areas such as training programs on federal procurement or programs designed specifically for veterans. Many WBCs provide multilingual services, and a number offer flexible hours allowing for mothers with children to attend training classes.

The WBC program provides initial grants for a five-year period to nonprofits that can demonstrate the capability to operate a successful WBC and are able to provide match for the federal funds received, 2:1 for the first two years and 1:1 thereafter. The program previously gave those entities which successfully completed this initial funding phase an opportunity to receive what were called sustainability grants for an additional five years. In 2007 Congress passed a law providing for permanent 3-year renewable funding for all WBCs which have successfully completed the initial phase or the sustainability phase. Because of the permanent 3-year funding, the sustainability grants will be phased out by FY 2012, leaving the initial 5-year grants with the continuous 3-year renewable option.

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

WBC Program

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
SB Assisted (#)	Output	129,373	146,828	159,879	155,383	160,735	135,000	19%	135,000	137,750
SB Created (#) ⁽¹⁾	Outcome	N/A*	618	727	727	689	618	11%	618	590
Cost per SB Assisted (\$)	Efficiency	\$ 170	\$ 139	\$ 142	\$ 143	\$ 139	N/A*	N/A*	\$ 177	\$ 166
Budgetary Resources		Budgetary Obligations Incurred					Budget Requests			
		FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request		
Total Administrative Resources (\$000)		\$ 22,033	\$ 20,432	\$ 22,744	\$ 22,166	\$ 22,373			\$ 23,957	\$ 22,905

*N/A - Not Available

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

Variance Explanation

SB Assisted (19% over target) - The goal had been flatlined for FY 2010 because funding had also been flat. However, five new centers were added in 2009. These centers would have been fully operational by 2010, leading to the increase over the 2009 actuals.
SB Created (11% over target) - The goal had been flatlined for FY 2010 because funding had also been flat. However, the number of business starts had decreased from prior years in part because of the economic conditions in early 2010.

FY 2010 Accomplishments

Managed growth — OWBO positioned itself to continue a strategy of managed growth for the WBC projects in order to bring about compliance to strengthen those WBCs already in existence. The economic downturn has impacted many WBCs in that they are experiencing economic difficulty meeting the match requirements. Due to the availability of funds and because of some center closures in FY 2009, OWBO issued two requests for proposal (RFP) for new WBC projects in six states and territories that did not have such services. Using this strategy, OWBO was able to award five new grants, including awards in two states that had not recently had a WBC program. A pre-award financial examination was conducted in early FY 2011 for all of the new centers. This practice is helping to ensure the viability and sustainability of new centers as they enter the program.

In March, OWBO issued an RFP for 26 centers to enter their first round of renewal grants. OWBO issued work plans for continued funding of over 80 existing WBCs that are in options years. The work plans were received on July 1, 2010. Each work plan consisted of a new detailed budget for the upcoming year as well as program milestones to be achieved, among other items. OWBO instituted an overall goal of 135,000 business clients to be counseled and trained in FY 2010. The WBCs counseled and trained more than 160,000 clients by the end of FY 2010.

In April, OWBO conducted procurement training for over 150 staff of the WBCs. This training was designed to help the WBCs have a better understanding of federal procurement so that they in turn can assist their clients to engage in the federal procurement process. This training not only helps expand the capacity of services offered by the WBCs but should create more opportunities for small business entrepreneurs to engage in federal contracting.

Grant management — OWBO continues to streamline the grants management process including a mid-year reconciliation of payments. This process reduces improper payments while helping to mitigate financial risks to the program. OWBO also conducted 40 financial examinations of WBC programs. These are described in greater detail under Objective 2.3.

FY 2012 Planned Performance

In FY 2012, OWBO will continue to use the Department of Health and Human Services payment system. This system has been a cost effective way to process payments while freeing up staff to focus on the performance management and oversight of the WBCs, building relationships with the WBC program directors as well as the district office technical representatives. As OBWO continues to refine the grants management process, this allows staff to focus more on delivery of services.

FY 2012 will re-evaluate milestones established for WBCs to ensure that they are focused on stronger performance and higher impacts. Analysis for these milestones will happen in FY 2011. Based on the number of WBCs in the program and availability of funds, it is anticipated that WBCs will train and counsel 137,750 clients.

In FY 2012 OWBO will complete the baseline financial examinations of all WBCs and will institute a risk-based approach to financial examinations. These exams are described in greater detail under Objective 2.3

SBA's Distance Learning Portal

SBA's distance learning portal (currently named the Small Business Training Network) offers free online business courses to small business clients as accessed via SBA's website. These free online courses have been used by a growing number of aspiring or current business owners and feature emerging topics along with traditional business planning resources. The Office of Entrepreneurship Education (OEE) works with multiple SBA program offices and intergovernmental task groups to offer targeted online training. Such collaborations have been very effective in increasing the of number training clients, complementing the work of specific offices, and controlling costs for expanded service delivery. OEE seeks to expand service for distance learning on new emerging platforms that increase access to these valuable resources and improve tracking of customer enrollment.

FY 2010 Accomplishments

In FY 2010, over 530,000 small business clients enrolled in and benefitted from distance learning courses offered by the SBA. In addition, assessment tools designed to evaluate client needs and lead them to Agency resources continued to be popular. Approximately 165,000 clients completed such assessment tools during the fiscal year. Additionally, dedicated web resources for special audiences such as teen entrepreneurs, training publications users, and others were accessed by 250,000 web visitors in FY 2010.

In FY 2010, the top five online courses were: (1) How to Prepare a Business Plan; (2) Finance Primer; (3) Women's Contracting Guide; (4) Need a Job? Consider a Home-based Business; and (5) Recovery Contacts – How to Win Federal Contracts. In addition, new courses were created for targeted audiences that support small businesses such as Going Green (business options for new energy opportunities), a Guide to Exporting, and Social Media for Business.

FY 2012 Planned Performance

OEE will continue to feature targeted training to support SBA program offices, resource partners, and small business clients. Continuous electronic improvements are planned especially in the areas of client assessments, use of the social web, and the development of focused training to support industry and demographic clusters. In addition, the expanded training environment will include a coordinated online library that will feature electronic workbooks that support the training.

Drug Free Workplace Program

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

FY 2010 Accomplishments

During fiscal year 2010, the DFWP grantees:

- financially assisted 1,256 small businesses;
- technically assisted 1,341 small businesses;
- assisted small businesses to implement 130 complete drug free workplace programs; and
- assisted small businesses to implement 250 partial drug free workplace programs.

FY 2012 Planned Performance

The SBA has proposed that this program be eliminated.

Emerging Leaders

The Emerging Leaders initiative accelerates SBA's delivery of products and services in underserved markets to inner city (urban) and Native American small businesses with high growth potential. Each senior executive received more than 100 hours of specialized training that focused on networking and education and included a three year strategic growth action plan with benchmarks and performance targets to help them emerge as self sustaining businesses that create jobs and build communities.

Over 600 small businesses in urban and Native American markets have benefited from this training since its 2008 inception; 319 small businesses recently completed the 2010 training. The impacts reported by the participants are: created 500 new jobs in 2009; obtained nearly \$10 million in new financing; 52 percent of the businesses reported an increase in revenue; over \$112,000,000 in new government contracts were secured; and businesses grew customer sales valued at more than \$7 million through the initiative.

FY 2010 Accomplishments

In an effort to strategically expand SBA products and services in underserved markets, the Office of Entrepreneurship Education continued the Emerging Leaders initiative to drive counseling and training resources to inner-city centers. FY 2010 marked the third installment of this initiative. By successfully providing intensive and comprehensive training to executives, participating firms and local host organizations (including SBA district offices) were able to expand the initiative to host 10 urban markets and, working with the Office of Native American Affairs, 12 Native American communities, bringing the total to 22 communities nationwide. As of the FY 2010 cycle, more than 650 urban executives from leading firms will have completed the intensive training.

FY 2012 Planned Performance

To continue this program and build on its success, \$3 million is requested for a broader Emerging Leaders program that sustains existing delivery sites, adds more city delivery sites and more than doubles assistance to business owners. This program will involve establishing a consistent and proven training program based on the best practices that have been under development. Also, it will involve strategic recruitment of firms that are poised for growth, innovation, job creation, and economic impact, including those involved in SBA's business development programs.

The Emerging Leaders curriculum will be led by expert trainers, counselors and mentors who help entrepreneurs explore strategies for growth, such as opportunities in exporting, opportunities in government contracting, leveraging new technologies, business-to-business networking, venture capital opportunities, introductions to resource partners, and more.

Objective 1.4 — Ensure that SBA’s disaster assistance resources for businesses, homeowners, and renters can be deployed quickly, effectively and efficiently

Disaster Assistance

The Small Business Administration is the federal government’s primary source of money for the long term repair and rebuilding of disaster damaged private property for homeowners, renters, businesses of all sizes and private nonprofit organizations affected by disasters. Whether a disaster is declared by the President for individual assistance or by the SBA Administrator, SBA disaster loans cover the entire non-farm private sector. The Disaster Assistance loan program is the only form of SBA assistance that is not limited to small businesses.

In addition to providing money for physical damage, the SBA also provides working capital in the form of Economic Injury Disaster Loans (EIDLs) to small businesses and private nonprofit organizations. Acting as the federal government’s disaster bank for disaster victims as required in Section 7(b) of the Small Business Act, the SBA is responsible for providing affordable, timely and accessible low-cost, low-interest loans to disaster victims.

By providing disaster assistance in the form of loans, SBA disaster loans help reduce federal disaster costs compared to other forms of assistance, such as grants. The disaster loans are a critical source of economic stimulation in disaster-ravaged communities and help generate employment and stabilize tax bases by protecting jobs. Small businesses in particular are helped by a stronger customer base and revitalized communities. By providing integrated assistance, the SBA increases the effectiveness of this federal assistance.

Depending on the severity and magnitude of a disaster, the SBA deploys resources, both within and outside its Office of Disaster Assistance (ODA), and coordinates with the Federal Emergency Management Agency, the Department of Housing and Urban Development, the Internal Revenue Service, other federal, state and local government entities, and the private sector to leverage its resources and respond accordingly.

The SBA’s Office of Disaster Assistance leads the Agency in overseeing one of the Agency’s High Priority Performance Goals, which is to process 85 percent of home loan applications within standard and 85 percent of business and EIDL loan applications within standard. In addition, the Office of Field Operations, including its 69 offices around the country, assists with “on the ground” efforts.

On average, the Agency makes disaster loans totaling nearly \$1 billion each year and has an active portfolio of about \$8 billion.

Disaster

Loan Volume Over 5 Years	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual
Loan Applications Processed (#)	Output	441,631	34,401	50,184	96,643	42,465
Loans Approved (#)	Output	137,803	13,716	15,128	21,780	15,356
Cost per Loan Application Processed	Efficiency	\$ 4.07	\$ 17.84	\$ 5.19	\$ 3.23	\$ 5.86
Cost per Loan Approved	Efficiency	\$ 13.03	\$ 44.75	\$ 17.22	\$ 14.33	\$ 16.19

Disaster Assistance

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Disasters Having Field Presence Within 3 Days (%)	Output	100%	100%	100%	100%	100%	95%	5%	95%	95%
Loans With Initial Disbursements Within 5 Days of Loan Closing (%)	Output	55%	94%	99%	100%	100%	95%	5%	95%	95%
Home Loans Processed Within Standard (%) ⁽¹⁾	Output	22%	97%	94%	94%	100%	85%	15%	85%	85%
Business Loans Processed Within Standard (%) ⁽¹⁾	Output	14%	93%	91%	81%	99%	85%	14%	85%	85%
EIDL Loans Processed Within Standard (%) ⁽¹⁾	Output	38%	89%	89%	84%	100%	85%	15%	85%	85%
SB Sustaining Economic Injury That Remain in Operation 6 Months After Final Disbursement (%)	Outcome	77%	80%	92%	90%	91%	77%	14%	79%	79%
SB Sustaining Physical Damage that are in Operation 6 Months After Final Disbursement (%)	Outcome	74%	62%	69%	57%	61%	60%	1%	65%	65%
Homeowners That Completed Eligible Disaster Repairs Within 6 Months of Final Disbursement (%)	Outcome	61%	58%	71%	70%	91%	77%	14%	79%	79%
Renters that Completed Eligible Repairs Within 6 Months After Final Disbursement (%)	Outcome	65%	68%	73%	70%	85%	84%	1%	84%	84%
Customer Satisfaction Rate for Approvals (%)	Outcome	57%	66%	65%	72%	74%	71%	3%	71%	71%
Customer Satisfaction Rate for Declines (%)	Outcome	N/A*	N/A*	N/A*	41%	33%	41%	-8%	41%	41%

Budgetary Resources	Budgetary Obligations Incurred				
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual
Total Resources (\$000)	\$ 1,795,488	\$ 613,825	\$ 260,496	\$ 312,174	\$ 248,669

Budget Requests	
FY 2011 Request	FY 2012 Request
\$ 242,929	\$ 220,570

*N/A - Not Available

(1) This performance indicator has been identified as a High Priority Performance Goal (HPPG)

Variance Explanations

Disasters Having Field Presence Within 3 Days (5% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.
Loans With Initial Disbursements Within 5 Days of Loan Closing (5% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.
Home Loans Processed Within Standard (15% over target) - Limited disaster activity allowed the Office of Disaster Assistance to exceed loan processing goals.
Business Loans Processed Within Standard (14% over target) - Limited disaster activity allowed the Office of Disaster Assistance to exceed loan processing goals.
EIDL Loans Processed Within Standard (15% over target) - Limited disaster activity allowed the Office of Disaster Assistance to exceed loan processing goals.
SB Sustaining Economic Injury That Remain in Operation 6 Months After Final Disbursement (14% over target) - Actual performance impacted by types and severity of disaster declarations seen in FY 2010.
SB Sustaining Physical Damage that are in Operation 6 Months After Final Disbursement (1% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.
Homeowners That Completed Eligible Disaster Repairs Within 6 Months of Final Disbursement (14% over target) - Actual performance impacted by types and severity of disaster declarations seen in FY 2010.
Renters that Completed Eligible Repairs Within 6 Months After Final Disbursement (1% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.
Customer Satisfaction Rate for Approvals (3% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.
Customer Satisfaction Rate for Declines (8% under target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

The following three contextual indicators are presented to provide context to the indicators which have been identified as High Priority Performance Goals. They are: **Home Loans Processed Within Standard (%)**, **Business Loans Processed Within Standard (%)**, and **EIDL Loans Processed Within Standard (%)**.

Contextual Indicator	FY 2006 Standard	FY 2007 Standard	FY 2008 Standard	FY 2009 Standard	FY 2010 Standard	FY 2011 Standard	FY 2012 Standard ⁽¹⁾
Average Time to Process Home Applications (Days)	14	12	10	14	14	14	18
Average Time to Process Business Physical Applications (Days)	18	17	16	18	18	18	21
Average Time to Process EIDL Applications (Days)	18	17	16	18	18	18	21

(1) The processing standards for home and business loans were increased due to reduced staffing in FY 2012 that will result in longer processing times based on normal disaster activity.

FY 2010 Accomplishments

In FY 2010, the SBA approved 15,356 disaster loans for \$574 million.

The Office of Disaster Assistance launched an ELA (electronic loan application) website in August 2008 to expand its outreach. Disaster victims now may apply for disaster loan assistance at their convenience using any computer connected to the Internet. The website is accessible to the public from SBA's main website, www.sba.gov. The ELA simplifies the application process and speeds delivery of assistance to those eligible home or business loan applicants who choose to use it. In FY 2010 the SBA accepted 11,290 applications electronically, which is 28 percent of the total applications accepted.

The Office of Disaster Assistance continued a comprehensive campaign to improve the responsiveness and efficiency of its operations. The goal is to re-engineer and enhance the consistency and responsiveness of the Agency's end-to-end disaster loan process and improve the productivity and quality of work by staff to disaster victims.

During FY 2010 the SBA continued to work with other federal agencies to implement the Disaster Assistance Improvement Plan (DAIP) as required by the President's Executive Order 13411. The order requires that federal agencies create a single application that fulfills the information requirements of all applicable federal disaster assistance programs. As a federal partner included in the requirement, the SBA must provide program application content, data elements, identify funding requirements and sources, modify disaster assistance systems to interface with the DAIP, and provide ongoing program and technical support. The SBA participated in weekly meetings in FY 2010 and met the goals set by the order.

ODA is actively engaged in mapping projects to identify and implement streamlined and more effective operations at its processing and disbursement center in Ft. Worth, Texas. Based on mapping that had been done previously, ODA continues to implement streamlined operations at the personnel and administrative servicing center in Herndon, Virginia.

Additionally, to help small businesses with preparedness planning, the SBA has teamed up with Agility Recovery Solutions to encourage small businesses to take the necessary steps to protect their employees, important records and their business assets. The SBA and Agility have partnered to co-sponsor the "Prepare My Business" website that is a useful tool for small business owners engaged in disaster planning and preparedness.

FY 2012 Planned Performance

It has become routine practice for ODA to build upon the lessons that it has learned as a result of past disasters. ODA continues to reevaluate and re-engineer business processes to meet the ever changing needs of the disaster victims it serves. The implementation of changes to office operations will be ongoing, and the changes will result in a more efficient operation to process major disaster declarations and enhance customer service.

The proposed level of funding is required to administer the Disaster Assistance loan program and to continue to participate in DAIP. ODA will maintain a trained staff sufficient to respond to normal disaster activity and be prepared for catastrophic disaster declarations. The cost of being prepared is included in the budget. However, the SBA has proposed to reduce its fulltime staff by 150 (from 1,000 to 850). This action, along with some reduction in operating costs, will result in savings of about \$8 million.

ODA is looking to the future to help mitigate future disaster damage by promoting disaster preparedness. The SBA provides preparedness information on its website that includes emergency planning for disasters. The Agency will continue to work with its partners to educate individuals and businesses in disaster prone areas on what can be done to mitigate damages and what must be done after a disaster to minimize the impact of the disaster.

SBDC small business advisors and trainers will continue to augment the Agency's efforts to help small businesses recover from disaster. Partnering with SBA's disaster assistance team, FEMA and state and local recovery efforts, SBDC will provide staff to help advise impacted businesses on the immediate issues impacting the businesses as well as the strategic adjustment that may be necessary as a result of the disaster.

Objective 1.5 – Strengthen SBA’s relevance to high-growth entrepreneurs and small businesses to more effectively drive innovation and job creation through both the Agency’s existing programs as well as new initiatives

Research by SBA’s Office of Advocacy and others⁷ shows that not only do small businesses drive the majority of net new job creation in the economy, but that this new job creation is disproportionately concentrated in a smaller number of high-growth firms or gazelles.

The SBA is committed to growing its existing programs that serve these firms as well as targeting new initiatives that serve this critical part of the economy.

Small Business Innovative Research Program

SBA’s Small Business Innovation Research (SBIR) program has helped small businesses develop innovations to meet the research and development needs of the federal government and then commercialize those innovations in the marketplace. In addition to helping meet federal research and development needs, the SBIR program can advance American innovation and competitiveness in the broader economy.

In order to fulfill a high-priority performance goal (#4) for the SBA, the FY 2010 Budget provided \$2 million to improve data collection from SBIR projects, which will allow the Agency to continue to refine performance metrics for the SBIR program. In addition, the increased funding will strengthen oversight and help develop best practices that maximize commercial potential of new innovations.

FY 2010 Accomplishments

In FY 2010, the SBA provided oversight to the SBIR and Small Business Technology Transfer (STTR) programs. During FY 2009 (program annual reports compiled and reported in FY 2010), the program delivered approximately \$2.5 billion to innovative small businesses, an all time high. SBIR reported 5,809 awards totaling \$2.23 billion and STTR reported 843 awards totaling \$276 million. Funding for the Federal and State Technology (FAST) Partnership program in the amount of \$2 million was provided to 21 states. Funding and plans were put in place to make a major upgrade to the TechNet database system to improve performance metrics for both programs. Steps were taken to safeguard against fraud, waste and abuse.

In addition, in 2010 the SBA led an inter-agency effort designed to increase the effectiveness and the efficiency of the program. The effort focused on making the program more entrepreneur-friendly by:

- Streamlining and simplifying the program, including setting targets for turnaround times at agencies, and committing to publish those times in a fully transparent manner.
- Sharing best practices and increasing agency cooperation, to take effective ideas developed by individual agencies and replicate them more broadly. The committee identified specific practices on technology commercialization and matching funding programs that were rolled out to other agencies.

⁷ “The Future of Small Business Entrepreneurship: Jobs Generator for the U.S. Economy,” Brookings Institute, Policy Brief #175, June 2010.

- Improving performance management, including setting standardized performance metrics across agencies, and developing the specifications and securing a contractor for improvements to the TechNet database.

FY 2012 Planned Performance

The SBA will continue to grow the program with a focus on three critical areas:

- expanding outreach to attract the highest quality entrepreneurs to the program;
- improving commercialization rates among awardees by providing technical assistance, facilitating mentor relationships, and improving linkages with the private sector and financial community; and
- leveraging the performance management system as a data source to more aggressively identify and replicate best practices across agencies and to ensure that individual awardees are held accountable for performance.

Small Business Investment Company Program

The Small Business Investment Company (SBIC) program provides long-term loans and equity to small businesses, especially those with potential for substantial job growth and economic impact. SBICs are privately owned and managed investment funds that are licensed and regulated by the SBA. Funds use private capital plus funds borrowed with an SBA guaranty to make investments in qualifying small businesses. Over 300 SBICs have more than \$16 billion of capital under management. For FY 2012 the SBA requests \$3 billion in authority for the SBIC debenture program.

By increasing availability of growth capital to small businesses, the SBA is able to assist entrepreneurs during critical business phases from establishment through growth. This capital is generally longer term “patient” capital that is well suited to high-growth companies. This kind of financing is also critical in the current environment in which a tight credit market has limited the availability of capital for small businesses.

Small Business Investment Company Program

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
SB Assisted (#)	Output	2,121	2,057	1,905	1,481	1,331	1,150	16%	1,150	1,500
USM - SB Assisted (#)	Output	729	721	632	441	392	345	14%	345	390
Amount of Long-Term Capital Deployed (\$ in Billions) ⁽¹⁾	Output	2.90	2.65	2.43	1.86	2.05	2.40	-15%	2.60	2.80
Cost per SB Assisted (\$) ⁽²⁾	Efficiency	\$ 7,152	\$ 7,656	\$ 8,975	\$12,941	\$18,228	NA*	NA*	\$ 19,089	\$ 17,341

Budgetary Resources	Budgetary Obligations Incurred					Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request
Total Administrative Resources (\$000)	\$ 15,169	\$ 15,749	\$ 17,097	\$ 19,166	\$24,262	\$ 21,952	\$ 26,011

(1) This reflects totals for all SBICs, including those that are no longer approving new funds (i.e., participating securities and specialized SBICs) but that have funds still actively investing.

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

*NA - Not Applicable

Variance Explanation

SB Assisted (16% over target) - Number exceeded expectation as a result of the economy rebounding somewhat during 2010.
USM - SB Assisted (14% over target) - Number exceeded expectation as a result of the economy rebounding somewhat during 2010.
Amount of Long-Term Capital Deployed (15% under target) - Although numbers assisted exceeded expectation, the capital deployed resulted in smaller number than expected. This is a result of smaller financings per investment than estimated.

FY 2010 Accomplishments

In FY 2010, the Investment Division continued to support access to capital for small businesses. Over 1,300 small businesses were assisted through the SBIC program

During the year, the Investment Division laid the groundwork for strong growth of the core debenture program, delivering the highest level of program commitments – including both private and public capital – in the history of the program. The work has included simplifying operating procedures, expanding outreach to new funds, and defining a roadmap for an upgrade in technology. The division launched a Fast Track program, speeding up licensing times for new funds, and cutting in half the overall licensing time for all applicants. At the same time, the division approximately doubled the number of new licenses issued and increased the program commitments to over \$1 billion. The division has positioned the program for continued growth during FY 2011.

The division is also managing the wind down of the Participating Security program, which was ended in 2004. Given that funds typically have a 10-year life, the program will continue to wind down over the next three to four years.

FY 2012 Planned Performance

The SBA intends to continue focusing on improving customer service, particularly in the areas of licensing and the ongoing operation of funds on a daily basis. Goals are to continue the reduction in processing times previously achieved. Progress has been made in improving processing times in the Office of Operations and this focus will continue during FY 2012, particularly with respect to new leverage commitments.

The Agency will continue to look at methods of expanding the use of the debenture program, particularly in areas that have a positive social impact, such as women and minority managed funds and energy saving focused funds.

Two new initiatives will help achieve these goals:

Impact Investing Initiative — The SBA will work with the private sector to invest \$1 billion over the next five years in promising high-growth companies in underserved communities. Leveraging untapped authorization in the SBA's SBIC program, the SBA can provide a match to private capital raised by investment funds that are committed to place-based investing in low-moderate income areas, targeted sectors such as clean energy, and greater social impact such as job creation in distressed regions. This program would operate at no cost to the taxpayer.

Innovation Fund — Early-stage companies with high-growth potential face difficult challenges accessing capital as they jump to scale to meet the market's demands. They typically do not have the assets or cash flow for traditional bank funding. The gap is particularly acute for financing rounds between \$1 million and \$4 million. Over the past four years only six percent of all venture capital has been deployed in that dollar range. This gap is exacerbated geographically with more than two thirds of the seed stage financing occurring in three states — California, New York and Massachusetts — leaving only \$500 million deployed in businesses in the other 47 states. The Innovation Fund would also leverage the SBIC program to serve as a catalyst to private capital into this critical gap. The program would target deploying \$200 million per year of existing authorization into seed stage funds, matching private capital on a 1:1 basis, and deploying \$1 billion of leverage over a five year period. The program would make a targeted number of regulatory and policy changes to the existing debenture program to provide for early stage funds, and would operate at zero cost to taxpayers.

With the authority to issue up to \$3 billion in leverage commitments, the SBA will seek to enhance program acceptance in the marketplace and increase the number of funds licensed and the amount of leverage issued so as to improve capital access for small businesses across the country.

Regional Innovation Clusters

Creating jobs and growing regional economies is a critical priority for the Administration. Across the government, agencies are leveraging programs to better support local efforts that accomplish these goals. Regional Innovation Clusters are on-the-ground collaborations between business, research, education, financing and government institutions that work to develop and grow a particular industry or related set of industries in a particular geographic region. Often, these collaborations lead to accelerated development of new technologies and result in job creation and economic growth. Small business communities often struggle to find, understand and leverage the myriad of potential research partnerships, public programs, and industry opportunities that could jump-start or catalyze their growth to greater profitability. Concurrently, these same communities struggle to support, retain and grow specialized entrepreneurial talent that results in prosperity, job creation and economic growth.

FY 2010 Accomplishments

In FY 2010, the SBA developed and launched a Regional Innovation Cluster Initiative that focused on providing targeted assistance to help ensure that small businesses are supported in established regional clusters across the country. Clusters focusing on industry areas like defense technology, energy technology, and agriculture technology submitted offers to the SBA outlining how they would better support small businesses in their cluster areas through counseling, training, mentoring, networking and assistance with financing. Clusters targeted these efforts to developing small businesses in critical aspects of their cluster supply chains. The SBA worked with these communities to better support small businesses and to measure the outcomes of benefits to small businesses and the regional economy at large.

In FY 2010, the SBA provided nearly \$6 million in funding support for 10 regional economic clusters.



The 10 “Innovative Economies” awardees selected from among 173 applicants to participate in the pilot program represent diverse geographic areas and industries. From urban to rural and clean energy to agriculture technology, the applicants focused on supporting small businesses in their regional cluster industry areas, ensuring that small businesses are involved in research and commercializing new products by providing business training, commercialization and technology transfer services, counseling, mentoring and other services that support the growth and development of small businesses in the cluster region. Three of the ten awards were made specifically to clusters that focus on technology areas with defense applications. The SBA and the Department of Defense are working specifically with these clusters to streamline information flow about the types of technologies and needs that the Department of Defense has and the types of technologies and resources that the clusters are working to provide. For more information, see www.sba.gov/about-sba-info/regional-cluster-initiative

Additionally, as part of the Innovative Economies Initiative, the SBA worked in partnership with other federal agencies to support cluster initiatives. The SBA worked with seven agencies, including the Departments of Energy, Commerce, Labor and Education, breaking down barriers between government agencies, public, non-profit, and for-profit entities to support an inter-agency initiative aimed at incorporating economic development organizations, small businesses and workforce stakeholders into a Department of Energy HUB Grant for research in green building technology. The Greater Philadelphia Innovation Cluster won the award and is working to further interdisciplinary research into building energy efficiency technologies; support the commercialization of new energy efficiency technologies to generate new jobs and economic activity; develop new approaches to training and career development in the energy efficiency field; and craft new public policy approaches to reducing energy use. The SBA also worked with the Economic Development Administration at the Department of Commerce to support small business counseling and training as part of regional cluster efforts in the Space Coast community in Florida. The Agency also worked with the Environmental Protection Agency to link up regional small businesses with EPA’s water technology lab in Cincinnati, Ohio.

FY 2012 Planned Performance

Building on SBA’s experience in supporting Regional Innovation Clusters in FY 2009-2011, the SBA requests \$12 million to continue and further develop these initiatives that are creating jobs and developing businesses. Building from successful initiatives with established clusters, in FY 2012, the SBA will reach out to newer networks of businesses to help support clusters that are newly forming. The funding will support development of public private partnerships to develop Regional Innovation Clusters that create and sustain an environment for small business growth.

This funding will be used to establish a competitive grant program that will provide incentives for self-organized, market-driven regional cluster projects. Successful proposals will include public-private partnerships made up of economic and entrepreneurial development programs, leveraging resource partner relationships, business and industry partners, and training initiatives that demonstrate high growth potential through industry-specific collaborations and focus.

These projects will ultimately create an environment and roadmap for entrepreneurial education and support that eliminates resource silos and creates a path for targeted small business innovation, investment and growth.

International Trade Program

The SBA views exports as central to small businesses’ long-term sustainable prosperity, and is committed to executing the Administration’s plans to double U.S. exports via the President’s National Export Initiative (NEI) and create two million jobs by 2014. A major objective of the NEI is to improve inter-agency collaboration. SBA’s active leadership of the Small Business Working Group of the Trade Promotion

Coordinating Committee is evidence of growing inter-agency partnerships and concerted efforts targeted to expand the number of small business exporters and increase the volume of U.S. exports.

According to Department of Commerce data, 97 percent of all U.S. exporters are small businesses. The SBA estimates that in FY 2010 these businesses accounted for over \$600 billion in exports, equivalent to approximately 30 percent of the dollar value of all U.S. exports.

SBA's Office of International Trade (OIT) enhances the ability of small businesses to compete in the global marketplace; facilitates access to capital to support export trade; ensures that the interests of small business are considered and reflected in trade negotiations; and supports and contributes to the U.S. government commercial and economic agenda. It includes a headquarters development and management team of 15 that coordinates and collaborates with government, trade and nonprofit organizations, and a field-based export promotion and trade finance network of 18 senior international trade and finance specialists working in U.S. Export Assistance Centers across the nation. OIT also engages SBA field staff and resource partners who are involved in counseling small businesses to promote small business exporting. In addition, the Agency is involved in policy-oriented collaboration across federal government agencies to strengthen U.S. small business exporting and to advance U.S. international commercial, economic and diplomatic objectives.

On September 27, 2010, President Obama signed into law the Small Business Jobs and Credit Act of 2010 (SBJA), the most significant piece of small business legislation impacting the SBA's Office of International Trade (OIT) since its creation three decades ago. As it pertains specifically to OIT, the SBJA promotes small business exporting and, building on the President's National Export Initiative by providing:

- Higher Loan Limits: SBJA permanently increased the maximum size of 7(a) International Trade Loans and Export Working Capital Loans to \$5 million.
- Permanent Export Express: SBJA made the Export Express pilot loan program a permanent program with 90 percent guaranties for loans up to \$350,000 and 75 percent for loans between \$350,000 and \$500,000.
- State Trade and Export Promotion Grants Pilot Program: The statute appropriated \$30 million for 2011 and 2012 each for competitive grants for states to help small business owners start or expand exports.
- OIT restructure: The statute also directed the SBA to appoint an Associate Administrator reporting to the SBA Administrator, requires SBA staffing at U.S. Department of Commerce Export Assistance Centers across the country to increase from 18 to 30, directs staffing a regional export development officer at each of SBA's 10 regional offices, and directs a trade finance specialist to oversee international loan programs.
- Additional legislative directives relating to international trade include increasing inter-agency and intra-agency collaboration, conducting additional training and outreach, completing new studies and reports, promoting trade with rural small businesses, and setting cross-functional goals.

These SBJA provisions support OIT's mission to increase the number of small businesses that export and expand the volume of U.S. exports.

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

The SBA provides small businesses and lenders with training and technical assistance to support export financing.

International Trade Program

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Loans Approved (\$000)	Output	\$ 1,295,809	\$ 1,068,924	\$ 1,178,868	\$ 618,439	\$ 638,977	\$ 320,500	99%	\$ 400,000	\$ 450,000
SB Assisted (#)	Outcome	3,508	3,200	3,167	1,393	1,326	950	40%	990	1,100
Lenders Counseled/Trained (#)	Output	N/A*	N/A*	N/A*	N/A*	NG*	NG*	NG*	4,000	7,500
Cost per SB Assisted (\$)	Efficiency	\$ 1,227	\$ 1,643	\$ 1,312	\$ 3,345	\$ 6,045	N/A*	N/A*	\$ 5,276	\$ 7,525

Budgetary Resources	Budgetary Obligations Incurred					Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request
Total Administrative Resources (\$000)	\$ 4,304	\$ 5,258	\$ 4,154	\$ 4,660	\$ 8,016	\$ 5,223	\$ 8,277

*NA - Not Available
*NG - New Indicator Not Goaled for FY 2010

Variance Explanation

Loans Approved (99% over target) - Many small businesses were adversely impacted by the effects of the FY 2008 - 2009 credit crisis, which significantly reduced their access to capital. The lending community became averse to small business lending due to illiquidity and associated balance sheet risks. For FY 2009, the dollars of loans approved dropped 40% and incurred a 44% decline in small businesses assisted, compared to FY 2008. As a result, the Office of International Trade proportionately reduced its goals for these two production categories going forward into 2010.

However, as a result of the National Export Initiative and the American Recovery and Reinvestment Act's elimination of guaranty loan fees due from small business exporters and the increased guaranty portion for most loans, export transactions by U.S. firms increased at a moderate rate, which accounted for an approximately 10% increase in dollar value of exports. This heightened activity and improved willingness of lenders to avail their capital to small business exporters resulted in increased export working capital lending and assistance to small business exporters.

Small Businesses Assisted (40% over target) - Many small businesses were adversely impacted by the effects of the FY 2008 - 2009 credit crisis, which significantly reduced their access to capital. The lending community became averse to small business lending due to illiquidity and associated balance sheet risks. For FY 2009, the dollars of loans approved dropped 40% and incurred a 44% decline in small businesses assisted, compared to FY 2008. As a result, the Office of International Trade proportionately reduced its goals for these two production categories going forward into 2010.

However, as a result of the National Export Initiative and the American Recovery and Reinvestment Act's elimination of guaranty loan fees due from small business exporters and the increased guaranty portion for most loans, export transactions by U.S. firms increased at a moderate rate, which accounted for an approximately 10% increase in dollar value of exports. This heightened activity and improved willingness of lenders to avail their capital to small business exporters resulted in increased export working capital lending and assistance to small business exporters.

FY 2010 Accomplishments

The OIT identified four strategic goals supporting small business exporting and international small business development.

1. ***Assist U.S. small businesses to compete in the global marketplace*** — In FY 2010 OIT created and supported programs to motivate small businesses and increase their capacity to export. OIT led the development of a comprehensive government-wide marketing campaign in collaboration with the Trade Promotion Coordinating Committee agencies. The joint marketing plan served as the foundation for a variety of approaches used to reach new-to-exporting and new-to-market small businesses. Collaborative efforts include continual updating of the www.export.gov website and creation of new materials to educate small businesses about exporting. An initiative to create local export outreach teams to identify potential small business exporters began in July. A successful pilot conference and matchmaking event for small businesses and export management and export trading companies was held in September. An introductory exporting course was launched on SBA's website. A series of podcasts was launched to promote export opportunities to Africa and the Middle East. OIT undertook a significant upgrade to the international trade webpages on www.sba.gov, making it easier for small businesses to find the tools and resources needed to begin or expand exporting. These webpages contain links to export partner agencies to prepare, connect, and support small businesses interested in exporting or expanding their exports. Links include www.export.gov, www.opic.gov, www.ustda.gov, www.exim.gov, and www.fas.usda.gov. The SBA encourages small businesses to go first to www.export.gov/begin to register, assess the small business' readiness for exporting, and start the process of building their export business.

2. Facilitate access to capital — Outreach to lenders to increase participation in SBA export loan programs was a priority. The SBA hosted lender roundtable discussions and provided training to lenders to ensure that, when small businesses are ready to export, capital will be available to support marketing products and services to foreign countries and transactions. The SBA targeted community lenders as a new source of capital for small businesses. Four new export working capital loan program lenders became SBA export preferred lenders, allowing them to complete the loan paperwork without SBA finance specialists' involvement. The result is more time for the finance specialists to market SBA export loan programs to additional lenders and promote exporting to small businesses and resource partners in their regions. At present, OIT has 10 preferred lenders.

Numbers for FY 2010:

- 3,693 lenders received export financing training
 - 3,594 lenders counseled on export financing
 - 9,065 small businesses trained on trade financing
 - 5,935 small businesses counseled on trade financing
 - total number of loans: 1,474
 - total dollar amount of loans: \$638,976,600
 - total dollar amount of SBA guarantees: \$550,719,115
 - average guaranty: \$374 thousand
 - total export sales: \$1.22 billion
3. Provide the small business perspective and contribute to the U.S. international commercial agenda — Through an inter-agency agreement, OIT is supporting the State Department's Middle East Partnership Initiative, working with the Ministries of Industry and Commerce in Oman, Bahrain, Tunisia and Qatar and their relevant small to medium enterprise (SME) agencies to support the growth and development of women entrepreneurs by strengthening and expanding government SME programs. The SBA believes that building sustainable systems that will assist MENA (Middle East North Africa) entrepreneurs will in turn expand US trading partners and ultimately, U.S. exports.

The SBA signed an agreement with Oman, Tunisia and Bahrain (Qatar in progress), and conducted training for representatives of Oman and Bahrain on SBA's model financial and entrepreneurial development programs. This training is helping them develop their own loan guaranty and entrepreneurial development programs.
 4. Improve efficiency and program effectiveness — OIT capitalized on the expansive network of SBA district offices and resource partners to identify potential small business exporters. OIT provided two training sessions to district office staff on export development and financing.

FY 2012 Planned Performance

Export promotion and finance — The SBA will continue to actively lead the Small Business Working Group of the Trade Promotion Coordinating Committee and collaborate with federal agencies, state and local resources, SBA-affiliated resource partners and other stakeholders in trade promotion and finance, and national and community banks to ensure that small business exporters receive support to drive U.S. innovation and global competitiveness.

To meet export promotion objectives, target audiences will include providers of goods and services. Target audience segmentation will focus on small businesses new-to-exporting and expanding beyond one country.

The Agency will heighten awareness of its programs, services, and resource partners among small business exporters and lenders who might engage in small business export financing. Performance



metrics to track production, outputs and outcomes, and additional training for SBA staff will be further refined to ensure success. Coordination and collaboration with SBA field offices and resource partners will be instrumental in achieving success.

The SBA will work with resource partners to conduct small business outreach events focused on stimulating interest in and enthusiasm for exporting among small businesses, to include those owned by women, veterans, and the socially and economically disadvantaged. These partners will also inform small businesses of programs and services that can help facilitate their participation in trade.

The Agency will continue to collaborate with the Trade Promotion Coordinating Committee to provide training to the SBDC network's international trade technical assistance personnel during the Association of Small Business Development Centers' annual conference. This continued collaboration with resource partners will also involve collaboration with state and local governments and stakeholders that are involved in trade promotion activities. The OIT will work with the Office of Small Business Development Centers to expand the quantity and quality of SBDC business advisors and international trade centers to aid small businesses with their export strategies.

OIT will investigate and employ new technologies to streamline, strengthen and increase accessibility to SBA programs and services to support exporting, particularly in the area of training. A new online interactive export business plan development tool will be launched in FY 2011.

OIT will pursue co-sponsorships with private sector companies which will enhance SBA's ability to provide education and information in new and innovative ways.

International commercial, economic and diplomatic agenda—The SBA will support Presidential initiatives such as the Summit of the Americas by continuing to advance the summit deliverable, "Small and Medium Enterprises Congress of the Americas on International Trade." The SBA will again participate in the Americas Competitiveness Forum to prepare micro, small and medium-sized businesses to effectively engage in international trade.

The Agency will support the U.S. government's efforts in several interagency/multilateral organizations, such as Africa Growth and Opportunity Act, Asia Pacific Economic Cooperation (APEC), Middle East Partnership Initiative (MEPI), and the Organization for Economic Development and Cooperation (OECD). Work will continue with the U.S. engagement with African nations. The SBA plans to arrange for training and to participate in the trade and investment framework agreements, which are lead-ups to full trade agreements between the U.S. and countries in Africa. The SBA will continue efforts to provide entrepreneurial development assistance to governments in the Middle East and North Africa under an inter-agency agreement with the Department of State for MEPI. The SBA will continue to represent the U.S. government in small business dialog with multi-lateral organizations such as APEC and the OECD.

Objective 1.6 – Strengthen outreach to under-served communities and under-served populations

This Objective is a continuation/subset of Objective 1.1 (access to capital); Objective 1.2 (federal contracting); and Objective 1.3 (counseling and training). All the programs in the aforementioned Objectives and everything that is expected to be accomplished in the Objectives are applicable here. However, the focus is primarily on underserved markets which, for many of the programs in Objectives 1.1, 1.2 and 1.3, are a small subset of their overall programs. Where the programs support both a more general small business objective and an underserved markets objective all indicators and goals are shown in the applicable full Objective discussion. The programs that specifically target underserved markets, and are only in this section, are 7(j), veterans, Native Americans, 8(a), HUBZone and faith-based and neighborhood partnerships.

Capital Assistance

Underserved Markets

Programs	Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Goal	FY 2010 Actual	FY 2011 Goal	FY 2012 Goal
7(a)	USM - SB Assisted (#)	Output	60,042	61,780	43,699	24,096	25,500	25,679	24,800	25,500
504	USM - SB Assisted (#)	Output	5,972	6,520	5,613	3,956	3,500	4,384	4,800	5,000
Microloan	USM - SB Assisted (#)	Output	2,588	2,522	2,770	2,792	NG*	NG*	4,500	3,500
SBIC	USM - SB Assisted (#)	Outcome	729	721	632	441	345	392	345	390

*NG - Not Goaled

Microloan Program

The SBA Microenterprise Development Branch, in partnership with the Association for Enterprise Opportunity, strengthened outreach to organizations that serve underserved populations and communities. This resulted in increased loan making to Microloan program intermediaries and increased loan making to microbusiness borrowers. Importantly, current economic conditions are creating a trend toward increased expenditures in technical assistance as opposed to lending, making this type of organizational capacity building critical. (For a full discussion of the Microloan program, see Objective 1.1)

Office of International Trade

Section 1207 of the Small Business Jobs and Credit Act of 2010 requires the SBA to establish a three-year State Trade and Export Promotion pilot program where the SBA will make competitive grants to states to carry out export programs that increase the number of small businesses that export and to increase the volume of U.S. exports. Among other considerations, the SBA may give priority to states whose grant applications promote exports by socially or economically disadvantaged, women-owned, and rural small business concerns.

Counseling/Management and Technical Assistance

Small Business Development Centers

SBDC networks will be encouraged through grant agreements to increase collaboration with local ethnic and community groups, immigrant organizations and other stakeholders, and to support economic growth of low- and moderate-income communities and rural and underserved populations. Participation at ASBDC conferences and special interest meetings that focus on technology, strategic planning, and service delivery through online resources will highlight this effort as will the specialty grants administered through OSBDC. (For a full discussion of the SBDC program, see Objective 1.3)

Women's Business Center Program

Women's business centers provide quality counseling and training services to all entrepreneurs, primarily women, and especially those who are socially and economically disadvantaged. The program does this by reaching out to targeted populations of would be entrepreneurs through 110 non-profit organizations that host the WBCs. Located throughout most of the U.S. and the territories, WBCs exist to help start and grow small firms in the local areas in which they serve to stimulate economic growth. WBCs provide training, counseling, and mentoring on a vast array of topics, ranging from basic training on how to write a business plan to more specific areas such as training programs on federal procurement or programs designed specifically for veterans. Many WBCs provide multilingual services. The WBC program also accommodates the needs of women by offering training and counseling on weekends and evenings. (For a full discussion of the WBC program, see Objective 1.3)

Native American Affairs

The Office of Native American Affairs (ONAA) ensures that American Indians, Alaska Natives, and Native 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. ONAA works in coordination with other program offices within the Agency to assist in formulating policies specific to Native populations. The program engages in outreach, technical assistance and education, formulates and administers training programs, and coordinates entrepreneurial development opportunities through co-sponsorship agreements with entities and other federal agencies. Programmatic funding is used to implement projects that support the economic development interests of American Indians, Alaska Natives, and Native Hawaiians by meeting the objectives of providing increased entrepreneurial development opportunities, increased capital access opportunities, and contracting opportunities for the stakeholder populations.

Native Americans Affairs

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Number of NAA Owned Companies Assisted	Output	N/A*	N/A*	N/A*	1,181	3,116	2,600	20%	3,000	3,200
Cost per Owned Companies (\$)	Efficiency	N/A*	N/A*	N/A*	\$4,428	\$1,638	N/A*	N/A*	\$ 1,380	\$ 1,649

Budgetary Resources	Budgetary Obligations Incurred					Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request
Total Administrative Resources (\$000)	\$3,590	\$4,181	\$5,012	\$5,230	\$5,104	\$ 4,139	\$ 5,278

*N/A - Not Applicable

Variance Explanation

Number of NAA Owned Companies Assisted (20% over target) - In FY 2010 ONAA increased its outreach markedly and engaged in an aggressive SBA/ONAA marketing initiative through multiple channels.

FY 2010 Accomplishments

Projects

Emerging Leaders Initiative – In 2009, the Agency launched this nationwide project to provide firms with high growth potential with the network, resources and motivation required to build a successful business within a designated geographic area. In 2010, the Office of Native American Affairs provided funding to expand Emerging Leaders into 12 Native American communities in support of SBA’s ongoing effort to increase entrepreneurial and job opportunities in underserved areas.

Native American Veterans Outreach Project – The project targets Native American veterans, disabled veterans and Reserve National Guard members. It provides outreach, education and technical expertise on how to address the challenges of starting a business in Indian Country.

Technology Transfer Project – This project is designed to enhance the ability of tribal colleges and universities to create small technology-based business opportunities on American Indian reservations. Technology transfer can result in new firms and spin-off businesses, job creation, retention of qualified people in the area, and an increase in community assets.

Tribal Consultation

ONAA serves as the office on record for the implementation, reporting, and Agency compliance monitor for Executive Order 13175. In accordance with the executive order ONAA developed the Agency’s first American Indian and Alaska Native Policy and Tribal Consultation Plan and submitted it to the Office of Management and Budget for review.

ONAA conducted two official tribal consultations on the Agency’s proposed changes to the 8(a) Business Development program.

Co-Sponsorships

Reservation Economic Summit and American Indian Business Trade Fair (RES) 2010 – ONAA supported the National Center for American Indian Enterprise Development’s annual conference by providing a presenter and facilitator for a session on access to capital. ONAA also participated in the trade fair as an exhibitor.

4th Annual Heritage and Cultural Tourism Conference – ONAA and the Sitka Tribe of Alaska co-sponsored workshop sessions on business development as it pertains to cultural tourism.

American Indian Alaska Native Tourism Association (AIANTA) – In accordance with the terms of a multi-year MOU (2008-2012), ONAA and AIANTA will co-sponsor a portion of the 2010 American Indian Tourism Conference, including the business development track and the Internet Café. The conference will explore how tribal economic development best practices and tourism programs, dedicated to cultural integrity and its perpetuation, enhance business development strategies.

Procurement Training Workshops – ONAA, DOI/OIEED and five Native American procurement technical assistance centers are co-sponsoring a series of procurement training workshops. The five workshops provide procurement information and technical assistance to tribal and individual small businesses interested in pursuing federal procurement opportunities.

Impact numbers – In FY 2009 ONAA met with 18 tribal leaders, 22 tribally owned firms, and provided outreach to 1,141 contacts through trade shows and conferences.

FY 2012 Planned Performance

The Office of Native American Affairs will continue outreach to Native American tribes and Native American entrepreneurs both on reservations and in urban settings. ONAA will use the existing tribal colleges and universities structure to engage rural tribal communities. ONAA's goals are to: continue implementation of E.O. 13175 through the SBA tribal consultation policy; engage with tribally run economic development branches and governments; continue a Native American veteran's outreach initiative to increase their use of Patriot Express and counseling services; and, conduct specific marketing and communications strategy for engaging the tribal community with the end goal being a measurable increase in the use of all SBA tools, products, and services. .

Center for Faith-based and Neighborhood Partnerships

The Center for Faith-based and Neighborhood Partnerships was established to make SBA programs and services more accessible by faith-based and community organizations and to strengthen their ability to build awareness of these programs to support and expand entrepreneurship in the communities they serve. The Executive Order that establishes this initiative states that “faith-based and other neighborhood organizations are vital to our nation's ability to address the needs of low-income and other underserved persons and communities.” These organizations have traditionally been outside the business mainstream. By increasing knowledge and access to SBA resources, this office can help ensure that these community groups become an integral part of the nation's economic recovery and part of the resilience of the communities they support.

FY 2010 Accomplishments

The Center for Faith-based and Neighborhood Partnerships took advantage of a variety of venues – panels, conferences and one-on-one meetings – to build awareness of SBA's programs with faith-based and neighborhood organizations. Through these encounters, the center established contacts and relationships with a number of leading organizations such as Catholic Charities, the Urban League, Campaign for Human Development, the Alliance for Families and Children, American Arab Anti-Discrimination Committee, Breaking Ground, Sacred Places, ICIC, Korean Churches for Community Development, American Arab Chamber of Commerce, and Idea Village, to name a few.

Following this original outreach and assessment of needs, the center began to establish new policy statements and goals to reach its charter mission. As part of this process it was able to begin identifying

potential microloan intermediary candidates. Prior to the center's involvement, microloan intermediary certification had been limited to secular non-profits.

Finally, the center worked collaboratively with the White House and other agencies to represent the SBA on several task forces, including the Presidential Summit on Entrepreneurship.

FY 2012 Planned Performance

The Center for Faith-based and Neighborhood Partnerships will continue marketing to these organizations to further understanding of SBA's programs and services. A target of an additional four new faith-based and community microloan intermediaries has been established. The center will continue to strengthen its relationship with the SBA district offices and encourage their support in this mission.

The center will establish a database of organizations contacted and develop a list of best practices to be used to further involve these organizations in SBA programs. Staff will continue to speak on panels, participate in conferences and have one-on-one meetings to further the center's mission.

Veterans Business Development

Through its Office of Veterans Business Development (OVBD), the SBA promotes veterans' small business ownership by conducting comprehensive outreach, through program and policy development and implementation, ombudsman support, coordinated Agency initiatives, and direct assistance to veterans, service-disabled veterans, Reserve and National Guard members, and discharging active duty service members and their families. This is accomplished through: funded SBA district office outreach; OVBD-developed and distributed materials; websites; DOD, DOL and university partnering; agreements with regional veteran's business outreach centers; direct guidance, training and assistance to Agency veteran customers; inter-agency assistance with federal partners; and through enhancements to intra-agency programs used by the military and veteran communities.

Veterans Affairs

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Veterans Assisted (#)	Output	26,597	66,045	93,545	122,901	131,523	80,000	64%	100,000	110,000
Customer Satisfaction (%)	Outcome	88%	84%	85%	89%	85%	89%	-4%	89%	89%
Cost per Veteran assisted (\$)	Efficiency	\$ 135	\$ 63	\$ 54	\$ 43	\$ 49	N/A*	N/A*	\$ 78	\$ 65
Budgetary Resources	Budgetary Obligations Incurred					Budget Requests				
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request			
Total Administrative Resources (\$000)	\$ 3,590	\$ 4,181	\$ 5,012	\$ 5,230	\$ 6,402	\$ 7,849	\$ 7,138			

*N/A - Not Applicable

Variance Explanation

Veterans Assisted (64% over target) - The variance can be attributed to increased internal marketing that resulted in increased outreach participation by SBA district offices, and to an increase in the number of VBOCs participating in the program. In FY 2010 the number of VBOCs increased by 100% from 8 to 16.

Customer Satisfaction (4% under target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance

FY 2010 Accomplishments

OVBD enhanced veteran, service member and reservists' business ownership opportunities through a variety of activities. The total number of veterans counseled and trained during FY 2010 was 131,523 from OVBD program initiatives and activities. The Associate Administrator conducted 35-40 major media interviews and OVBD staff provided E-based assistance to an additional 3,326 veterans and reservists seeking entrepreneurial, financial and procurement guidance and direction. OVBD developed a service-disabled veteran federal contracting officer "letter packet" for use in securing enhanced contracting opportunities in the federal marketplace. OVBD provided 207 public presentations and training events to enhance veterans' understanding of and access to SBA programs and partners to improve access to broader federal contracting opportunities, initiatives, and programs for veterans and for service-disabled veterans. OVBD also referred veterans to SBA district offices and resource partners for locally based training, workshops and assistance.

As a result of a meeting between the Administrator and the VA Deputy Secretary, an "interagency working group" was established to discuss veteran issues that were of mutual interest. The working group met five times during FY 2010 to discuss and make improvements on such issues as: small business contracting goals; service-disabled veteran contracting goals; the VA's unique veteran contracting authority; protest adjudication for veteran and service-disabled veteran small businesses; certifications of status; women veteran opportunities; and, general data sharing and improvements in the respective websites to improve coordination of available information and to drive veterans to the appropriate resource for assistance.

The Interagency Task Force on Veterans Small Business Development was created by Executive Order 13540. The purpose of the task force is to coordinate the efforts of federal agencies to improve capital, business development opportunities and achieve pre-established federal contracting goals for small business concerns owned and controlled by veterans and service-disabled veterans. The task force is chaired by the SBA Deputy Administrator and its members include representatives from Treasury, Defense, Labor, Veterans Affairs, OMB, General Services Administration, the SBA and four non government members.

The SBA Office of Veterans Business Development entered into two cooperative agreements with Syracuse University. The first is the Entrepreneurship Boot Camp for Veterans with Disabilities which is designed to leverage skills, resources, and infrastructure of higher education to offer cutting edge, experiential training in entrepreneurship and small business management to veterans with disabilities resulting from their military service in Iraq and Afghanistan. The program opens doors to opportunities to veterans by creating and sustaining an entrepreneurial venture. The consortium, currently operating at seven universities, includes prominent business schools and is expected to grow to nine members. The SBA's role is one of support, which facilitates the recruitment of program participants, university participants, and professional staff, tracking and monitoring of performance, and providing referrals to and from SBA and our partners.

The second cooperative agreement is part of the larger SBA cluster initiative and provides two complementary entrepreneurship training programs designed for women veterans and for Reserve Component members of the U.S. military and their families.

OVBD funded an independent study on gaps in the availability of Veterans Business Outreach Centers (VBOC) pursuant to Public Law 110-186, Section 106. The law directed the SBA Administrator to sponsor an independent study on gaps in the availability of Veterans Business Outreach Centers across the United States, to inform decisions on funding and on the allocation and coordination of resources

OVBD expanded its district office veterans outreach initiative whereby OVBD funds various district office outreach activities, training events and conferences for veterans, reservists and discharging service members to start, grow or restart small business concerns. In FY 2010, OVBD provided \$107,119 to 28



SBA district offices for this targeted outreach, coordination and assistance to 85,812 veterans and reservists and at a cost of \$1.25 per participant. Through this initiative, the veteran business development officers built relationships with and coordinated outreach and training with hundreds of local partners. With an anticipated investment of less than two dollars per veteran, in FY 2010 the SBA reached 85,812 veteran entrepreneurs, a 138.16 increase over FY 2009.

OVBD-funded Veteran Business Outreach Centers conducted their fifth annual Customer Satisfaction Survey in FY 2010. The centers surveyed one percent of their total veteran customer population of 485 clients. The return rate was 84 percent, or 408 clients, and was considered a relatively high return rate. The FY 2010 survey revealed 85 percent of the clients using the centers were satisfied or highly satisfied with the quality, relevance and timeliness of the assistance provided. Clients evaluating the centers gave 85 percent ratings for the training programs provided and 85 percent ratings for program evaluation. In FY 2010, the number of VBOCs increased from eight to sixteen centers. This was a significant enhancement to SBA veterans' outreach services. These centers provide outreach, counseling, training and directed access referrals to veteran and reservist entrepreneurs nationally.

In FY 2010, OVBD continued to enhance procurement opportunities across the federal marketplace for service-disabled veteran-owned small business and veteran-owned small business, consistent with the requirements of the President's Executive Order No.13360. In FY 2010, training was provided to almost 4,000 SDVOSB's and 150 contacting officers in five different agencies. OVBD continued distribution of veteran's entrepreneurial resource material "kits" to state offices of the DOD National Committee for Employer Support of the Guard and Reserve, to DOD military family support centers, to state National Guard Adjutants Generals, to state departments of veterans affairs, to all SBA program and partner offices, and to 71 veterans service organizations. In FY 2010 59,335 "kits" were requested by and distributed to resource partners nationally. OVBD also produced and distributed the *VETGazette* to more than 8,100 veterans, Agency employees and veteran's organizations. These publications provide timely information on federal procurement opportunities and other SBA programs for veterans, reservists and transitioning active duty personnel.

OVBD outreach, coordination, and program and policy development resulted in approximately 200,000 veterans, service-disabled veterans, reservists, discharging service members, their family members, and external program partners using SBA services and programs in FY 2010.

FY 2012 Planned Performance

For FY 2012, the SBA plans to continue making special efforts to reach and inform veterans, service-disabled veterans, Reserve Component members, and discharging service members about the availability of all business counseling, training, lending and contracting programs available from federal and state governments. An integral part of the operating plan will be the results from the ongoing study of gaps in the VBOC Program, which was required pursuant to Public Law 110-186, the Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2008. In addition, OVBD will continue to develop and distribute information guides and educational packages such as the veteran's resource guides, service-disabled veteran-owned business owners' procurement fact sheets, pre and post mobilization business planning guides, women veteran resources, Military Reservist Economic Injury Disaster Loan fact sheets and other targeted program fact sheets, PowerPoint presentations, and the *VETGazette* electronic newsletter.

OVBD will continue to manage the Veteran Business Outreach Center program, the District Office Veterans Outreach Initiative, the Entrepreneurship Boot Camp for Veterans With Disabilities, the V-WISE program for women veterans, the Endure & Grow program for Reserve Component members and their families, and other coordination and program development activity within the SBA and with external federal and private partners.

The Agency continues with its implementation of Public Law 110-186 to expand outreach to and develop small business assistance programs for veterans of the armed forces and military reservists.

Implementation actions include:

- A plan to manage and maximize the Veteran Business Outreach Centers, as well as their scope of assistance and services.
- Continue the efforts of the Interagency Task Force on Veterans Small Business Development, which is comprised of federal agencies and veteran and military organizations, to coordinate administrative and regulatory activities to improve access to capital, improve capacity, improve training and counseling services and improve federal contracting goal achievements for veterans and service-disabled veterans.
- Working with the SBA Advisory Committee on Veteran Business Affairs to develop a long-term strategic plan to support veteran and reservist small business owners.
- Developing a site on sba.gov to provide comprehensive access to any veteran or reservist seeking information regarding the full range of government related resources supporting successful veteran entrepreneurship, including Department of Labor transition assistance programs and workshops nationwide.
- Coordinating with and continuing to assist the Office of Small Business Development Centers to implement their grant-based veterans' assistance and services program.
- Continuing and expanding the SBA district office veterans outreach initiative to more locations, using OVBD-developed materials and expanding OVBD funding to this highly successful initiative.
- Developing and distributing more tools in support of achieving the three percent federal contracting goal for service-disabled veteran owned small businesses and best efforts goal for veteran owned small businesses.
- Working with Agency partners, including coordination with the Secretary of Defense Yellow Ribbon Reintegration Program, the National Committee for Employer Support of the Guard and Reserve, the Department of Labor Assistant Secretary for Veterans Employment and Training Advisory Committee on Veterans Employment, Training and Employer Outreach, and the Department of Veterans Affairs Vocational Rehabilitation and Employment Service office and Office of Small Disadvantaged Utilization to ensure that veterans, disabled veterans, reservists, service members and their spouses are aware of and have access to the full range of SBA and other programs and services.
- Continuing to support SBA's outreach to and cooperation with university-based veteran's entrepreneurial training programs, student veteran groups and emerging networks of recently discharged veterans using GI Bill benefits.
- Continuing to support the VBOC program at least at the FY 2010 level, re-establishing the Veterans Entrepreneur Training Program, and working within the Agency to ensure that veterans receive special consideration in new programs developed as part of the Executive Order and related Interagency Task Force. For instance, the FY 2010 non-credit appropriation for OVBD was \$2.5 million, which represented an increase of \$1.2 million above the FY 2009 funding level and resulted in significant expansion of the VBOC Program.

OVBD will continue to use and explore potential strategic alliances with other federal, state, private and not-for-profit partners to help reach the millions of veterans, reservists, active military personnel and their spouses, including already successful veteran business men and women.

7(j) Program

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

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

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

7(j) Program

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
SB Assisted (#)	Output	2,317	2,486	2,021	2,865	3,480	2,400	45%	3,550	3,200
Cost per SB Assisted (\$)	Efficiency	\$ 988	\$ 1,344	\$ 2,356	\$ 1,703	\$ 1,574	N/A*	N/A*	\$ 1,894	\$ 1,790
Budgetary Resources		Budgetary Obligations Incurred					Budget Requests			
		FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual			FY 2011 Request	FY 2012 Request
Total Administrative Resources (\$000)		\$ 2,289	\$ 3,340	\$ 4,761	\$ 4,880	\$ 5,478			\$ 6,723	\$ 5,727

*N/A - Not applicable

Variance Explanation

SB Assisted (45% over goal) - The SBA, under the 7(j) program, awarded four training contracts totaling \$1.5 million, ranging from \$310,000 to \$455,000; one grant for international trade technical assistance for \$250,000, and one Interagency agreement for \$150,000 to the Minority Business Development Agency of the Department of Commerce.

FY 2010 Accomplishments

During FY-2010, the SBA continued to provide technical assistance to over 2,000 8(a) firms and other 7(j) eligible businesses. The SBA established regional management and consulting services for 8(a) firms located in SBA regions I, II, IV, VI and VIII. Up to four contracts per region were awarded and will provide direct assistance to 8(a) companies in those areas. The individual training provided business management development using traditional classroom training to provide critical business solutions to 8(a) participants to bolster their ability to compete for and manage federal contracts, develop business

strategies, maximize e-commerce business opportunities, recruit, manage and retain talented staff, and access the capital necessary to grow and sustain business functions.

FY 2012 Planned Performance

During FY 2012, the SBA will provide business management technical assistance to 8(a) firms and other 7(j)-eligible firms. While the 7(j) program funding will be slightly reduced, the SBA will continue to ensure that 7(j) funds are used to provide targeted training to 8(a) firms in both the development and transition stages of the program. As has been the case for several years, 7(j) training is conducted by contractors at locations throughout the country to ensure the training is available to as many program participants as practicable.

In addition, the Agency intends to focus technical assistance on providing individualized counseling for 8(a) firms that have unique business development requirements. The purpose of this training is to ensure that all of the 8(a) firms receive the needed training in order to maximize their individual business management development needs.

Contracting Assistance

Women-Owned Small Business Federal Contract program:

The SBA issued the final rule on the Women-Owned Small Business Federal Contract program in October 2010. This program authorizes federal contracting officers to restrict competition to eligible women-owned small businesses and economically disadvantaged women-owned small businesses for federal contracts in certain industries. This program will enable contracting officers to set aside federal contracts for competition among these groups.

FY 2012 Planned Performance

The SBA will implement this program in FY 2011 and is committed to ensuring the program benefits flow to the intended recipients. The SBA requests \$1 million for implementation of this program, which requires the development and maintenance of a data repository as well as eligibility examinations and processing of protests to reduce fraud, waste and abuse.

8(a) Program

The SBA's Section 8(a) Business Development program provides various forms of assistance (management and technical assistance, government contracting assistance and advocacy support) to foster the growth and development of businesses owned and controlled by socially and economically disadvantaged individuals. The SBA assists these businesses, during their nine-year tenure in the 8(a) Business Development program, to gain equal access to the resources necessary to develop their businesses and improve their ability to compete on an equal basis in the mainstream of the American economy.

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

8(a) Program

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
SB Assisted (#)	Outcome	9,600	9,536	9,122	8,854	8,442	9,457	-11%	9,457	8,500
Cost per SB Assisted (\$)	Efficiency	\$ 3,081	\$ 4,320	\$ 5,678	\$ 5,925	\$ 6,730	N/A*	N/A*	\$ 7,024	\$ 7,480
Budgetary Resources		Budgetary Obligations Incurred					Budget Requests			
		FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Request	FY 2011 Request	FY 2012 Request		
Total Administrative Resources (\$000)		\$29,582	\$41,191	\$51,795	\$ 52,458	\$ 56,817			\$66,423	\$ 63,581

*N/A - Not Applicable

Variance Explanation

SB Assisted (11% under target) - The anticipated growth of the program was offset by premature program exits due to increased focus on reducing fraud, waste and abuse, as well as unfavorable economic conditions.

FY 2010 Accomplishments

The Mentor Protégé program allows 8(a) participant protégés to link up with more experienced companies in order to receive valuable mentoring assistance. Companies with approved mentor-protégé agreements are eligible to receive joint venture contracts. This experience enhances an 8(a) firm's capabilities and capacity, enabling it to achieve a higher level of growth. As part of its business development responsibilities, in FY 2010, more than 400 mentor-protégé agreements were in place.

The 7(j) program is the primary vehicle through which business development assistance is provided to 8(a) firms. During the FY 2010 the SBA established regional management and consulting contracts for 8(a) firms located in SBA Regions I, II, IV, VI and VIII. The contracts provide direct assistance to 8(a) companies in those areas.

FY 2012 Planned Performance

The SBA will continue to ensure that small businesses receive long-lasting business development opportunities. The Agency will ensure that internal controls and processes are in place to optimize program efficacy and provide training opportunities using both internal and external resources to develop skills.

The SBA will finalize its 8(a) regulations that were initially published in the Federal Register for comment on October 28, 2009. These regulation changes are the result of the first comprehensive review of the 8(a) program over a number of years. The rules cover a variety of areas of the program, including clarification of existing requirements, substantive changes that mirror existing or new legislation and, most importantly, changes to ensure that program benefits flow to the intended recipients.

HUBZone Program

The Historically Underutilized Business Zones contracting program (HUBZone) is the only federal contracting program that provides a contracting vehicle for firms located in the most disadvantaged geographical areas. This unique program encourages economic development, job creation and capital investment in the poorest areas of the country by providing sole-source and set-aside contracting opportunities and price evaluation preferences to firms who are HUBZone certified.

HUBZone Program ⁽¹⁾

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal	FY 2012 Goal
SB Assisted (#)	Output	5,044	2,833	3,218	701	3,900	-82%	4,000	2,000	2,250
Annual Value of Federal Contracts (\$ Billion)	Output	\$ 7.2	\$ 8.5	\$ 10.3	\$ 12.4	\$ 9.4	32%	\$ 12.0	\$ 12.0	13.0
Cost per SB Assisted (\$)	Efficiency	\$ 1,486	\$ 2,389	\$ 2,686	\$ 18,454	N/A*	N/A*	N/A*	\$ 6,051	\$ 8,127
Cost per Federal Contract Dollar (\$)	Efficiency	\$0.0010	\$ 0.0008	\$ 0.0008	\$ 0.0010	N/A*	N/A*	N/A*	\$0.0010	\$ 0.0014
Budgetary Resources		Budgetary Obligations Incurred				Budget Requests				
		FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request		
Total Administrative Resources (\$000)		\$ 7,496	\$ 6,767	\$ 8,644	\$ 12,936			\$ 16,969	\$ 12,101	\$ 18,285

*N/A - Not Available (FY 2010 data will not be available until FY 2011 3rd quarter.)
 (1) FY 2010 data will not be available until 3rd third quarter FY 2011. Therefore, the SBA always goals against the prior year - FY 2009.

Variance Explanation

<p>SB Assisted (82% under target) - In FY09 SBA began conducting a thorough business process re-engineering to establish stronger internal controls in order to minimize the certification of firms that do not meet regulatory eligibility requirements and to institute a systematic monitoring system for firms that are already certified. These changes in work processes resulted in an increase of firms' applications being declined and decertified. Consequently the number of firms approved or recertified decreased.</p> <p>Annual Value of Federal Contracts (32% over target) - In FY 2009, ARRA gave additional resources to federal agencies and provided additional opportunities for small businesses (included HUBZone Small Business Concerns) to win federal contracts. In addition, until July 10, 2009, some federal agencies might have been following the GAO's decisions, specifically that a federal agency must use a HUBZone small business for an acquisition if the agency's contracting officer had a reasonable expectation that at least two qualified HUBZone small businesses were to submit offers and that the award could be made at a fair market price. Consequently, for most of FY09, some federal agencies might have set-aside and awarded a higher number of HUBZone contracts than they did in FY08.</p>
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FY 2010 Accomplishments

The HUBZone office made significant accomplishments in support of SBA's Strategic Plan goals related to contracting assistance. In order to meet SBA's first goal — to grow businesses and create jobs — GCBD is working to ensure that small businesses get long-lasting development opportunities and their fair share of government contracts.

To this end, the SBA worked in FY 2010 to streamline small businesses' ability to benefit from the HUBZone program and to strengthen the integrity of the program itself by re-engineering the certification process to be more efficient and effective. An application review process that requires more documentation from firms and incorporates a more stringent and thorough application review on the part of the HUBZone office was implemented, minimizing the number of ineligible firms obtaining certification.

To counter the increase in processing time and application backlog resulting from this new approach, the Agency optimized the list of required documentation so that it includes only what is necessary to verify eligibility. Clear tools and guidance were developed for applicants on the application review process and required documents, making the process smoother and faster for applicants. Additionally, the review process was standardized and streamlined, improving the ability to train and evaluate reviewers.

As a result of these efforts, the productivity of application reviewers increased to four times its previous level, which, along with some reallocation of resources, reduced the application review process by several months and put the Agency on target to eliminate the backlog.

SBA's second strategic goal is to build an SBA that meets the needs of today's and tomorrow's small businesses, which includes the important component of mitigating risk to taxpayers and improving oversight across SBA programs. GCBD supports this goal by working to eliminate fraud, waste, abuse and mismanagement in all programs that it executes and oversees.

The HUBZone office's certification process re-engineering supported this goal. Additionally, in FY 2010 the program office made significant progress in terms of cleaning up its existing portfolio of certified firms through the use of systematic program examinations, site visits, and letters requiring firms to attest under

penalty of perjury that they remain eligible (termed PE letters). Over 3,400 firms were up for recertification in FY 2009, and over 1,000 received site visits by the end of FY 2010.

In FY 2010, the HUBZone program office improved performance management related to the certification process by developing mechanisms for tracking the status of the application pipeline and mechanisms for measuring the output of application reviewers, and setting standards for acceptable performance. The Agency is continuing to develop tools for performance management and continuing to update the IT system to facilitate these efforts.

FY 2012 Planned Performance

In FY 2012, the HUBZone program office will continue to build upon the accomplishments of FY 2010 and FY 2011 that support SBA's goals from its Strategic Plan.

Regarding SBA's first strategic goal of growing businesses and creating jobs, the HUBZone office plans to use and improve upon its new initial certification processes to further reduce processing timeframes in FY 2012, while at the same time maintaining standards of eligibility in the program portfolio.

In line with SBA's second strategic goal of building an SBA that meets the needs of today's and tomorrow's small businesses, the Agency will continue to work toward eliminating fraud, waste, abuse and mismanagement in the HUBZone program. Site visits will be integrated into the certification and monitoring processes, which will require considerable coordination with and support from SBA field offices.

Moreover, more robust portfolio monitoring initiatives will be established. These initiatives include annual program examinations of firms, audits of firms receiving HUBZone contracts, and increased trigger-based reviews prompted by changes within the firm such as change of address or ownership or reports from third party referrals.

In FY 2012 the HUBZone office also plans to improve the management of the program through increased compliance with regulations and policies. The office will refine regulations to make them clearer and consistent with case law as well as to establish tighter internal controls and consistent policies.

Finally, in FY 2012 the office plans to continue to improve its performance management and technology, in line with SBA's second strategic goal, by refining performance metrics and targets and upgrading the IT system to enable the tracking and reporting of such metrics. The Agency plans to implement these IT updates as part of an effort to upgrade the entire data tracking system to make it align with current workflows and consistent with internal and external data sources.

Strategic Goal Two – Building an SBA that meets the needs of today's and tomorrow's small business

Objective 2.1 - Strengthen SBA's core programs to ensure that they are high performing, effective, and relevant to the needs of the small business community

Office of the Chief Information Officer

The information technology (IT) program provides efficient and secure information systems and technology to Agency staff and customers. IT governance, project management, architecture and capital planning processes ensure that IT investments complement current capabilities. The information technology program is shown here in five sections: IT Infrastructure, Application Development, IT Project Management, Enterprise Architecture, and IT Security.

Chief Information Officer

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
IT Systems Availability (%)	Output	N/A*	99.60%	99.80%	99.80%	99.93%	99.60%	0.33%	99.65%	99.65%
Unauthorized Network or Data Breaches (#) ⁽¹⁾	Outcomes	N/A*	0	4	1	6	0	-	0	0
Wide-Area-Network Optimization (%) (Recovery)	Output	N/A*	N/A*	N/A*	2%	40%	40%	0%	50%	0%
Customer Satisfaction (%) (Recovery)	Output	N/A*	N/A*	N/A*	N/A*	N/A ⁽²⁾	50%	N/A*	55%	0%

*N/A - Not Available
 (1) The SBA is judging itself against the highest CERT Standard for Data Breaches.
 (2) Satisfaction level will be measured in FY 2011. Recovery Act IT implementation was not completed until Q1, 2011.

Variance Explanation

IT Systems Availability (0.33% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.
Unauthorized Network or Data Breaches (under target) - The variance is uncalculatable. This indicator will be refined next year based on CERT's severity and reporting timeframes for data breaches of differing magnitudes. As it is now, the SBA reports minor incidents that pose little/no actual threat to Agency data. Revised indicator definition and V-V template will be provided ahead of the next budget cycle.

The SBA's IT Dashboard can be viewed at: <http://it.usaspending.gov/?q=portfolios/agency=028>.

IT Infrastructure

SBA's information technology infrastructure consists of the end user computer equipment, telecommunication circuits, and computer server and routing equipment that connect all SBA configuration items to provide a delivery platform for email, software, and internet access.

FY 2010 Accomplishments

- Completed the upgrade of higher-capacity telecommunications links for SBA loan servicing centers to support increased workloads and handle the resulting network traffic between SBA organizations and locales.

- Deployed Federal Desktop Core Configuration (FDCC) recommended settings with identified deviations to all SBA desktops. The SBA is 98 percent compliant with FDCC-recommended desktop security settings.
- Updated the Microsoft Office suite on every Agency desktop and supported the customer relationship management (CRM) initiative.
- SBA further standardized its mobile messaging platform when the Office of Disaster Assistance transitioned to Blackberry. All Sprint cellular and Blackberry devices were deactivated and transitioned to Verizon realizing a net gain of \$915 per month.

FY 2012 Planned Performance

- Production hosting for SBA's CRM system will be achieved in FY 2011 and expanded in FY 2012. This platform will provide a robust application development environment for all internal document management applications and business unit applications that are centered on client activity.
- The Agency plans to introduce Voice over Internet Protocol (VoIP) telecommunications services across the SBA during FY 2011. Annual savings in a range of \$2 million to \$4 million are estimated to begin during FY 2012, after FY 2011 initial investments for VoIP supporting technologies and infrastructure.
- SBA's wireless policy was promulgated in FY 2010, and in FY 2011 and FY 2012 the technology to implement the policy will be deployed at SBA's Washington, DC headquarters facility.
- The SBA plans to consolidate data centers in federal cloud computing locations.
- The Agency will continue to refresh desktop and laptop computers on its 3-year renewal cycle in FY 2011 and FY 2012, and examine alternative models and platforms for best value.

Application Development

OCIO supports the mainframe-based Loan Accounting System, which is a core accounting system for the servicing of SBA's loan portfolio. In addition, its application infrastructure supports approximately 80 online transaction systems and an authentication system for internal and public access to SBA systems.

FY 2010 Accomplishments

A number of financial projects were undertaken during FY 2010 on tight deadlines in support of the American Recovery and Reinvestment Act (ARRA), including the following:

- Continued system modifications to distinctly support multiple funds management and reporting within a single fiscal year to meet requirements of the American Recovery and Reinvestment Act, and as provided through several subsequent appropriations bills.
- Implemented Loan Queuing support for increases and new loans to include public reporting of Queue status on SBA.gov
- Adjusted the Department of Treasury referral process resulting in a additional 36,000 loans being referred for collection to Treasury

FY 2012 Planned performance

- Support the SBA client relationship management production platform, and applications which reside on that platform
- Migrate user interface functionality from the mainframe for selected applications
- Complete the migration of the Agency's Sybase data structures to Oracle (Surety Bond Guarantee Program and Partner Information Management System)
- Initiate procurement efforts for five major SBA support contracts

IT Project Management

FY 2010 Accomplishments

The team automated the CIO criteria rating form to allow the IT Project Management Office (PMO) and the investment managers to provide a preliminary evaluation of the investment alongside of the CIO's rating. The IT PMO has been able to successfully provide both strategic and tactical support to all new, existing and Recovery Act investments by assigning project management professional certified project managers. All feedback derived to date, from a stakeholder survey provided to the program offices, has been extremely positive.

The IT PMO continues driving the development of SBA's Federal Acquisition Certification for program and project managers which includes the requirements, procedures, and maintenance of the certification program. The IT PMO successfully certified five project managers at the senior level.

FY 2012 Planned Performance

The SBA plans to continue to leverage tools to further enhance and strengthen the IT Capital Planning and Investment Control process during FY 2011 – FY 2012 by further customizing the investment scorecards and investor maps. These enhancements will provide more analytics at the senior executive level when making decisions relative to which investment will be included in the Agency's IT Portfolio. Additionally, the IT PMO PMs and the PFM team will continue to educate and train Investment Managers and Project Managers in all areas supporting IT Portfolio and Project Management.

Enterprise Architecture

FY 2010 SBA EA Portfolio Management Office Accomplishments

- Conducted an assessment of SBA/EA program resulting in a SBA/EA program Corrective Action Plan, and have since been implementing recommendations to address actual and perceived shortfalls and inefficiencies within SBA's EA program.
- Designed and developed the EA Concept-of-Operations; it adopts and implements a systemic and structured methodology to assure that SBA aligns resources in transitioning from the current state to the desired future/target state improving resources use and business performance.
- Designed and developed the EA Program Management Plan, providing SBA's business and IT personnel with a better understanding of SBA's overall EA Program; the approach, governance, and execution domains SBA uses to manage its overall EA Program; and, communicating SBA's EA management policies, standards, practices and processes.
- Constructed the EA Master Program Schedule; a comprehensive and detailed MS Project critical path schedule that delineates all EA activities covering a time-period of one year (the schedule is updated at least quarterly).
- Executed a Federal Segment Architecture Methodology Audit of all completed SBA Segment Architectures to assure they, and their corresponding transitions plans address and comply with the mandated FSAM core output requirements.

FY 2012 Planned Performance

- Conduct SBA EA Assessment based on GAO's new EA Management Maturity Framework v2.0.
- Complete and implement the new EA Management system with a centralized repository.
- Support in review of Investment Initiation Form for new initiatives/projects and provided recommendation to continue actively reviewing and providing recommendations on new initiatives and projects.

- Continue completing and updating all segment architectures and meet all OMB reporting requirements.
- Complete IT Strategic Plan FY 2013 to FY 2014. Complete and publish the IT Strategic Plan for FY 2013-2014 before September 30, 2012.

IT Security

SBA's IT security program manages the accreditation of over two dozen information systems, conducts cyber security training for Agency employees, and operates a security operations center that guards the perimeter of the Agency's computing infrastructure.

FY 2010 Accomplishments

- Conducted Computer Security Awareness Training for all SBA network users.
- Implemented the Security Operations Center in secure office space and implemented the tools necessary to ensure vulnerability scanning and network monitoring on a regular basis to identify and mitigate potential network security risks.
- Procured a data-loss prevention tool to provide the SBA with the capability to identify, monitor and protect sensitive data and prevent the unauthorized use and transmission of such data.
- Implemented many of the requirements of National Communications Directive 3-10.

FY 2012 Planned Performance

- Develop Agency level policies and technical rules congruent with National Institute of Technical Standards published guidance.
- Continue Agency implementation of extrusion prevention software to create a more comprehensive information protection environment across the SBA.
- Implement an information assurance training program to provide candidates an opportunity to improve their information security and privacy skills and practices.

Communicating SBA's Message

The Office of Communication and Public Liaison (OCPL) develops and implements plans, operating procedures and standards for articulating and communicating the Agency's programs and priorities. OCPL coordinates all of the Agency's public communications and marketing efforts to help maximize its programs and services and serves as a voice and advocate for small businesses. The office works to strengthen those efforts through the use of new technology and innovative web tools, as well as all forms of media. OCPL coordinates and collaborates with Agency program and policy staff on these efforts and works with field staff on implementation at the regional and district levels.

The Agency's Open Government Flagship Initiative – the redesign of the SBA.gov website – is the highest priority E-Government effort underway. This initiative addresses all principles of the Open Government Directive. In phase one, the search capability on the existing site was upgraded to significantly improve transparency and access to data. Social media tools were also incorporated to allow citizens to participate in conversations with the Agency on topics of interest. As phases two and three are completed, the public will have even more opportunity for participation and collaboration. The vision for the redesigned website includes:

Business Gateway

The Business Gateway initiative reflects the SBA's digital strategy to provide small businesses and aspiring entrepreneurs with information services that save time and money, engage citizens to participate, and enable collaboration across all levels of government. The scope of the Business Gateway initiative expanded during FY 2010 to reflect a strategic shift in the Agency's use of the web and related technology as the primary platform for distributing critical information to help small businesses start, grow and succeed.

Business Gateway began as an e-Government initiative in 2003. Managed by the SBA, the program was a collaborative effort involving a partnership of 22 federal agencies. The initiative focused on using information technology to improve the delivery of information and services to the small business community through the Business.gov website. In the initial years, Business Gateway was funded through contributions from the 22 partner agencies.

In the FY 2009 Budget submission, the SBA requested full funding for Business Gateway, which was realized in Agency's FY 2009 congressional appropriation. Also during FY 2009, the SBA received funding through the American Recovery and Reinvestment Act of 2009 to improve access to information for both lenders and borrowers. These two funding related events prompted SBA leadership to revisit the Agency's web management approach and develop a comprehensive digital strategy for using the web to reach and service the small business community and its partners. During FY 2010, implementation of this new digital strategy began with efforts to redesign SBA.gov and merge Business.gov with SBA.gov. The goal of the redesign project was to create a personalized and dynamic website that proactively delivers essential information and services to SBA customers so that small business owners, lenders, and anyone else who visits SBA.gov can quickly find what they need.

Business Gateway

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Number of visits to SBA.gov (monthly average) (#)	Outputs	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	1,600,000	1,760,000
Percentage of satisfied customers (%)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	74%	75%
Percentage of surveyed visitors who found what they were looking for (%)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	70%	75%
Percentage of satisfied customers using search (%)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	74%	75%

Budgetary Resources	Budgetary Obligations Incurred					Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request
Total Administrative Resources (\$000)	\$ 16,180	\$ 10,660	\$ 3,969	\$ 3,254	\$ -	\$ -	\$ -

*N/A - Not Available

Business Gateway Program Costs	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Goal	FY 2012 Goal
Interagency Contributions (from 21 agencies)			\$ 4,230,400	\$ -	\$ -		
SBA Contributions			\$ 525,600	\$ 3,187,779	\$ 2,914,744		

FY 2010 Accomplishments

Accomplishments for Business.gov during FY 2010 include the following:

Features and Content



- Launched [Business.gov](#) Web Service Application Programming Interface (API), providing methods for obtaining small business resources and geographic data used by [Business.gov](#) core search tools including its award-winning state and local search engine, loans and grants search, and licenses and permits search. Using [Business.gov](#) API, software developers can build new applications and mashups using authoritative information from federal, state and local government agencies.
- Redesigned [Business.gov](#) navigation in response to feedback from customers via standard customer service channels as well as several focus groups over the last two years.
- Continued management of [Business.gov](#) Community, including discussion forums, idea exchanges and blogs to engage the small business community to participate in an ongoing dialog with other small business owners, intermediaries representing small business, and federal, state and local government employees. During FY 2010, the Community grew to over 12,000 registered users.
- Used crowd-sourcing technology to enhance the Licenses and Permits tool to include additional industries, and added the “Suggest a New Industry” feature to allow users to suggest and vote on the industries or business types they would like to see added to the tool.
- Enhanced [Business.gov](#) Gadget Gallery, allowing users to embed government information on personal websites or iGoogle homepages. These interactive tools provide small businesses with immediate access to: information from federal, state and local governments; current discussions on the [Business.gov](#) Community; and the latest updates regarding business taxes
- Enhanced [Business.gov](#) content:
 - Rewrote the Business Incorporation pages to provide more information on various business entity structures, including the amount of regulatory paperwork required, personal liability regarding investments, and the applicable taxes.
 - Enhanced Managing Finances content to include more information about Accepting Debit and Credit Cards, Accepting Cash and Checks, and Online Payment Services.
 - Updated several web pages (e.g., small business loans and grants) to integrate related Community discussions.
 - Published over 220 blog articles on a wide variety of topics of interest to the small business community.
 - Launched the Power User Spotlight series, a monthly article featuring Community members, to share relevant advice and lessons learned.

Partnerships

- Developed the 2010 Tax Center with the Internal Revenue Service to enhance access to updated small business tax information to promote awareness and understanding of tax deductions available to home-based business owners. [Business.gov](#) featured tax resources for the small business community on the homepage for the month of March.
- Collaborated with the Environmental Protection Agency (EPA) to feature new business resources, including information on lead protection and compliance resources for the retail industry.
- Partnered with various agencies and offices, including the EPA, the Department of Commerce, the General Services Administration, the Department of Labor, the Federal Trade Commission, the U.S. Patent and Trademark Office, and the U.S. Census to feature cross-government business information in brief blog articles.
- Collaborated with the Office of Communications within SBA to promote National Small Business Week and the White House Jobs Forum.

- Supported SBA and the Department of Health and Human Services to promote new health care tax credits for small businesses.

Outreach

- Surpassed 12,000 [Business.gov](#) Community members in August, 2010.
- Leveraged social media tools including Twitter, Facebook and LinkedIn to bring [Business.gov](#) resources to small business owners where they choose to gather online.
- Launched Blogger Outreach strategy to increase awareness and usage of [Business.gov](#) through the engagement of influential small business bloggers.
- Secured monthly guest blogger column on [SmallBizTrends.com](#), one of the top small business websites, and continued blogging on [AllBusiness.com](#).
- Distributed Weekly Update and quarterly newsletter to more than 55,000 subscribers.
- Continued management of The Industry Word guest blog on [Business.gov](#), including introducing two additional bloggers to provide subject matter expertise.

Open Government

- Continued engaging customers to provide feedback:
 - Enhanced customer satisfaction survey to better measure and address user feedback.
 - Added discussion forums to specifically address user questions and concerns.
 - Leveraged the “Idea Exchange” feature in the Community to engage customers to share and discuss how [Business.gov](#) can better serve them.
- Launched public Metrics Dashboard to provide insight into the needs and interests of small business owners who visit Business.gov, through web analytics. The dashboard is updated quarterly.

FY 2012 Planned Performance

In FY 2011 and 2012, the Business Gateway program will continue to contribute to achieving the strategic goal to meet the needs of today’s and tomorrow’s small businesses. Business Gateway, through [SBA.gov](#), will become the primary platform for distributing information. The goal is to build a personalized and dynamic website that proactively delivers essential information and services to customers. Operating principals that include open and transparent operations, collaborative development and innovation in services and tools will enable the Business Gateway program and the SBA to excel in customer service and satisfaction. The SBA requests \$1.2 for web site management and software management services.

Specific plans for the future include:

- Modernizing content by streamlining Agency resources.
- Developing a Loan Wizard that will help small businesses connect with lenders and apply for loans.
- Developing a Lender Toolkit that will help banks and other financial institutions partner with the SBA.
- Creating new functionality that allows small businesses to identify procurement opportunities.
- Creating a personalized alerts system so small business owners can be notified of information that may apply to them without visiting [SBA.gov](#).
- Offering language translation services, including Spanish language site support.

- Continuing to leverage interactive community features, including forums, ideas and blogs, to engage the small business community in an ongoing dialog about their successes, pain points, and lessons learned.
- Expanding the Agency’s use of social media to directly engage citizens and solicit feedback.
- Creating a platform for making web services and applications that will benefit the small business community.
- Updating infrastructure and consolidating hosting to streamline system administration and maximize efficiencies.
- Continuing an extensive marketing campaign focused on raising awareness of government resources within the small business community.
- Maintaining partnership efforts through a non-funding relationship to better serve the small business community and provide access to information from state, local, and other federal agencies.

Managing SBA’s Finance and Performance

Office of the Chief Financial Officer

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

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

Chief Financial Officer

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Unqualified Opinions for Audit Year	Outcomes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Yes	Yes

FY 2010 Accomplishments

Financial – The SBA continued to maintain excellence in financial management this year, including obtaining an “unqualified” opinion with no material internal control weaknesses in its FY 2010 financial statement audit results. Also during FY 2010, the Agency successfully: (1) managed a number of short

term extensions and fundings to the American Recovery and Reinvestment Act; (2) improved its funds control system to manage these ARRA extensions; and (3) installed financial systems to implement Section 503 of ARRA (to guarantee pools of bank loans in the Certified Development Company program). Internal control over financial reporting was maintained through quality assurance activities and continual improvement in the documentation of financial management and internal control procedures, and SBA internal control was strengthened by a new director and staff member to support A-123 internal control requirements.

Performance – For the fourth year in a row, the SBA received the Association of Government Accountants’ “Certificate of Excellence in Accountability Reporting” for its Performance and Accountability report. The award reflects the Agency’s continuing dedication and hard work toward the goal of financial and performance budget integration. The Agency implemented an enhanced weekly, monthly and quarterly performance reporting process to track progress against Agency goals, including the High Priority Performance Goals. The Office of Performance Management oversaw creation of content for SBA’s portion of OMB’s Performance.gov portal. The Office also led the Agency’s strategic planning initiatives, which included finalizing a strategic plan to guide the Office of the Chief Financial Officer as well as leading the Agency’s efforts to create and publish a new SBA five-year strategic plan.

FY 2012 Planned Performance

Financial – The SBA procurement function, previously in the Division of Procurement and Grants Management, was reorganized to be part of the OCFO Denver Finance Center effective October 1, 2010. Incorporation of this function in the DFC and the development of systems to support the procurement functions will be a top priority OCFO initiative in order to meet SBA procurement needs in FY 2011 and FY 2012. SBA reporting and audit activities in FY 2011 and FY 2012 will be conducted on a schedule developed with the independent auditor, the Office of the Inspector General, and the Office of the CFO. Action on audit findings will address each item to complete work as soon as possible. Internal control activities over financial reporting will be enhanced based on previous year experience. Finally, the Loan Management and Accounting System development will proceed according to a new plan to promote essential system development and to move additional functions off the SBA mainframe computer.

Performance – The SBA will continue building on its improvements in financial reporting and data quality in FY 2010 and FY 2011. The Agency will also continue to improve the quality of its financial management reporting while meeting all financial, performance, and budget deadlines. This is SBA’s highest priority in the financial arena. Additional performance priorities include:

- Continue to assess and report performance results at both the program and Agency-wide levels and to identify issues and improve programs and policies to ensure that SBA’s funding will help small businesses succeed.
- Assess and report progress against the Agency’s High Priority Performance Goals.
- Continue to establish and develop training for performance measures and performance management for both program and administrative managers.
- Continue to improve the measurement of outputs and outcomes to ensure timely reporting of accomplishments. This will include improved verification and certification of the data, as well as methodologies for estimates of end-of-year-data.
- Increase the focus of performance and budget integration in the Agency’s support offices and increase their contribution to the success of the programmatic offices and to the efficient management of the Agency. Additionally, the Agency will identify methods to improve performance and cost data availability for supporting performance management.

Improving operations in the Loan Processing Centers

Along with continued high performance in the centers during FY 2010, the SBA continued to establish the Quality Assurance Program across all centers to make sure quality standards are met and continually improved and to ensure internal loan processes are performed with consistency and accuracy. This is all part of the commitment to SBAs Strategic Plan Objectives 2.1 and 2.3. The centers also continued process improvements projects. For example, the loan application processing turnaround times remained near or within goal of 6 days for 7(a) non-delegated applications, 3 days for 504 applications, and 1 day for 7(a) delegated applications.

The disaster loan centers are now fully compliant with Debt Collection Improvement Act requirements. The centers completed communications upgrades to T-3 capability, increasing center efficiency and customer service response. Many of the improvements were driven by staff suggestions that resulted in reduced cycle and response time as well as improved quality.

In FY 2011 and 2012, the SBA will continue process and quality improvements across all centers by using less paper and focusing on electronic files. Through continuous process improvement, and by leveraging technology and modernizing policy, the centers will shorten cycle times, improve quality, and automate actions that currently require staffing resources. The primary beneficiary of such activities will be the small business borrower, as the cost of the program is lowered, ease of use is improved, and consistency and accuracy is increased.

FY 2010 Accomplishments

During FY 2010, the SBA focused on improving the processing and servicing centers by investing in technology and center employees, and by focusing on quality assurance and control. Technological improvements included increased communication bandwidth for all centers, which allowed greater leveraging of paperless workflow in the processes. Human capital improvements included additional staffing and training for new and existing employees, improved technological tools for employees, and flexible work schedules to improve employee satisfaction and productivity. Quality improvements included the creation of a Quality Program Guide to provide consistency in the quality assurance review and quality control processes across the centers.

Throughout the fiscal year the loan processing centers kept pace with surges in loan application demand under ARRA. During FY 2010, approvals of 7(a) and 504 loan approvals increased over FY 2009.

Increases in servicing requests, defaults and guaranty purchases were maintained by the servicing centers in Little Rock and Fresno, and the guaranty purchase center in Herndon. Process improvements in all three centers increased the use of electronic files in place of paper requests. The centers were able to meet the goal of providing guaranty purchase decisions and payments within 45 days of receipt of a workable purchase request.

The disaster loan servicing centers maintained 3-day turnaround on servicing requests, and provided critical disaster loan deferment assistance to almost 1,000 existing Gulf Coast business and home disaster borrowers affected by the BP Oil Spill. The centers maintained the portfolio of defaults and liquidation cases by actively collecting loans and charging off and referring qualifying loans to the Treasury for cross servicing.

This guide will be further implemented in FY 2011 as the quality assurance program is further formalized within all centers.

FY 2012 Planned Performance

The SBA will focus on continuing process improvements, leveraging technology, policy modernization, and improving quality in its loan processing and servicing centers during FY 2012. Reengineering of

center processes will continue across all centers to reduce non value-added activities and improve lead and cycle times. This will result in greater consistency, efficiency and effectiveness in these processes. In addition, the SBA will emphasize technological improvements to reduce paper in all center processes, including the external workflow intake and internal center workflow tracking systems. The SBA will also continue to manage risk in its processes through the center quality assurance and quality control program.

Office of Field Operations

The Office of Field Operations (OFO) works as the front line operating team for the SBA. Most SBA programs and services are executed through regional, district, and branch field offices located in every state. The purpose of OFO is to facilitate, advocate, communicate, and educate field operations in delivering business and entrepreneur development, financial and technical services, and marketing strategies to its small business customers.

Headquarters

The Office of Field Operations represents regional, branch, and district field offices at headquarters. OFO ensures that each office has adequate input to policy formation and deliberations at headquarters, organizes Quantity Service Reviews of field activities, and regularly informs the SBA Administrator and senior leadership on field activity. OFO provides oversight for 10 regional offices and 69 district offices, not including specialized offices such as disaster assistance. OFO uses goals, measures, and metrics and Customer Relations Management to ensure socio-economic and business development programs, capital access to small business, and lender relations are monitored and compliant. OFO leverages its employees as a catalyst to stimulate small business startups and growth through cooperation of partners such as small business development centers, SBA lenders, certified development companies, microlenders, small business investment companies, SCORE counselors, women's business centers, and veterans' business outreach centers.

Office of Field Operations

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Completed Annual 8(a) Reviews (%)	Output	82%	100%	100%	100%	99.4%	100%	-0.60%	100%	100%
Completed Annual 8(a) Reviews (#)	Output	5,095	5,881	5,999	7,250	7,720	7,766	-0.59%	7,354	7,354
HUBZone site visits (%)	Output	N/A*	N/A*	N/A*	100%	141.9%	100%	41.90%	100%	100%
HUBZone site visits (#)	Output	675	615	680	911	1,070	754	42%	1,000	1,000
Budgetary Resources	Budgetary Obligations Incurred					Budget Requests				
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request			
Total Administrative Resources (\$000)	\$ 15,509	\$ 32,159	\$ 17,830	\$ 16,267	\$ 17,113	\$ 19,215	\$ 18,293			

*N/A - Not Available

Variance Explanation

Completed Annual 8(a) Reviews (0.60% under target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

Completed Annual 8(a) Reviews (0.59% under target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

HUBZone Site Visits (%) (41.9% over target) - An additional 328 site visits were done based on special requests and convenience of the district office.

HUBZone Site Visits (#) (42% over target) - Adhoc site visits were done in addition to the goal (pre-determined reviews) which significantly exceeded the original target.

FY 2010 Accomplishments

In the second quarter of FY 2010, OFO initiated a dialogue with senior Agency officials and district office staffs to review the district office goals to determine whether the Agency had the correct metrics, whether the goals were outcome driven, and whether they aligned with the Agency's mission. After months of analysis and input from numerous field and headquarters' program officials, a revised set of goals was established. Many of these goals now have shared ownership between the field and headquarters.

Capital Access — Under the direction of the OFO, and in coordination with the Office of Capital Access (OCA), district offices worked on strategies to help the Agency achieve its loan-making goals. In addition, district offices continued to build on the lender relations management efforts begun in FY 2009. They also worked with the OCA on conducting the required compliance activities. The Agency developed a Service Quality Index goal which would measure the improvement of a lender's loan portfolio reconciliation, ETran usage, lender portal usage, screen out rates, 1502 reporting, and purchase package first pass rate, etc. The intent is to improve the lender interaction with the SBA, create greater efficiency, and improve service to customers.

Entrepreneurial Development — Under the direction of the OFO and in coordination with the Office of Entrepreneurial Development (OED), district offices worked on strategies to make available to small businesses the full complement of technical assistance, training and counseling resources offered by the Agency and its resource partners. The OFO continued to coordinate the implementation of the Emerging Leaders initiative, and the district offices also worked with the OED to ensure all the required compliance activities are completed.

Government Contracting/Business Development — Under the direction of the OFO and in coordination with the Office of Government Contracting/Business Development, district offices performed required compliance activities such as 8(a) program annual reviews. District offices continued the work from FY 2009 to create more awareness of, and participation by, small business in federal contracting. In FY 2010, in addition to the compliance requirements, district offices were goaled on the growth in revenue of the 8(a) firms in their portfolios. As the 8(a) program is a business development program, measuring a firm's revenues is one way to reflect the impact the SBA has on assisting these firms.

FY 2012 Planned Performance

For FY 2012, OFO will coordinate with program offices to develop and coordinate program goals and greater outreach to the small business community. Through process innovation and strengthened employee skills, OFO will improve its efficiency and effectiveness in growing businesses and creating jobs, building a front line team that meets the needs of today's and tomorrow's small businesses and serving as the voice for America's small businesses. OFO will be employing several new initiatives as it moves toward FY 2012. OFO will have a multi-part focus in improving effectiveness and efficiency of SBA programs. Three key elements are the updated Quality Service Review (QSR) process, the new Customer Relations Management (CRM) system, and national training events.

The revamped QSR process will allow OFO to continually improve the effectiveness and efficiency of the SBA's front line workforce. The CRM will allow OFO to better track and collaborate on relationships with customers, resource partner's, and stake holders. National training events will enable the district offices to collaborate on training modules to ensure new staff/resource partners are proficient in their roles and responsibilities. As a result, OFO will be able to monitor and increase small business participation. In addition, increased field and headquarters interaction through national conferences, SharePoint and Ready-Talk portals will enable the major offices to work in unison to lead an elite workforce.

District Offices



District offices will use information technology instruments, such as the CRM, SharePoint, and other collaborative media to enhance small business outreach and collaborative program office efforts. SBA district office staff members foster solid, long-term relationships within their communities by providing assistance to individuals and businesses in the formation, management, financing, and/or operation of a small business; by identifying government contracting opportunities for small businesses; and by working with lenders to encourage and facilitate small business lending. The district office staffs promote SBA programs and services through marketing and outreach, training seminars, and one-on-one counseling. District offices also provide programmatic support to and review of their local resource partners such as the small business development centers and women's business centers.

FY 2010 Accomplishments for District Offices

Compliance — The district offices, under the direction of the OFO, contribute to ensuring program integrity by conducting a variety of compliance and oversight activities. These activities, which are appropriately carried out at the local level, constitute significant work by field staff. They include:

- 8(a) program annual reviews — Review annually every 8(a) program firm in the district portfolio for continuing eligibility; visit annually every 8(a) program firm in the district portfolio to verify validity; and conduct exit interviews for each firm graduating from the 8(a) program to determine the benefits derived from participation in the program.
- Women's business center examinations — Examine each WBC twice a year for compliance with program requirements.
- Lender/community development corporation oversight — Review CDC annual reports to determine compliance with membership distribution, job creation/retention, contractual arrangements, financial management, etc.; review special lending designations (i.e. Community Express, SBA Express, and Patriot Express) and applications/renewals; review and approve/disapprove credit unions for participation in the 7(a) loan program.
- Small business development center reviews — Examine and negotiate contract terms on an annual basis.
- Borrower background investigations — Process, recommend and/or approve SBA Form 912 (Statement of Personal History) for loan applicants and management.
- HUBZone reviews — Review selected firms annually to determine continuing eligibility.
- Veteran's business outreach centers — District office staff coordinated with and attended the annual meetings of each VBOC.
- SCORE chapter annual meetings — In FY 2010, a representative from each district office attended their local SCORE chapter's annual meeting.
- Annual intermediary visits — District offices conducted at least one visit to local intermediaries who administer SBA's 504 loan program.

Program-Related Activities

- Capital access/lender relations management — The OFO participated in and led the effort to recruit and train new active SBA lenders. These outreach and training efforts led to an increase of over 2,000 active lenders during FY 2010.

- **Simplification Efforts** — The OFO partnered with the Office of Capital Access to launch a simplification initiative focused on making SBA’s loan and business practices more efficient. Early efforts focused around streamlining the loan application process and decreasing turnaround time on funding/guaranty decisions.
- **Staff training/leadership development** – The OFO partnered with the Office of Government Contracting and Business Development and the Office of Capital Access to develop core competencies curricula for business development specialists and lender relations specialists, the Agency’s two largest groups of employees. These efforts are intended to improve use and access to small business contracting programs and to SBA’s suite of lending products.
- **Loan production** — The district offices also contributed to the achievement of the Agency’s loan goals. In FY 2010 the SBA made/guaranteed over 54,000 loans supporting \$21.4 billion in lending through the 7(a) and 504 loan programs.
- **Entrepreneurial development** — Twenty-two district offices were selected to participate in the Emerging Leaders initiative this year. This executive-level training initiative for urban small business owners will continue in 10 cities that have participated in the past, and expand to 12 communities with an emphasis on Native American business owners. Under district office direction, over 400 inner city businesses (\$400,000 in annual revenues and minimum three years in business) were identified and provided in-depth training and assistance to foster their growth. The cities selected to participate in the Emerging Leaders initiative this year were: Jacksonville, Dallas, Atlanta, Des Moines, Boston, Baltimore, Detroit, Philadelphia, Memphis, Chicago, Denver, Albuquerque, Portland, Milwaukee, Tucson, Phoenix, Oklahoma City, Tulsa, Santa Ana, Seattle, and New Orleans.
- **District Office veteran business development officers** coordinated significant outreach activities targeted toward engaging veterans, reservists, discharging service members and veteran-serving organizations with all SBA programs and services. District offices also referred potential candidates to the various OVBD-funded programs including VBOCs and EBV.
- **Government contracting** — For the third consecutive year the district offices, in coordination with the Office of Government Contracting/Business Development were tasked with specific actions intended to help small businesses do business with the federal government. The objective was to increase awareness by small businesses of federal contracting opportunities and educate them in the contracting process. Specifically, district offices undertook the following activities:
 - conducted business matchmaking events;
 - sponsored or co-sponsored events geared at increasing the number of women-owned, HUBZone, service-disabled, and veteran-owned small businesses that do business with the government;
 - worked to help identify contracting opportunities for small businesses;
 - worked with federal, state, and local entities and resource partners to increase the focus on government contracting;
 - increased the number of and use of mentor-protégé agreements; and
 - coordinated procurement-related technical training under the 7(j) program.

FY 2012 Planned Performance for District Offices

Capital Access — The district offices will build upon their lending-related activities in FY 2011. In FY 2012, in an effort to improve access to capital, district offices will continue lender recruitment, looking out for new lenders and attempting to bring inactive lenders back to the table. The offices will work with low

volume lenders to increase their lending activity. Also, district offices will use risk assessment analysis to be more proactive in setting training goals for lenders. The offices have been very active in the training of lenders and will continue these extensive training activities throughout the next fiscal year. Districts will also work with lenders to ensure compliance regarding issues such as CDC annual reports, PLP renewals, Express renewal submittals and micro-lender reviews.

Entrepreneurial Development — The district offices will build upon their entrepreneurial development activities in FY 2012. District offices will develop strategies to strengthen the effectiveness of SBA's entrepreneurial education, counseling and training resources, thereby ensuring resources are aligned with the needs of the small business community. District offices will use Customer Relationship Management to provide a customer-focused response to lenders, borrowers, resource partners and other stakeholders. The CRM tool is improving, streamlining, and automating information related to loan processing and lender oversight, a key objective outlined by the Recovery Act.

Government Contracting/Business Development — For FY 2012, district offices will aggressively execute their responsibilities to include: (1) increasing small business contract dollar volume by encouraging federal agencies to meet their contracting goals; (2) increasing the number of 8(a) participants; (3) increasing awareness of socio-economic programs such as veteran and service disabled veteran-owned businesses; and (4) increased monitoring of contract awarded HUBZone firms. The newly executed partnership agreements between SBA and 40 federal agencies will be an integral part of the district offices' ability to increase contract opportunities for small business. District offices will use innovative tools such as SharePoint, a web-based collaborative site, and CRM to track, manage, and analyze progress in meeting goals, measures, and metrics negotiated through the Office of Field Operations and the Office of Government Contracting and Business Development. The district offices will continue to partner with program offices to conduct training for federal agencies on SBA's small business initiatives.

Objective 2.2 - Invest in SBA's employees so they can effectively serve small businesses

Office of Human Capital Management

The Office of Human Capital Management (OHCM) develops strategic human capital solutions to workforce issues and strives to create a work environment that attracts and retains the talented and high performance workforce the SBA needs to accomplish its mission. The efforts of the OHCM are outcome-driven to support the strategic management of human capital. Effective human capital planning must be dynamic and adaptable to ever-changing mission requirements as significant events, accomplishments, and new major requirements are encountered. The Agency's Strategic Human Capital Plan takes into consideration these expectations and provides an executive framework for effectively improving the Agency's human capital management challenges. The plan establishes a systematic Agency-wide approach to human capital management aligned to SBA's mission, vision and goals.

Human Capital Management

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Annual Employee Survey of Overall Satisfaction Rating (%)	Outcome	N/A*	N/A*	66.9%	72.2%	66.7%	69.5%	-3%	70.5%	71.0%
Number of Average Days for SBA "Time-to-Hire" (Days)	Efficiency	N/A*	N/A*	75	76	66	72	-8%	75	75
Retention Rate for New Hires (%)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	Baseline	-
Quality of new hire based on Hiring Manager Surveys (%)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	Baseline	-

*N/A - Not Available

Variance Explanation

Annual Employee Survey of Overall Satisfaction Rating (3% under target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

Number of Average Days for SBA "Time-to-Hire" (8% under target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

FY 2010 Accomplishments

Strengthen SBA's Core Programs

Throughout the fiscal year, the Agency continued to implement activities to improve its "time to hire" goal to meet or exceed the 80-day target established by OPM. The SBA achieved an average "hiring time" of 66 days and continues to improve. Hiring mechanisms were improved with active use of USA Staffing, a web-based hiring system to maximize the size and quality of the candidate pool. The SBA met its "time-to-hire" goal by revising operational processes and consulting with managers to use hiring flexibilities.

In support of recent hiring reform guidance, OHCM consulted with managers to increase their awareness of veterans' employment opportunities. The office also developed and initiated action plans to meet OPM's November 2010 hiring reform implementation date.

The SBA successfully transitioned from a paper-based Official Personnel Folder (OPF) system to e-OPF. The Agency-wide deployment of e-OPF instantly modernized the SBA's Official Personnel Files records management system. This mandated e-Gov technology provides a more effective records management

control environment by simplifying operational workflow processes. SBA's employees and managers now have desktop self-service to view and retrieve their OPF documents.

During FY 2010, the SBA continued to fill the critical jobs needed to increase the Agency's staffing capacity to execute its mission in support of the American Reinvestment and Recovery Act. OHCM partnered and provided consultation service support to SBA managers' recruitment efforts essential to implementing the Agency's Stimulus Recovery Plan initiatives.

In December 2009, the Agency completed SBA's 2009 Annual Human Capital Management Report (HCMR). The HCMR detailed performance for the prior fiscal year's human resources activities. The report included results of surveys, focus groups, data and narrative reports, and on-site operational reviews by independent internal and external parties. The HCMR findings allowed the Agency to improve its performance culture, promote more transparency and accountability for achieving program goals, and assess individual and organizational performance.

Invest in SBA's Employees

The SBA trained Agency leaders, managers, and supervisors to improve the performance management system. During the fiscal year, the acquisition workforce completed training to ensure they received the Federal Acquisition Certification in Contracting. The SBA 2009-2010 Senior Executive Service Candidate Development Program (SESCDP) class continued to shine in 2010. Of the 12 class members, 5 candidates are in the final stage of completing the program's certification requirements; 2 candidates received SBA's Executive Resources Board certifications; and 4 candidates received SES appointments while in the program. The SBA employees also used on-line training tools via SkillPort to receive self-paced job, career and personal development training.

The 2010 Federal Employee Viewpoint Survey (FEVS) feedback indicates SBA's employees are actively engaged in reshaping the Agency's culture to become an employer of choice. For example, the SBA employee participation rate of almost 70 percent was one of the highest in the government. Looking closer, the 2010 FEVS numbers indicate SBA employees feel their management team listens and values their input. One of SBA's greatest survey areas of improvement was the increase in employees who felt conversations with their manager or supervisor about their performance were worthwhile. This measure increased 6 percentage points above the 2009 survey. Likewise, SBA employees responded favorably to a new survey question: "when needed I am willing to put in the extra effort to get a job done." This new question sheds light on employees' commitment level.

During FY 2010, the Agency implemented SBA's 2011 EVS Agency-wide Action Plan. The Plan supports senior leaders' steadfastness in reshaping SBA's culture as well as improving SBA employees' EVS job satisfaction rating. The Action Plan strategic focus areas include, in part, initiatives to promote better work life programs and assess employees' training. SBA employees' work life concerns are central to changing the Agency's culture to become an employer of choice. To improve employee engagement with regard to health and wellness, SBA's 2010 Worksite Wellness Program Implementation Plan focused on the Agency's delivery of wellness programs. To establish a baseline, the Agency completed its WellCheck Needs Assessments to identify and close gaps to improving employees' work life services programs. As the Agency takes steps to change its culture and improve its wellness services, SBA's employees continue to be very positive and supportive. The SBA donated almost six tons of food during the 2010 Feds Feed Families campaign. Given its small size, the Agency far exceeded the campaign donation goals, and the program specifically recognized SBA employees' exceptional generosity.

During FY 2010, the SBA actively participated with the American Federation of Government Employees (AFGE) union representatives in the spirit of cooperative and productive labor-management in support of the President's Executive Order (E.O.) No. 13522. Consistent with E.O. 13522, the SBA submitted its Labor-Management Partnership Plan to the National Council on Federal Labor-Management Relations in March 2010. The Agency's commitment to cooperative labor-management relations was also supported

by SBA's financial resources dedicated to ensure labor-management partnership meetings were realized. During the fiscal year, the SBA and AFGE met at various off-site facilities to collaborate on labor-management matters. The SBA and AFGE continue to pursue collaborative opportunities on pre-decisional conditions of employment and other permissive matters affecting all SBA employees.

In 2010, the SBA continued its participation in the Partnership for Public Service's Excellence in Government Fellows Program (EIG). Five aspiring SBA leaders were selected to participate in this year's program. EIG's team project was to develop a comprehensive understanding of SBA's information technology acquisition management process and develop recommendations for streamlining and improving SBA's IT acquisition process. In addition to their team project activities, the EIG Fellows attended courses taught by the nation's leading public and private sector experts in the subjects of thinking strategically and project management; managing knowledge; networking; leading innovation and change; driving performance and managing people; communicating and influencing; and crisis management and continuous self development.

FY 2012 Planned Performance

Strengthen SBA's Core Programs

- The SBA will continue revising the Agency's organizational structure to meet current and future SBA mission objectives. The Agency will also revise its Strategic Human Capital Plan and use "best practice" strategies to meet SBA's changing and evolving workforce requirements. Strengthening the SBA requires refining HCP strategies along with assessing and redeploying the Agency's mission critical and support staff. The SBA will continue restructuring staffing resources using workforce planning tools and strategies essential to anticipating and meeting the Agency's small business community needs.
- The SBA envisions continued improvement in its hiring processes with the goal of exceeding the federal government-wide average "time-to-hire" standard of 80 days.

Invest in SBA's Employees

- The SBA will continue to improve its annual employee survey overall employee satisfaction target rating of 66.7 percent for FY 2010, with a goal of 71 percent for FY 2012. This requires effective human capital planning and implementing "best practice" strategies to invigorate the Agency's workforce.
- The SBA and AFGE will continue to collaborate concerning pre-decisional conditions of employment and explore other cooperative permissive opportunities affecting all SBA employees. The SBA and AFGE will restructure their Partnership Council which will take a leadership role in identifying training opportunities for employees, especially those seeking opportunities for upward mobility.
- The SBA will continue to grow and cultivate internal staff members with demonstrated leadership potential. This is strategically important given the Agency's anticipated critical shortage of non-management staff, supervisors and managers within the next five years. The SBA will accomplish this using a structured approach to talent management and succession planning. As part of the HCP strategic imperative, the SBA will continue to invest in employee, manager, and leadership training and development programs. The Agency will revise training plans and strategies to continually improve job competencies and skills where gaps exist.

Objective 2.3 - Mitigate risk to taxpayers and improve oversight across SBA programs

Risk Management

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Number of onsite reviews of Lenders (#)	Output	55	80	223	200	98	200	-51%	190	200
Number of programmatic reviews of the 7a, 504 and Microloan programs (#)	Output	N/A*	N/A*	N/A*	N/A*	1	1	0%	2	2
Number of programmatic and financial reviews of Entrepreneurial Development Resource Partners (#)	Output	N/A*	N/A*	N/A*	N/A*	NG*	NG*	NG*	45	45
Number of programmatic reviews of Disaster Assistance Program (#)	Output	N/A*	N/A*	N/A*	N/A*	NG*	NG*	NG*	1	1
*N/A - Not Available										
*NG - New for FY 2010 - Not Goaled										

Variance Explanation

Number of onsite reviews of Lenders (51% under target) - The SBA was unable to achieve its goal of completing 200 on-site risk-based reviews due to issues with re-procuring the contract. For several months, only SBA employees were available to conduct reviews while contracting issues were resolved.
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Credit Risk Management and Program Oversight

The SBA is committed through its strategic goals to Objective 2.3: Mitigate risk to taxpayers and improve oversight across SBA programs. As such, the Office of Credit Risk Management (OCRM) focuses on mitigation of risk to taxpayers through ever-improving risk management and oversight of SBA lending programs. Furthermore, the SBA maximizes the efficiency of its lending programs by effectively managing program credit risk, monitoring lender performance, and enforcing lending program requirements. OCRM applies different oversight strategies and functions that are focused on those 7(a) lenders and 504 certified development companies that pose the most risk to the SBA.

The SBA also continues to enhance its risk management practices. In addition to oversight of SBA lending partners, the Agency has an active program of risk management. Portfolio analytics are performed to identify and understand performance trends, and program evaluations are conducted to identify performance and policy issues to be addressed. OCRM has increased its oversight of lenders to help ensure the appropriate management of risk in SBA programs particularly given the context of rising defaults over the past two years. In addition, risk management plans were developed and monitored to support program management of Recovery Act initiatives.

OCRM supports the Office of International Trade (OIT) by performing oversight and risk management of export trade finance loans. OCRM performs analyses and provides evaluation input for the process of approving Preferred Lenders for the OIT's Export Working Capital Program. Further, OCRM assists OIT in the development and implementation of the credit risk aspects of the State Trade and Export Promotion Grants Program.

The Office of Credit Risk Management also assesses the quality of the overall SBA 7(a), 504, and disaster loan portfolios. The program's efforts not only help protect the interests of the American taxpayer, but also help lending partners better understand how best to fulfill the requirements of the lending programs in a way that is mutually beneficial to lenders, small businesses and the SBA. SBA lending partners deliver SBA's loan programs to small businesses and are critical to the overall success of these programs. Effective oversight is a key Agency strategy in helping to minimize fraud, waste, and abuse.

FY 2010 Accomplishments

Conduct Oversight of SBA Lenders — The SBA mitigated risk to taxpayers and improved oversight across SBA programs by: (1) continuing to oversee large and mid-size 7(a) lenders and 504 community development companies (CDC) through a combination of off-site monitoring and on-site reviews, ensuring that those lenders and CDCs, whose portfolios comprise more than 80 percent of the Agency's guaranteed dollars outstanding, are accountable for managing their portfolios in a prudent manner, thus reducing SBA's overall credit risk; (2) continuing to monitor its smaller lenders and CDCs through its off-site monitoring and oversight process; (3) monitoring published regulatory financial information, orders and Going Concern opinions related to individual lenders to elevate monitoring on those lenders demonstrating higher risk characteristics; (4) periodic reviews of all applications and renewals for delegated lending authority; and (5) portfolio analysis and program reviews to monitor and assess portfolio trends. Oversight is performed at reduced cost to the SBA since much of the on-site and off-site review costs are paid through review and examination fees paid by the lenders.

Program and Portfolio Management — L/LMS (Loan and Lender Monitoring System) continues to be leveraged for off-site oversight and portfolio management purposes, specifically portfolio analysis and program reviews to monitor and assess portfolio trends. L/LMS allows for more effective management of SBA loan portfolios and supports program and policy development.

Supervision and Enforcement SOP — This SOP establishes SBA's approach to monitoring, supervision, and enforcement of its lending partners. The SOP describes appropriate actions in response to violations of law, rules, and regulations; final Agency notices; and/or unsafe and unsound practices or conditions for these entities. The SOP includes guidance with regard to the use of loan agents by lenders to originate SBA-guaranteed loans. This SOP also sets forth OCRM's role in supervision and enforcement as it relates to microlenders including Non-Lending Technical Assistance Providers and loan agents.

Lender Risk Ratings – OCRM introduced redeveloped lender risk ratings for 7(a) lenders and 504 CDCs. Correspondingly, the Lender Portal, used by lenders to access their individual SBA portfolio information, was modified to handle the new rating elements. These enhancements to analytics allowed improved identification of higher-risk lenders upon which to focus limited resources. A major improvement in the Lender Portal included making available to individual lenders the availability of loan level credit information on a lender's individual portfolio, thereby providing them with additional information to manage their portfolio more effectively.

Recovery Act – In response to the risk management implications of the Recovery Act, detailed risk management plans were developed for the various Recovery Act initiatives authorized for the SBA. These plans are monitored and updated to ensure that all significant risks (high probability, high impact) are identified and mitigated. Additionally, OCRM expanded the monthly portfolio report to include monitoring of the Recovery Act loans. Other actions taken include production of ad-hoc reports; and inclusion of Recovery Act characteristics as part of the on-site reviews. OCRM is also reviewing selected Recovery Act loans for oversight purposes.

Assessment of Risk Management Practices – The process of strategically assessing the effectiveness and value of existing risk management practices was initiated. Advisory services were acquired, and a strategic planning session was conducted to develop short term and long term plans to build on the strong foundation of oversight currently in place.

In FY 2010, risk management focused on updating and enhancing its approach as it relates to oversight, portfolio management, lender relationships, audit coordination, internal controls, improper payments and governance and organization. All of the actions taken were focused on establishing clear roles and responsibilities, building the necessary infrastructure, and building upon the existing oversight foundation to ensure a dynamic and robust approach to risk management.

FY 2012 Planned Performance

The restructured approach to oversight will continue to be performed at a reduced cost to the SBA, since most of the on-site and off-site review costs will be paid through review and examination fees paid by the lenders. Specific initiatives to be implemented in FY 2012 include the following:

Enhanced Oversight of SBA Lending Partners – SBA's approach to overseeing its lenders, including monitoring, reviews, supervision and enforcement will be updated, better coordinated and integrated, and more dynamic. On- and off-site reviews will be used more strategically in order to obtain the information necessary to conduct more effective oversight. As SBA expands the 7(a) program to include more points of access, an effective approach to oversight of new partners is essential. The SBA will also continue its expansion of oversight efforts to the Microloan program.

Enhanced Portfolio Analysis and Program Evaluations – Portfolio and program management will benefit through enhanced reporting, more strategic portfolio analysis, data mining and program evaluations that support policy and procedural determinations. Data mining will allow for more dynamic identification and examination of portfolio trends and program evaluations. In addition, these analyses may be used for more effective management of SBA loan portfolios, as well as to assist in identifying irregularities that may be an indication of inappropriate lending activities.

Better Coordination of Lender Relationships – A key component of enhanced oversight is better integration of information about lending partners that is generated from oversight, processing center activities, program management, and district office staff. Coordination of these information sources is essential for effective oversight and understanding of the risks involved.

Governance and Organizational Changes Necessary for Effective Risk Management – Updating oversight and internal practices as well as assigning clear responsibilities for audit coordination, internal controls, and improper payments requires clear definition of roles and responsibilities and implementation of different work processes to achieve the desired outcome, and better management internally as well oversight of SBA lending partners. The risk management organization will be structured to effectively meet these opportunities and challenges.

Microloan Program

FY 2010 Accomplishments

The Microenterprise Development Branch staff completed an update of the loan and portfolio management data system, providing greater accuracy in data, reducing risk in the Microloan program portfolio, and eliminating or re-training non performing microlenders.

In FY 2010 and 2011, the SBA continues to strengthen the management of the Microloan program by conducting a comprehensive review to identify opportunities for improvement. Among the accomplishments that will be reached prior to FY 2012:

- A new, updated Standard Operating Procedure/Program Guide will be issued.
- The Microloan program electronic reporting system will be upgraded to:
 - add the capacity to speed loan closings;
 - accept electronic output and outcome performance measurement data for loans;
 - improve measurement of technical assistance output and outcomes; and

- create greater transparency in the accounting and portfolio management of the Microloan program.
- A major data scrubbing project will take place to ensure appropriate reporting.

Federal Contracting Programs

Government Contracting and Business Development (GCBD) is committed to continued and effective oversight and program management. In coordination with SBA's Office of Field Operations, GCBD is setting up a structure to run its wide array of programs efficiently and effectively while minimizing fraud, waste, abuse, and mismanagement. GCBD will accomplish this by examining and streamlining its certification process to ensure that eligible small businesses can participate in the 8(a) and HUBZone programs; conducting HUBZone site visits to ensure that firms participating in the program are eligible and compliant with program regulations; conducting 8(a) annual reviews of the program's participants; reviewing 8(a) firms that have a community development component (e.g., ANCs, NHOs, CDCs, tribally-owned firms) to ensure their compliance with the 8(a) program; managing the protest process for small businesses and service-disabled veteran-owned small businesses, and; ensuring data integrity.

FY 2012 Planned Performance

The SBA requests 18 additional FTEs who will work to reduce fraud, waste and abuse in the Government Contracting programs to ensure program benefits flow to the intended recipients. These FTEs will be focused on ensuring there are effective certification processes, continued surveillance and monitoring and robust and timely enforcement.

Small Business Development Centers

FY 2012 Planned Performance

In an effort to meet the strategic objectives of the SBA, OSBDC will keep evaluating grantees' financial management of SBDC funds as well as continue addressing and improving their programmatic and financial performance. With regard to mitigation of financial risk to taxpayers, OSBDC will ensure SBDCs have regular programmatic compliance reviews, financial reviews, and accreditation reviews. OSBDC will continue implementation of its risk-based approach to financial oversight of the SBDCs and make adjustments to the financial review process where needed. Supplementing these congressionally mandated reviews will be ongoing program evaluation by OSBDC program managers of each SBDC, including the economic impact resulting from assistance provided to businesses by the SBDC networks in areas such as capital obtained and new businesses created. OSBDC will also continue to assess ways to effectively and efficiently capture and measure revenue growth, international trade sales, contract assistance, and SBIR/STTR awards along with jobs created and retained.

Women Business Centers

FY 2010 Accomplishments

Increased compliance

In FY 2010, OWBO continued to conduct financial compliance examinations of the individual WBC programs using an independent accounting firm to conduct the financial exams and assess risk. Through

the independent auditing firm, the SBA conducted an additional 40 financial compliance examinations on WBCs by the end of FY 2010. The SBA is using these exams to identify program risks and WBC non-compliance. Along with regular program oversight by the OWBO staff and district office technical representatives, OWBO used the exams to take corrective action, including possible suspension, non-renewal or termination of any WBCs that are in violation of their cooperative agreement. Through the examination process, the SBA is mitigating risks in the program and helping the WBCs to become compliant. This helps to ensure that federal dollars are being used most efficiently to help meet the needs of entrepreneurs, particularly women entrepreneurs, in socially and economically disadvantaged areas.

FY 2012 Planned Performance

In FY 2012, OWBO will continue its efforts to ensure that the WBC portfolio retains the highest of performance standards. OWBO will use the requested funds for numerous financial examinations to be conducted by a contracted CPA firm. The Agency intends to use the funds requested in the budget to continue these exams that are crucial for the continued viability of the program. With these funds, the SBA will have the ability to guarantee the soundness of all WBCs and also will be able to meet the legislative mandate which requires a pre-award site visit to any potential new WBC project. OWBO will have conducted at least one financial exam on each WBC by the end of 2012. OWBO will develop a risk based model to ensure that the highest risk centers are scheduled for full on-site financial reviews and low-risk centers will be reviewed using a desk audit. This will help to ensure the soundness of the program while minimizing the cost to conduct reviews.

Strategic Goal Three – Serving as the voice for small business

Objective 3.1 - Collaborate with other agencies to strengthen the delivery of programs, resources and services

The SBA recognizes that all regions of the country can benefit from coordinated, flexible, regionally-customized investments in new business development. To ensure effective delivery of programs and services the SBA has made collaboration with other federal agencies a top priority. The Agency is a leading participant in interagency collaborations that focus on innovation, government contracting, veterans and reservists, Gulf Coast recovery, access to capital for small business owners, and entrepreneurial education. Some examples follow:

- In FY 2010, the SBA established a series of partnerships with various agencies to coordinate efforts across the country. Examples include regional innovation clusters through the Inter-agency Taskforce on Advancing Regional Innovation Clusters (TARIC) and the formulation and implementation of emerging regional innovation clusters (E-RIC).
- The SBA formed TARIC with the Department of Commerce, Labor and Education to coordinate federal efforts and leadership in supporting regional innovation clusters. Through this partnership, the SBA participated in a joint grant opportunity with the Department of Energy and the Department of Commerce to develop a green building technology cluster in Philadelphia.
- The SBA participated with seven federal agencies to support an E-RIC that will develop, expand, and commercialize innovative energy efficient building systems technologies, designs, and best practices for national and international distribution. Specifically, the cluster will focus on systems-based approaches to designing, building, and operating commercial and residential buildings that may include, but are not limited to, innovative technologies in windows, lighting, natural ventilation and HVAC, thermal inertia, and on-site energy generation.
- The SBA signed an MOU with the Department of Energy to foster equity investments and long term loans to small businesses that provide services or create products in support of energy savings and renewable energy.
- The SBA has hosted several discussions with Treasury, the Department of Commerce, the Federal Reserve Board and the Import-Export Bank to speak with small business owners, lenders and stakeholders on the state of small business in the world. Using SBA regional offices and D.C. staff, successful roundtables were held across the country which resulted in possible solutions to the challenges small business owners face.
- The Interagency Task Force on Veterans Small Business Development was created by Executive Order 13540. The purpose of the task force is to coordinate the efforts of federal agencies to improve capital, business development opportunities and achieve pre-established federal contracting goals for small business concerns owned and controlled by veterans and service-disabled veterans. The task force is chaired by the SBA Deputy Administrator and its members include representatives from Treasury, Defense, Labor, Veterans Affairs, OMB, General Services Administration, the SBA and four non government members.
- The SBA was also the leading agency in establishing a 10-agency task force focused on federal contracting opportunities for small businesses. The task force emphasized to contracting officers that despite many competing priorities, contracting with small businesses is critical.

- Following passage of healthcare reform, the SBA partnered closely with Health and Human Services, Treasury and the Internal Revenue Service to educate small business owners on how the law was going to affect their business and what new opportunities the law offered.
- The Office of Native American Affairs developed the Agency's first memorandum of understanding with the Department of Interior's Office of Indian Energy and Economic Development to promote interagency cooperation for enhancing outreach and educational efforts in Indian Country.

The SBA has collaborated throughout the years with other agencies that offer assistance to microentrepreneurs. These agencies include, but are not limited to: the Department of Treasury and its Community Development Financial Institution Fund (CDFI); the Department of Labor, particularly as it assists workers with disabilities who seek employment or self employment; the Department of Health and Human Services through the Office of Refugee Resettlement, and the Office of Children and Families Job Opportunities for Low Income Individuals (JOLI) program; the Federal Deposit Insurance Corporation, and; the National Credit Union Administration.

During FY 2010, the U.S. Department of Agriculture (USDA) issued a Rural Microenterprise Assistance Program. In FY 2012, the SBA will seek to collaborate with USDA, particularly in the areas of client referrals, rural and urban markets, and the possibility of shared data. The SBA will further seek to strengthen its relationships with these agencies regarding shared training, new inter-agency initiatives, and common ground to assist in strengthening federal capacity to deliver sound programming to the business community.

Small Business Development Centers (SBDC)

FY 2010 Accomplishments

SBDCs have increasingly become partners in collaborative efforts at the federal, regional, state and local levels. OSBDC has been privileged to work on several interagency initiatives during this year including: E3 (Economy, Energy and Environment), an Appalachian Regional Development Initiative to help improve the economic climate for Appalachia communities; and the implementation of emerging regional innovation clusters (E-RIC). OSBDC continues to have a leadership role in an informal interagency effort known as the Interagency Network of Enterprise Assistance Providers which provides a monthly forum for information sharing across dozens of federal agencies. These meetings have provided an atmosphere which has led to better awareness of agency programs, needs, and partnership opportunities.

E3 is a federal and local public-private partnership to assist manufacturers in becoming more efficient, competitive and sustainable. Working collaboratively with the Environmental Protection Agency's Green Supplier Network, the Department of Energy, and Labor and Commerce's Manufacturing Extension Program, new pilots were created in FY 2010 in Michigan and Alabama.

FY 2012 Planned Performance

The SBA will continue its collaborative efforts with other federal agencies such as the Departments of Agriculture, Commerce, Energy, and Labor, and with FEMA, to provide services to small businesses, promote the most efficient and best use of resources, and eliminate or avoid duplication of services. OSBDC and the SBDC network will serve as a conduit for local and regional collaborations and cluster initiatives to accelerate achievement of strategic economic objectives. OSBDC will leverage the Interagency Network of Enterprise Assistance Providers to share information across federal agencies and identify opportunities for collaborations that enhance the ability of the federal government to deliver improved value.

Objective 3.2 - Foster a small business-friendly environment by reducing burdens on small business and improving collection of relevant small business data

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

- reducing excessive federal regulatory burden;
- protecting them from excessive federal regulatory enforcement; and
- providing automated tools and information on how to comply with laws and regulations.

The SBA fulfills these functions through the offices of Advocacy and the National Ombudsman.

Regulatory Assistance

America's small businesses, some 27.5 million strong⁸ in FY 2009, are a major sector of the national economy. They represent 99.7 percent of all employer firms,⁹ account for half of the country's gross domestic product,¹⁰ and created 65 percent of net new jobs between 1993 and 2009¹¹. Despite their importance to the economy, government regulation and excessive paperwork can disproportionately affect small businesses.

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

Office of the National Ombudsman

As required under the Small Business Regulatory Enforcement Fairness Act, the National Ombudsman works with each federal 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 with a means to comment on the enforcement activity conducted by such personnel. The National Ombudsman, as well as the members of the 10 Regional Regulatory Fairness Boards across the country, participates in public events throughout the country to listen to and record comments from small business owners and representatives of small businesses. Additionally, the National Ombudsman receives advice from the boards about matters of concern to small businesses relating to the enforcement activities of agencies. The National Ombudsman reports annually to the Congress evaluating the enforcement activities of federal agency personnel.

⁸ Source: Office of Advocacy estimates based on data from the U.S. Department of Commerce, Bureau of the Census (Census).

⁹ Source: Office of Advocacy estimates based on data from Census.

¹⁰ Source: Office of Advocacy-funded research by Kathryn Kobe, 2007.

¹¹ Source: Office of Advocacy estimates based on data from Census.

Ombudsman

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Days in processing to send comments to Agencies (Days)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	2	2
Days in processing to send agency responses to commenter (Days)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	2	2
Budgetary Resources		Budgetary Obligations Incurred							Budget Requests	
		FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual			FY 2011 Request	FY 2012 Request
Total Administrative Resources (\$000)		\$ 1,111	\$ 1,375	\$ 1,518	\$ 1,622	\$ 1,426			\$ 1,682	\$ 1,538

*N/A - Not Available

FY 2010 Accomplishments

In FY 2010 the Office of the National Ombudsman (ONO) processed 250 cases of varying degree of complexity; responded to at least 1040 public inquiries (e-mail and telephone conversations); administered and/or participated in 22 public events, including hearings, roundtables, panel presentations and speeches; produced and submitted the FY 2009 Annual Report to Congress; recruited/added at least 16 regional RegFair Board members; conducted 12 high-level federal agency meetings/briefings; and held the legislatively-required annual RegFair Board meeting.

FY 2012 Planned Performance

To serve as the voice of small business, ONO will continue to hold public events such as hearings, roundtables and speech presentations, and participate on panels to comply with its mission to provide a means by which small business concerns may submit comments about unfair and/or excessive federal regulatory enforcement activities or comment about federal agency compliance issues. The National Ombudsman will conduct program briefings with federal agency liaisons to ensure that up-to-date information about the Small Business Regulatory Enforcement Fairness Act is readily available. ONO will also produce, publish and disseminate the FY 2011 Annual Report to Congress. As required, the National Ombudsman will organize and conduct a national RegFair Board member annual meeting of all 10 regional regulatory fairness boards. The National Ombudsman will continue to recruit and screen viable candidates for all the regional boards as the three-year terms necessitate proactive actions to reach and maintain the 50-member Regulatory Fairness Boards (five members for each of the ten regions). In order to be responsive and timely to small business commenter's the Office of the National Ombudsman has established a goal to submit small business comments to federal agencies within two business days of receipt and then share the federal agencies' responses to the small businesses by no more than two days of receipt from the agencies.

Office of Advocacy

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

- early intervention within federal agencies in the regulatory development process on issues that affect small business;
- training federal agencies on how to comply with the Regulatory Flexibility Act;
- producing research to inform policymakers on the impact of federal regulatory burdens on small business and on the vital role of small business in the economy; and



- increasing states' regulatory flexibility toward small business.

Advocacy has five internal goals/measures which guide budget planning and measure effectiveness. These goals are to:

- achieve regulatory cost savings of \$5.5 billion in FY 2012 due to Advocacy interventions;¹²
- through online and classroom training, ensure that in FY 2012 at least 100 employees of federal agencies which promulgate regulations that impact small entities have in-house expertise on how to comply with the Regulatory Flexibility Act;
- ensure that in FY 2012 there are at least 10 examples of states either continuing to introduce/improve small business regulatory flexibility laws/executive orders, or demonstrating successful implementation of existing small business regulatory flexibility laws/executive orders;
- ensure that in FY 2012 there are at least 15 examples of universities/colleges with business/entrepreneurship programs using Advocacy data and reports or Regulatory Flexibility Act materials as a resource for instruction and/or further research; and
- publish in FY 2012 at least 25 data products and research reports on small business issues.

¹² This figure is based on average cost savings over recent years, minus outliers.

Advocacy

Performance Indicator	Type of Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance	FY 2011 Goal	FY 2012 Goal
Research Publications (#)	Output	28	32	27	25	24	25	-4%	25	25
Regulatory Cost Savings to Small Businesses (\$ Billion)	Outcome	\$ 7.25	\$ 2.60	\$10.70	\$ 6.99	\$ 14.90	\$ 5.50	171%	\$ 5.50	\$ 5.50
Regulatory Staff with In-House Regulatory Flexibility Act Expertise (#) ⁽¹⁾	Output	1	14	151	28	193	100	93%	100	100
States Considering Legislative/Executive Regulatory Flexibility Action (#) ⁽²⁾	Outcome	11	12	10	11	8	10	-20%	10	10
Research Publications and Data Reports in Curricula (#)	Outcome	16	16	19	15	15	15	0%	15	15
Cost per \$1 Million Savings (\$)	Efficiency	\$ 1,292	\$3,792	\$ 854	\$ 1,525	\$ 625	N/A*	N/A*	\$ 2,253	\$ 3,574

Budgetary Resources	Budgetary Obligations Incurred					Budget Requests	
	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Request	FY 2012 Request
Total Administrative Resources (\$000)	\$ 9,364	\$9,858	\$9,133	\$10,660	\$ 9,318	\$12,392	\$ 19,655

*N/A - Not Applicable

(1) Beginning in FY 2008, the measure changed from the number of agencies with in-house expertise to the number of employees with in-house expertise. This measure was changed pursuant to Advocacy's new five-year strategic plan.

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

(3) Beginning in FY 2011, the measure changed to include the use of Regulatory Flexibility Act (RFA) materials in curricula. This measure was changed pursuant to a review and revision of the strategic priorities of the office by the new Chief Counsel.

Variance Explanation

Research Publications (4 % under target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

Regulatory Cost Savings to Small businesses (171% over target) - While Advocacy is pleased to have substantially exceeded its goal for this important metric, it is impossible to predict with any degree of accuracy when federal agencies will publish final rules that reflect cost savings resulting from Advocacy's intervention, and it is equally difficult to predict the amount of savings likely to be achieved before action on a rule begins. Cost savings rely on externalities (i.e., it is a regulatory agency's decision to reduce the burden on small entities, not Advocacy's), so significant variations from established goals can and do occur.

Regulatory Staff with In-House Regulatory Flexibility Act Expertise (93% over target) - Interest in RFA compliance training increased substantially in FY 2010. Advocacy attributes this to aggressive outreach efforts and to the filling of important leadership, policy and regulatory development positions in regulatory agencies subsequent to the transition in administrations which continued through most of FY 2009.

States Considering Legislative/Executive Regulatory Flexibility Action (20% under target) - Advocacy did not meet its goal of achieving 10 such instances and attributes this shortfall to the fact that the office had only one regional advocate active during FY 2010. With the appointment of a new Chief Counsel for Advocacy in August 2010, all ten regional advocate positions are expected to be filled in FY 2011.

FY 2010 Accomplishments

In FY 2010, Advocacy achieved \$14.9 billion in first-year cost savings and \$5.5 billion in annually recurring savings. While Advocacy is pleased to have substantially exceeded its goal for this important metric, it is impossible to predict with any degree of accuracy when federal agencies will publish final rules that reflect cost savings resulting from Advocacy's intervention, and it is equally difficult to predict the amount of savings likely to be achieved before action on a rule begins. Cost savings rely on externalities (i.e., it is a regulatory agency's decision to reduce the burden on small entities, not Advocacy's), so significant variations from established goals can and do occur.

In FY 2010, Advocacy provided Regulatory Flexibility Act compliance training to 193 key officials at federal regulatory agencies, substantially exceeding its goal for this activity. Advocacy was directed to provide such RFA compliance training by Executive Order 13272. In FY 2010, Advocacy had assisted in 8 instances of legislative or executive action at the state level to increase regulatory flexibility for small businesses, or demonstrate successful implementation of existing small business regulatory flexibility laws. All 8 instances involved state legislation, including the enactment of one bill into law in Rhode

Island. Advocacy did not meet its goal of achieving 10 such instances and attributes this shortfall to the fact that the office had only one regional advocate active during FY 2010. With the appointment of a new Chief Counsel for Advocacy in August 2010, all ten regional advocate positions are expected to be filled in FY 2011.

In FY 2010, Advocacy had identified 15 universities using Advocacy data and research in their curricula, achieving its goal for this activity. The rationale behind this goal is to generate interest in entrepreneurship research among academics and to broaden awareness of existing research.

In FY 2010, Advocacy published 24 small business research and data products, one less than its goal of 25 such reports. These research reports inform policymakers by providing data on small business demographics, demonstrating the importance of the role of small business in the economy, highlighting the impact of federal policies and regulations on small businesses, and providing new research on specialized issues of interest to stakeholders.

Advocacy management initiatives continue to improve efficiency and effectiveness.

FY 2012 Planned Performance

The Office of Advocacy intends to continue to achieve regulatory cost savings and a reduced regulatory burden. The office relies on various types of interventions to achieve regulatory cost savings. These include: participating in the Small Business Regulatory Enforcement Fairness Act panel process for regulations promulgated by the Environmental Protection Agency, the Occupational Safety and Health Administration, and in the future the new Consumer Financial Protection Bureau; writing official comments to federal regulatory agencies on their compliance with the Regulatory Flexibility Act (RFA) and other rulemaking activities; testifying before Congress on small business issues; responding to OMB referrals on proposed legislation; working with OMB on paperwork burden issues; working with OMB during the Executive Order 12866 review process and during implementation of Executive Order 13272; and providing technical and RFA compliance assistance to agencies as requested at all stages of the rule development process. In FY 2012, Advocacy projects it will meet or exceed its goal of achieving \$5.5 billion in regulatory cost savings.

Advocacy's Office of Interagency Affairs will continue to train federal regulatory agency personnel on RFA compliance. This training is required under Executive Order 13272. Classroom training sessions were conducted by Advocacy staff beginning in FY 2004, and will continue indefinitely. Agencies have been responsive to the classroom training that their staffs have received, and some have begun to implement better regulatory flexibility practices as a result. Most federal regulatory agencies have now received RFA compliance training from Advocacy, so in FY 2012 Advocacy will provide repeat "refresher" training, training of new personnel, and training of sub-agency staff. Advocacy expects to exceed its FY 2012 goal of providing RFA compliance training to 100 regulatory officials.

In FY 2012, Advocacy will be assisting regulatory agencies in complying with the requirements of an important new Executive Order relating to regulation. Executive Order 13563 (January 18, 2011) has directed federal regulatory agencies to promote the coordination, simplification and harmonization of regulations that are redundant, inconsistent or overlapping across agencies. The order also directs agencies to consider regulatory flexibility whenever possible, to ensure scientific and technological objectivity in regulatory development, and to identify means to achieve regulatory goals that are designed to promote innovation. Executive Order 13563 and related guidance documents also direct agencies to review existing significant regulations and consider how best to promote retrospective analysis of rules that may be outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned.

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

Advocacy's research demonstrates that regulations disproportionately impact small entities and, because of the enormous cost savings generated at the federal level under the Regulatory Flexibility Act, Advocacy continues to prioritize this state regulatory flexibility initiative which has received broad support from governors and state legislatures since its inception in FY 2004. In FY 2012, Advocacy intends to continue its education of stakeholders in those states that have signed executive orders in the hope that legislation can be enacted instead. Advocacy also plans to target any remaining states that have not already considered regulatory flexibility legislation or executive action. Also, Advocacy will work to identify examples of successful regulatory flexibility implementation and/or further improved regulatory flexibility legislation. Advocacy expects to meet its goal of providing assistance in achieving at least 10 instances of legislative or executive action at the state level to increase regulatory flexibility for small businesses, or demonstrating successful implementation of existing small business regulatory flexibility laws.

In recent years, Advocacy has produced an average of 25 new reports or data products each year. However, there remains an increasing need for additional work due to: the vital importance of small business in the nation's recovery from economic recession; renewed attention to the areas of health care, workforce education, taxation, and government programs and purchasing; the leading role that small firms play in the emergence of new technologies; and a host of other issues of concern to the small business community. Also, a number of older Advocacy studies are in need of updating so that the maximum utility of investments already made can be realized. The proposed funding level for Advocacy economic research in FY 2012 will allow for additional data acquisition from other government agencies, new research projects, and updating of older studies in order to meet these needs.

Advocacy's Office of Economic Research and regional advocates will continue their efforts to place Advocacy research and data products into the curricula at universities with major entrepreneurship programs. It is important that the research get into the hands of individuals with the power to impact policy at the highest levels of government. Policymakers and other stakeholders need to be aware of how important small business is to the nation's economy. To accomplish this objective, Advocacy concluded that it is necessary to broaden interest in small business research through outreach to the academic community. Working closely with schools and their faculties, Advocacy hopes to interest future generations of economists in the study of entrepreneurship and small business. Through its interaction with academia, Advocacy also strives to learn more about data gaps that exist and ways to achieve a broader audience for small business research. Advocacy will continue its efforts to insert its research into university curricula. In FY 2012, it is Advocacy's goal that at least 15 universities/colleges with entrepreneurship programs will use Advocacy's data and reports as a resource for instruction and/or further research in each year.

Advocacy has a field component of 10 regional advocates who are on the front line of Advocacy's work. They interact directly with small businesses, small business trade organizations, governors and state legislatures to educate them about the benefits of regulatory flexibility. They testify at state-level legislative hearings on regulatory flexibility when requested to do so. Regional advocates conduct outreach to locate participants for Small Business Regulatory Enforcement Fairness Act panels that require small entity representatives. They share information about regulations with small businesses in their respective regions (e.g., alert businesses that an agency is seeking comment on the small business impacts of a proposed regulation). These efforts by regional advocates contribute to the cost savings realized after a final rule is published. Regional advocates give classroom lectures, provide small business data for use in professors' and students' research, and persuade institutions to link to Advocacy's data and research on their websites.

On September 27, 2010, President Obama signed into law the Small Business Jobs and Credit Act of 2010. As it pertains to the Office of Advocacy, the law established a separate account in the General Fund of the Treasury for SBA's Office of Advocacy. Any amount appropriated under Subtitle F of the law will remain available to Advocacy, without fiscal year limitations, until expended.

Objective 3.3 — Promote the availability, analysis, and dissemination of the most current, accurate, and detailed statistics possible on small business.

Office of Policy and Strategic Planning

The Office of Policy and Strategic Planning (OPSP) has undertaken a project in conjunction with the Office of Advocacy to provide a series of statistics and economic indicators that will help policy makers understand the state of small business. These statistics will provide a sense of the economic environment facing small firms throughout the country along with trend data to show the direction of the small business economy.

To create this analysis, the Office of Advocacy and OPSP are reviewing various existing databases and considering several options for the data inputs. Inputs will relate to sales, employment, profit, and other factors that will help describe the highlights and challenges of operating a small business in the current economy. The intent of the project is to provide output on a quarterly basis. By providing relatively frequent analysis, the SBA will be in a position to determine appropriate policy recommendations.

The intent is to spend FY 2011 developing and finalizing the statistics and economic indicators that the SBA will use and have the new information ready for publication in FY 2012.

Office of Advocacy

The Office of Advocacy's economic research program provides policymakers with information vital to making informed decisions on how to best support small business. These include Congress, the SBA and other Executive Branch agencies, state and local governments, business organizations and trade associations, and a wide variety of other stakeholders. Advocacy research is also used in the curricula and research of universities and other schools. The office produces an average of 25 new reports and data products each year, in addition to maintaining updated compilations of various economic indicators. Advocacy economists perform and publish in-house research, in addition to managing contract research projects on specific issues. Advocacy economic research funds also support the development of small firm data at other agencies such as the U.S. Census Bureau. In fact, Advocacy research often adds value to existing government data resources by developing information that is useful to small business stakeholders from sources that may not have originally been intended for that purpose. Agencies which have contributed to Advocacy research include the Census Bureau, the Bureau of Labor Statistics, the Internal Revenue Service, the Social Security Administration, the Federal Reserve Board, the Departments of Defense and Veteran Affairs, and additional components in the Departments of Labor, Commerce and Education. In addition to these, Advocacy economists work with dozens of other agencies to assess the potential impact of their regulations on small entities

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Appendices

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Appendix 1 — 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, [~~\$444,269,000~~]~~\$427,296,000~~: *Provided*, That the Administrator is authorized to charge fees to cover the cost of publications developed by the Small Business Administration, and certain loan program activities, including fees authorized by section 5(b) of the Small Business Act: *Provided further*, That, notwithstanding 31 U.S.C. 3302, revenues received from all such activities shall be credited to this account, to remain available until expended, for carrying out these purposes without further appropriations: *Provided further*, That [~~\$113,000,000~~] ~~\$103,000,000~~ shall be available to fund grants for performance in fiscal year [2011]2012 or fiscal year [2012]2013 as authorized by section 21 of the Small Business Act, of which \$1,000,000 shall be for the Veterans Assistance and Services Program authorized by section 21(n) of the Small Business Act, and of which \$1,000,000 shall be for the Small Business Energy Efficiency Program authorized by section 1203(c) of Public Law 110-140: *Provided further*, That \$10,000,000 shall remain available until September 30, [2012]2013 for marketing, management, and technical assistance under section 7(m) of the Small Business Act (15 U.S.C. 636(m)(4)) by intermediaries that make microloans under the microloan program: *Provided further*, That [~~\$18,347,700~~]~~\$7,100,000~~ shall be available for the Loan Modernization and Accounting System, to be available until September 30, [2012]2013: *Provided further*, That notwithstanding the provisions of section 7(e) of the Small Business Act, the Administration may provide financial assistance in the form of grants or cooperative agreements to educational institutions, nonprofit organizations, Federal, State, and local departments and agencies (including Small Business Development Centers operating pursuant to section 21 of the Small Business Act, Women's Business Centers operating pursuant to section 29 of the Small Business Act, and SCORE chapters operating pursuant to section 8(b)(1)(B) of the Small Business Act) for the purpose of providing management or technical assistance and other services to small businesses: *Provided further*, That of the funds made available under this heading, \$1,767,090 is for strengthening the agency's acquisition workforce capacity and capabilities: *Provided further*, That with respect to the previous proviso, such funds shall be available for training, recruitment, retention, and hiring members of the acquisition workforce as defined by the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 401 et seq.): *Provided further*, That with respect to the seventh proviso, such funds shall be available for information technology in support of acquisition workforce effectiveness or for management solutions to improve acquisition management.

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, [~~\$18,000,000~~]~~\$18,400,000~~.

Office of Advocacy

For necessary expenses of the Office of Advocacy in carrying out the provisions of Title II of Public Law 94-305, as amended, (15 U.S.C. 634a et seq.) and the Regulatory Flexibility Act of 1980, as amended, (5 U.S.C. 601 et seq.), \$9,120,000, to remain available until expended.

Disaster Loans Program Account (including transfers of funds)

For administrative expenses to carry out the direct loan program authorized by section 7(b) of the Small Business Act, [~~\$203,000,000~~]~~\$167,300,000~~, to be available until expended, of which \$1,000,000 is for the Office of Inspector General of the Small Business Administration for audits and reviews of disaster

loans and the disaster loan programs and shall be paid to the appropriations for the Office of Inspector General; of which [\$193,000,000]\$157,300,000 is for direct administrative expenses of loan making and servicing to carry out the direct loan program, which may be paid to the appropriations for Salaries and Expenses; and of which \$9,000,000 is for indirect administrative expenses for the direct loan program, which may be paid to the appropriations for Salaries and Expenses.

Business Loans Program Account

(including transfer of funds)

For the cost of direct loans, \$3,765,000, to remain available until expended, and for the cost of guaranteed loans as authorized by section 7(a) of the Small Business Act (*Public Law 85-536, as amended*) and section 503 of the Small Business Investment Act of 1958 (*Public Law 85-699, as amended*), [\$165,386,000]\$211,600,000, to remain available until expended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That subject to section 502 of the Congressional Budget Act of 1974, during fiscal year [2011]2012 commitments to guarantee loans under section 503 of the Small Business Investment Act of 1958 shall not exceed \$7,500,000,000: *Provided further*, That during fiscal year [2010]2012 commitments for general business loans authorized under section 7(a) of the Small Business Act shall not exceed [\$17,500,000,000]\$16,500,000,000 for a combination of amortizing term loans and the aggregated maximum line of credit provided by revolving loans: *Provided further*, That during fiscal year [2011]2012 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 [2011]2012, guarantees of trust certificates authorized by section

5(g) of the Small Business Act shall not exceed a principal amount of \$12,000,000,000. In addition, for administrative expenses to carry out the direct and guaranteed loan programs, [\$157,000,000]\$147,958,000, which may be paid to the appropriations for Salaries and Expenses.

Surety Bond Guarantees Revolving Fund

[For additional capital for the Surety Bond Guarantees Revolving Fund, authorized by the Small Business Investment Act of 1958, as amended, \$1,000,000, to remain available until expended.]

Administrative Provisions_Small Business Administration

(including transfer of funds)

Sec. 520. 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 608 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section].

Sec. 521. Section 7(d) of the Small Business Act (15 U.S.C. 636(d)) is amended in subparagraph 7(d)(5)(D) by striking in the last sentence "three years" and inserting in lieu thereof "seven years".

[Sec. 522. Section 7(a)(3)(A) of the Small Business Act (15 U.S.C. 636(a)(3)(A)) is amended by striking "\$1,500,000" and inserting in lieu thereof "\$3,750,000" and by striking "\$2,000,000" and inserting in lieu thereof "\$5,000,000".]

Sec. [523]522. Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is [amended-]amended in paragraph (3)(C), by striking "\$750,000" and inserting in lieu thereof "\$1,000,000".

[(a) in paragraph (1)(B)(iii), by striking "\$35,000" and inserting in lieu thereof "\$50,000";]

[(b) in paragraph (3)(C), by striking "\$750,000" and inserting in lieu thereof "\$1,000,000" and by striking "\$3,500,000" and inserting in lieu thereof "\$5,000,000";]

[(c) in paragraph (3)(E), by striking "\$35,000" each place that term appears and inserting in lieu thereof "\$50,000"; and]

[(d) in paragraph (11)(B), by striking "\$35,000" and inserting in lieu thereof "\$50,000".]
[Sec. 524. Section 502(2)(A) of the Small Business Investment Act (15 U.S.C. 696(2)(A)) is amended-]
(a) in clause (ii) by striking "\$2,000,000" and inserting in lieu thereof "\$5,000,000";
(b) in clause (iii) by striking "\$4,000,000" and inserting in lieu thereof "\$5,500,000".]

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Appendix 2 — FY 2010 E-Government Act Report

Section 1: Innovation and Transparency

Describe your top three E-Government IT accomplishments related to Open Government and innovation from this year.

SBA has a number of E-Government IT accomplishments related to Open Government and innovation. The Agency published its Open Government Plan in April 2010. The plan outlined a number of ways the organization already supported the principles of transparency, participation, and collaboration, and identified additional efforts on the horizon.

The Agency's Open Government Flagship Initiative – the redesign of the SBA.gov website – is the highest priority E-Government effort underway. This initiative addresses all principles of the Open Government Directive. In phase one, the search capability on the existing site was upgraded to significantly improve transparency and access to data. Social media tools were also incorporated to allow citizens to participate in conversations with the Agency on topics of interest. As phases two and three are completed, the public will have even more opportunity for participation and collaboration. The vision for the redesigned website includes:

- Improved navigation and dashboards that provide direct access to data sets, reports, and content on Agency programs.
- Tools to customize user's online experiences and enable faster access to information.
- The ability to interact with the government and other small business owners through community discussion forums and blogs, as well as rate the usefulness of SBA's web content.

SBA published five datasets on www.Data.gov — three of which are web services that can be used as resources to develop “mashup” applications. For example, one web service consolidates geographic data items. This dataset has been of interest to several non-profit organizations looking to create “localized” applications. SBA support staff is working with these organizations to identify additional data needs and web services to support third-party application development.

Finally, the Agency is actively using public-facing collaborative technologies. Already mentioned are the planned use of page ranking and the current use of social bookmarking and sharing networks. During FY 2010, the Agency provided a forum to allow for public comment on its proposed five year strategic plan. Also, the SBA Administrator conducted two live webcasts that incorporated opportunities for the public to submit questions in advance and pose real-time questions via Facebook.

Section 2: Compliance with Goals and Provisions of the Act

A. Your agency's Information Resources Management (IRM) Strategic Plan and Enterprise Architecture Plan

- SBA Information Technology (IT) Strategic Plan
www.sba.gov/about-offices-content/1/2459/resources/13176
- Enterprise Architecture (EA) Plans
www.sba.gov/about-offices-content/1/2459

B. For each E-Government initiative, provide final determinations, priorities, and schedules. Also include your agency's information dissemination product catalogs, directories, inventories, and any other management tools used to improve the dissemination of and access to your agency's information by the public.

SBA participates in and makes financial contributions to 14 E-Government initiatives. The Agency has memoranda of agreements (MOA) and/or Interagency Agreements (IAA) with the managing partners of each of the 14 initiatives. These agreements ensure adherence to the initiatives guidelines and implementation schedules. Also required, SBA places links on its main SBA.gov web site for certain initiatives and has a link to the SBA on the web site of nearly every initiative. By having reciprocal links, SBA ensures that information about E-Government initiatives is cross-linked for the easy access by the public. The following table provides details on SBA's formal E-Government efforts.

E-Government Initiative	FY 2010 Contribution	Current Level of SBA's Participation
GovBenefits.gov	\$326,920	<ul style="list-style-type: none"> Attends meetings, interacts with managing partners and/or responds to requests for information from the initiative Maintains link from SBA.gov to the Benefits.gov web site
USA Services	n/a*	<ul style="list-style-type: none"> Attends meetings, interacts with managing partners and/or responds to requests for information from the initiative Maintains link from SBA.gov to the USA.gov web site
Disaster Assistance Improvement Plan (DIAP)	\$627,750	<ul style="list-style-type: none"> Attends meetings, interacts with managing partners and/or responds to requests for information from the initiative
E-Rulemaking	\$80,484	<ul style="list-style-type: none"> Attends meetings, interacts with managing partners and/or responds to requests for information from the initiative Maintains link from SBA.gov to the Regulations.gov web site
Grants.gov MOU	\$68,730	<ul style="list-style-type: none"> Attends meetings, interacts with managing partners and/or responds to requests for information from the initiative
Recruitment OneStop	\$25,259	<ul style="list-style-type: none"> Attends meetings, interacts with managing partners and/or responds to requests for information from the initiative Posts position openings to USAJobs.gov
E-Travel	\$138,863	<ul style="list-style-type: none"> Attends meetings, interacts with managing partners and/or responds to requests for information from the initiative Uses an eTravel system
Integrated Acquisition Environment (IEA)	\$156,750	<ul style="list-style-type: none"> Attends meetings, interacts with managing partners and/or responds to requests for information from the initiative Provides an FTE to the IEA PMO
IAE Grants & Loans	\$975,000	<ul style="list-style-type: none"> Attends meetings, interacts with managing partners and/or responds to requests for information from the initiative
Financial Management (FM) Line of Business	\$44,444	<ul style="list-style-type: none"> Attends meetings, interacts with managing partners and/or responds to requests for information from the initiative Adheres to FM guidance
Grants Management (GM) Line of Business	\$28,460	<ul style="list-style-type: none"> Attends meetings, interacts with managing partners and/or responds to requests for information from the initiative Adheres to GM guidance

E-Government Initiative	FY 2010 Contribution	Current Level of SBA's Participation
Enterprise Human Resources Integration (EHRI)	n/a*	<ul style="list-style-type: none"> • Attends meetings, interacts with managing partners and/or responds to requests for information from the initiative • Is migrating paper Personal Files to eOPF system
Budget Formulation and Execution (BFE)	\$50,000	<ul style="list-style-type: none"> • Attends meetings, interacts with managing partners and/or responds to requests for information from the initiative • Adheres to BFE guidance
Geospatial LoB	15,000	<ul style="list-style-type: none"> • Attends meetings, interacts with managing partners and/or responds to requests for information from the initiative

* Previous multi-year agreement did not require funding for FY10

C. Identify improved performance (e.g., outcome measures) by tracking performance measures supporting agency objectives and strategic goals.

The Agency assesses performance at both the program and agency-wide levels. SBA uses the Agency Financial Report, the Annual Performance Report, and the Summary Report to report the agency's performance with respect to each of its particular missions, components, programs, policy areas, and support functions. These annual reports are available at: www.sba.gov/performance.

In addition, SBA tracks and reports performance of the Recovery Act through a SBA Recovery Act Report Card and a Program Performance Report. Both reports are updated monthly and available at: <http://www.sba.gov/recovery/index.html>.

D. Your agency's FOIA handbook, the URL of your agency's primary FOIA website, and the URL where frequent requests for records are made available to the public

- FOIA Handbook "Small Business Administration Guide to Public Information"
www.sba.gov/about-sba-services/226/5104
- SBA Primary FOIA Web site
www.sba.gov/about-sba-services/foia
- URL where frequent requests for records are made available to the public
www.sba.gov/about-sba-services/7589

E. A list of your agency's public Web sites disseminating research and development (R&D) information to the public, describing for each whether the website provides the public information about federally funded R&D activities and/or provides the results of Federal research

SBA does not receive funding for, and does not participate in, R&D activities. Therefore, the SBA does not have a website dedicated to disseminate or describe such activities or results. However, the SBA's Office of Economic Research website, <http://www.sba.gov/advo/research/> provides economic research and statistics associated with small businesses. In addition, the SBA's Office of Technology administers the Small Business Innovation Research (SBIR) Program and the Small Business Technology Transfer (STTR) Program. The Office of Technology's website - www.sba.gov/about-sba-services/7050 - provides relevant research regarding information technology for small businesses.

F. An inventory describing formal agency agreements (e.g., contracts, memorandum of understanding) with external entities (e.g., partnerships with State and local governments, public libraries, industry and commercial search engines) complementing your agency's information dissemination program, briefly explaining how each agreement improves the access to and dissemination of government information to the public

SBA's Office of Advocacy Small Business Law Library website – www.sba.gov/advocacy/820 - provides the memorandums of understanding and formal agreements available to the public. Not all of the agreements are available for public viewing.

G. An inventory that describes your agency's NARA-approved records schedules(s) or the link to the publicly-posted records schedules(s), and a brief explanation of your agency's progress to implement NARA Bulletin 2006-02. For the brief explanation please report the number of systems for which a record schedule was submitted to NARA in FY 2010 and the number of systems still requiring records schedules.

SBA presently has 27 approved electronic systems—one of which comprises 33 subsystems. This system is scheduled under job number NI-309-05-23. During FY 2010 one (1) electronic schedule has been submitted to the National Archives and Records Administration (NARA) for approval. One (1) paper-based schedule has been submitted to SBA's appraisal archivist for preliminary approval. Two (2) electronic schedules are being prepared for submission to NARA. This application is currently available to SBA employees only.

H. Describe how your agency has implemented use of electronic signatures for appropriately secure electronic transactions with Government and established a framework to allow efficient interoperability.

SBA is on track for a technical implementation of e-signature capability in fiscal year 2011, with an internal PKI infrastructure and a planned January 2011 completion of SBA-wide logical access using HSPD-12 PIV cards. This infrastructure will be used in fiscal year 2011 for selected applications, including personnel-related applications. However, full implementation of electronic signatures in SBA is dependent upon approval and adoption by SBA General Counsel.

I. Describe how your agency has enhanced public participation in Government by electronic means for development and issuance of regulations. (Ex: regulations.gov)

SBA is an active participant in electronic rulemaking. During Fiscal Year 2010, SBA created 16 rulemaking dockets through the Federal Docket Management System (FDMS) for inclusion on regulations.gov. One of these dockets, the Women-Owned Small Business Federal Contract Program, generated over 1,000 public comments. One docket, proposing changes to the 8(a) Business Development and Small Disadvantaged Business programs, generated 290 comments. The other dockets generated an average of 10 comments per docket. SBA also created one non-rulemaking docket, a request for information on entrepreneurial mentoring and education, which generated 45 comments.

J. Describe how your agency has linked performance goals to key stakeholders, private sector, other agencies, and internal operations in delivering information and services through use of IT.

The Office of the Chief Information Officer (OCIO) meets the needs of all key stakeholders through an active management of Service Level Agreements (SLA). SLAs are the foundational metrics used to assess both government and contract service support throughout the SBA enterprise. These performance goals are critical and reviewed weekly by OCIO management to ensure proper oversight.

Furthermore, OCIO is the “foundational” layer that provides all IT investments with an integrated and fully executed infrastructure supporting SBA’s national mission.

K. Describe how your agency has reduced errors through use of electronic submissions.

SBA's Office of Business Development manages the Business Development Management Information System (BDMIS) into which 8(a) firms are required to submit forms and documents electronically.

BDMIS removed an important source of error in the 8(a) program application and annual re-certification processes. Prior to BDMIS, an applicant for admission to the 8(a) program submitted his/her application on paper to the SBA. Once admitted to the program for a period of nine years, the firm submitted the materials in a hardcopy format for its annual re-certification. When these materials were received by the SBA, the data was re-keyed into our internal 8(a) program processing and tracking system. This re-keying process was a constant source of error. The introduction of BDMIS allowed the SBA to completely eliminate such data re-keying errors. Using BDMIS, 8(a) program applicants and already certified 8(a) firms enter their information directly into the electronic forms required for processing and tracking 8(a) program participation. No re-keying of data by a third party takes place.

L. Briefly describe your agency efforts to comply with Section 508.

SBA's IT acquisition policy implements Section 508 as prescribed by the Federal Acquisition Regulation (FAR). We review all SBA web applications for compliance with Section 508. In addition, SBA has worked to include appropriate metatags to existing web documents.

M. Quantify the cost savings and cost avoidance achieved through implementation of IT programs.

SBA has implemented and re-evaluated two major IT programs (HSPD-12 and Loan Management and Accounting System) resulting in a significant cost savings or cost avoidance:

Homeland Security Presidential Directive 12 (HSPD-12) initiative expedites SBAs ability to enable IT solutions that directly address line of business needs for disaster response, automated small business services such as electronic (and paperless) workflow services, and reduction in other existing investments for help desk operations and password management. During FY 2010 SBA made a strategic decision to adjust HSPD-12 implementation strategies from a strictly internal issuance process to working with the General Services Administration (GSA). SBA re-baselined the HSPD-12 investment in March 2010 and moved into an Inter-Agency Agreement (IAA) with GSA for a Managed Service Offering (MSO) with their Office of Integrated Technology Services to provide PIV card issuance for SBA. This change in implementation strategy will yield a savings of \$1,614 per card.

Loan Management and Accounting System (LMAS) investment was approved to modernize SBA's loan management and accounting systems. After successfully completing work on a number of initial projects, SBA re-evaluated the LMAS program and decided that the agency and its contractors cannot complete the remaining work of the project in an acceptable timeframe, for an acceptable cost, and with an acceptable level of risk. Thus, the SBA is terminating the LMAS investment during FY 2011 and redirecting funding to smaller, more manageable projects. These smaller projects will be separately funded, and will provide more meaningful deliverables and decision points as the program progresses. As a consequence of terminating the existing LMAS, SBA has realized a savings of \$43 million.

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Appendix 3 — Data Validation and Certification

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

- Ensuring the validity of performance measures and data. The SBA does this through assessing the relevancy of performance measures and data on an annual basis.
- Fostering organizational commitment and capacity for data quality. Achieving data quality through (1) training its managers to make sure they understand the need for quality data, how to develop valid performance measures and how to ensure data quality; and (2) managers attesting to the quality of the data under their management.
- Assessing the quality of existing data. Audits and reviews ensure the quality of its financial data systems. However, the SBA must assess the quality of loan and program data provided by its resource partners and will include data verification in its lender and resource partner oversight.
- Responding to data limitations. It is not enough to identify data quality problems. Where there are data limitations, the SBA is working hard to improve quality. In the meantime, the SBA will recognize where there are data limitations and specify the steps being taken to improve the data.
- Reconciling Finances and Performance Costs. The SBA will continue to ensure the accuracy of this cost-related performance data by reconciling that information with its financial statements. Achieving this important reconciliation means that the Agency has strengthened the integration of its financial and performance information.
- The SBA rates every indicator as to the quality of the data. Every indicator has been subject to critical review and has been rated at least “acceptable”. Any indicator that does not meet the standards of acceptability is rejected as an indicator.

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Appendix 4 — Discontinued Indicators

Program	Performance Indicator	Type	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2010 Goal	FY 2010 Variance
SBG	Value of Final Bonds Issued Less than \$2 Million (\$000)	Output	529,016	552,606	537,971	427,598	507,265	695,850	-27%
SBG	Value of Final Bonds Issued Over \$2 Million (\$000)	Output	N/A*	N/A*	N/A*	42570	106,640	21000	408%
SBG	Value of Bid Bonds Issued Less than \$2 Million (\$000)	Output	1,203,367	1,702,293	1,920,484	2,176,571	2,990,998	1,623,650	84%
SBG	Value of Bid Bonds Issued Over \$2 Million (\$000)	Output	N/A*	N/A*	N/A*	119,380	398,620	72,000	454%
SBDC	Multi-Year extended Engagement Clients (#)	Output	N/A*	44,242	50,807	55,936	60,683	60,000	1%
FO	Lending Officers Trained (#)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
FO	SB Assisted - C&T (#)	Output	315,665	348,855	305,755	N/A*	N/A*	N/A*	N/A*
FO	Cost per SB Assisted - D&T (\$)	Output	49	92	58	N/A*	N/A*	N/A*	N/A*
CIO	Wide-Area-Netw ork Optimization (%) (Recovery)	Output	N/A*	N/A*	N/A*	2%	40%	40%	-
CIO	Customer Satisfaction (%) (Recovery)	Outcomes	N/A*	N/A*	N/A*	N/A*	N/A*	50%	N/A*
CIO	Digitized Microloan Operations (%) (Recovery)	Output	N/A*	N/A*	N/A*	N/A*	N/A*	40%	N/A*
CIO	Digitized Microloan Operations (%) (Recovery)	Output	N/A*	N/A*	N/A*	N/A*	N/A ³	40%	N/A*
BGateway	Hours Saved by users of sba.gov (# in Millions)	Outcome	4.7	3.3	4.0	2.1	3.3	3.4	-3%
BGateway	Customer Satisfaction of online applications and resources (an index)	Outcome	76	70	72	74	75	74	1.4%
OCFO	Number of Material Weaknesses (#)	Outcome	1	0	0	1	0	0	0%

*NA - Not Available

Variance Explanation

Value of Final Bonds Issued Less than \$2 Million (27% under target) - Historically the bid/final split was 70%/30%, which was used to determine the FY 2010 goals. In FY 2010, the bid/final split was closer to 85%/15%. The goals for the Recovery Act bonds were set shortly after the implementation of Recovery Act provisions. The revised FY 2011 indicators are more appropriate to performance reporting.

Value of Final Bonds Issued Over \$2 Million (408% over target) - Historically the bid/final split was 70%/30%, which was used to determine the FY 2010 goals. In FY 2010, the bid/final split was closer to 85%/15%. The goals for the Recovery Act bonds were set shortly after the implementation of Recovery Act provisions. The revised FY 2011 indicators are more appropriate to performance reporting.

Value of Bid Bonds Issued Less than \$2 Million (84% over target) - Historically the bid/final split was 70%/30%, which was used to determine the FY 2010 goals. In FY 2010, the bid/final split was closer to 85%/15%. The goals for the Recovery Act bonds were set shortly after the implementation of Recovery Act provisions. The revised FY 2011 indicators are more appropriate to performance reporting.

Value of Bid Bonds Issued Over \$2 Million (454% over target) - Historically the bid/final split was 70%/30%, which was used to determine the FY 2010 goals. In FY 2010, the bid/final split was closer to 85%/15%. The goals for the Recovery Act bonds were set shortly after the implementation of Recovery Act provisions. The revised FY 2011 indicators are more appropriate to performance reporting.

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Appendix 5 — SBA Federal Employee Viewpoint Survey (FEVS) Action Plan

Agency/Component: Small Business Administration

2011 FEVS Action Plan				
Program Improvement Initiative: Assess employees' training needs and, as appropriate, develop training plans				
Describe the barrier, problem, or deficiency being addressed: There is a lack of adequate and consistent resources to support a comprehensive approach to training within the Agency. Insufficient resources and leadership dedicated to employee training. EVS Question 18, "My training needs are assessed" scored 39.5 percent positive.				
Describe what is causing the barrier/problem (i.e., What is the cause?): Significant budget reductions have had an adverse impact on training and there has also been a decrease in the number of training staff due to turnover and budget issues. Turnover of senior leadership positions have also had an impact on sustained commitment to employee training and development.				
Define success or the desired outcome upon completion of action steps below, including any measures you plan to use to indicate success (be specific): Assess all employees' training needs to identify deficiencies and, as appropriate, training plan are developed to address deficiencies.				
<ol style="list-style-type: none"> 1) 100 percent of employees and managers training needs assessed during FY 2011. 2) Increase positive response rate by two percentage points on the 2011 Employee Viewpoint Survey: <ul style="list-style-type: none"> • Question #18: My training needs are assessed. 				
Primary Action Planning Team (note lead and members): Karla Saunders, Chief Training and Development Division and training staff.				
Action Steps				
Actions to be Taken	Key Deliverables/Output	Start Date/End Date	Responsible Party (Parties)	Budget, Resources, and Approvals Needed
1. Develop a training assessment tool.	1. Training assessment tool ready for administration.	1.10/1/10 – 12/31/10	1. Training Division.	1. Staff support.
2. Administer training assessment tool to all employees.	2. Training needs for employees are assessed.	2.1/1/11 – 3/31/11	2. Training Division.	2. Staff support. 3. Staff support.
3. Analyze and report assessment data to program offices and work jointly to develop training plans to address identified deficiencies.	3. Training plans to address areas of greatest need as identified by the assessment.	3.4/1/11 – 6/30/11	3. Training Division.	

Agency/Component: Small Business Administration

2011 FEVS Action Plan				
Program Improvement Initiative: Promote awareness and use of Agency-wide online training tool.				
Describe the barrier, problem, or deficiency being addressed: 2010 FEVS results reveal only 39 percent of employees are satisfied with the training they receive for their present job.				
Describe what is causing the barrier/problem (i.e., What is the cause?): Employees and managers are not aware of, or familiar with (online) training tool, Skillport based on current usage reports.				
Define success or the desired outcome upon completion of action steps below, including any measures you plan to use to indicate success (be specific):				
<ul style="list-style-type: none"> • Agency-wide knowledge of the availability of this online training tool will increase. • Double the number of employees who use Skillport over FY 2011. 				
Primary Action Planning Team (note lead and members): Karla Saunders, Chief Training and Development Division and training staff.				
Action Steps				
Actions to be Taken	Key Deliverables/Output	Start Date/End Date	Responsible Party (Parties)	Budget, Resources, and Approvals Needed
1. Marketing strategy to inform SBA employees about online training available through the Skillport through advertisement, contests and prizes.	1. Employees will know training is available through Skillport. They will understand how to register and access the training through Skillport.	1.10/15/10 – 9/15/11 2.10/15/10 – 9/15/11	1. Executive leadership, communications office, training	1. Modest funding for prizes and promotional material.

<p>2. Issue Skillport accounts to all full time permanent employees.</p> <p>3. Monitor and track usage of the online training tool.</p>	<p>2. All Agency full time permanent employees will receive access to the Skillport online training tool. They will understand how to register and access the training via Skillport.</p> <p>3. Provide quarterly usage updates to senior leadership to promote awareness of usage.</p>	<p>3. 10/15/10 – 9/15/11</p>	<p>– division</p> <p>2. Training division</p> <p>3. Training division, senior leadership.</p>	<p>2. Need funding approval for Skillport Tool. Annual cost is \$180K for 2,300 licenses.</p> <p>3. No additional funding necessary.</p>
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Agency/Component: Small Business Administration

2011 FEVS Action Plan				
Program Improvement Initiative: Increase employee awareness of Work Life programs				
Describe the barrier, problem, or deficiency being addressed: Employees expressed low levels of satisfaction with the Work Life Programs offered through the Agency. EVS Questions #75 and #78 showed less than 12 percent positive responses.				
Describe what is causing the barrier/problem (i.e., What is the cause?): Although flyers are posted in some office locations about the Work Life Programs, there has not been a unified Agency-wide marketing campaign to inform employees about the variety of services they are eligible for as a result of working at SBA.				
<p>Define success or the desired outcome upon completion of action steps below, including any measures you plan to use to indicate success (be specific):</p> <p>Employees have access to information and services about Work Life Programs to assist with Elder Care and Health and Wellness Issues.</p> <ol style="list-style-type: none"> 1. 80 percent of a sample size of employees will indicate they are aware of services offered through two Work Life Programs (Elder Care, Health and Wellness). 2. Increase positive response rate by two percentage points on the following question for the 2011 Employee Viewpoint Survey: <ul style="list-style-type: none"> - Question #75: How satisfied are you with the Health and Wellness Programs (for example, exercise, medical screening, quit smoking programs) in your agency? - Question #78: How satisfied are you with the Elder Care Programs (for example, support groups, speakers) in your agency? 				
Primary Action Planning Team (note lead and members): Geoffrey Suber, Human Resources Assistant				
Action Steps				
Actions to be Taken	Key Deliverables/Output	Start Date/End Date	Responsible Party (Parties)	Budget, Resources, and Approvals Needed
<p>1. Design and implement marketing plan for Work Life Programs. Includes posting information about Work Life Programs in office locations across the country, Agency-wide announcements through email, and posting information and links information on the SBA intranet.</p> <p>2. Monitor and track level of awareness of Work Life Programs through survey tools like Zoomerang.</p>	<p>1. Marketing plan and summary report of outreach efforts to inform employees about Work Life Programs. Use data to inform future marketing efforts.</p> <p>2. Provide summary report of use of Work Life services and programs to senior leadership.</p>	<p>1. 10/1/10 – 12/31/10 ongoing</p> <p>2. 12/1/10 – 1/31/11</p>	<p>1. HR staff, liaisons in the field, IT staff</p> <p>2. HR staff, IT staff</p>	<p>1. No funding required.</p> <p>2. No funding required.</p>

Agency/Component: Small Business Administration

2011 FEVS Action Plan				
Program Improvement Initiative: Managers increasingly use Category Rating				
Describe the barrier, problem, or deficiency being addressed: Agency is not making adequate use of category rating process as a tool to broaden the selection possibilities for hiring the best candidates for the position. Agency has not adequately educated managers in the use of category rating.				
Describe what is causing the barrier/problem (i.e., What is the cause?): Managers are not aware of category rating and how it can be used; they have not received training on how to use category rating.				
Define success or the desired outcome upon completion of action steps below, including any measures you plan to use to indicate success (be specific): Ensure managers have the hiring tools available to them to recruit and select the most qualified candidates for specific positions. Increase positive response rate by two percentage points on the following question for the 2011 Employee Viewpoint Survey: - Question #21: My work unit is able to recruit people with the right skills.				
Primary Action Planning Team (note lead and members): Valencia Dickens, Senior Policy Specialist				
Action Steps				
Actions to be Taken	Key Deliverables/Output	Start Date/End Date	Responsible Party (Parties)	Budget, Resources, and Approvals Needed
1. Provide training on category rating to all managers who are currently in the process of recruiting and making selections for vacant positions. Provide a second phase of training to all other managers in the organization 2. Conduct quick and simple training evaluations through Zoomerang or other survey instrument. 3. Market the Hiring Manager's Satisfaction Survey through USA Staffing and use survey results to assess impact of category rating.	1. Managers understand category rating certificates and how to properly make selections as evidence through training evaluations. 2. Provide summary report to senior leadership on completion of training and survey results. 3. Provide summary report that compares managers' levels of satisfaction with category rating.	1. Pilot select managers by 10/31/10, all managers by 2/28/11 2. Periodic evaluations 11/1/10 – 6/30/11. 3. Periodic review of survey results 1/31/11 – 6/30/11.	1. HR, Training Managers 2. HR 3. HR	1. Staff support, travel dollars 2. Staff support 3. Staff support

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Appendix 6 — SBA Wellness Action Plan

U.S. Small Business Administration FY 2011 Worksite Wellness Program Implementation Plan

In an effort to improve employee engagement with regard to health and wellness initiatives, SBA has targeted the following Worksite Wellness Program Elements for development and/or implementation:

- Health Education
- Social and Physical Environments
- Integration
- Screenings
- Linkages with Related Programs

SBA administered the 2010 WellCheck Needs Assessment to determine existing gaps in services. SBA identified locations with populations exceeding 100 employees (typically other regions have lower employee populations) to administer the assessment: headquarters and Denver, Colorado.

WellCheck assessment results identified the following gaps in service:

- Health education opportunities – seminars and workshops on nutrition, stress management and physical activity were offered to employees, but additional topics such as blood pressure, weight loss/weight management, lifestyle management, personal safety, etc. were not offered;
- Participation in health education offerings were low;
- Social and physical environment support opportunities such as health fairs, job related occupational health, and job related ergonomics were not provided;
- Support for healthy nutrition was minimal; and
- Screenings for substance abuse, depression, mammography, etc. were not offered

Following are existing barriers to implementing a Worksite Wellness Program as well as opportunities for improvement:

- A full-time permanent employee dedicated to overseeing the Agency's health and wellness program is needed. This person's primary responsibilities would include developing and refining a robust health and wellness program, establishing points of contact throughout the Agency for health and wellness related issues, developing a communication system where health and wellness seminars, activities, information, workshops, etc. are consistently delivered, and establishing external and inter-agency partnerships. Currently, there is no consistent coordination and communication between the Agency health and wellness point of contact and the Federal Occupational Health point of contact to ensure that related services are communicated and utilized by Agency employees.
- Health and wellness activities are not marketed or communicated on a regular or consistent basis. A health and wellness program manager is needed to establish and lead employee focus groups, solicit employee feedback, distribute health and wellness surveys, and provide accurate reporting of Agency participation in health and wellness activities.
- In addition to a dedicated staff person, adequate funding is required to deliver health and wellness activities, seminars, and workshops outside the scope of services currently contracted. SBA has proposed allocating funding in support of health and wellness activities for FY 2012 as follows:
 - EAP - \$41,700
 - Drug Testing - \$1,500

- Health Units - \$283,000
- Incidental program costs associated with work/life initiatives

SBA can significantly improve on gaps in services by designating a full-time person responsible for managing the health and wellness program. The former program manager performed these functions as collateral duties, and was hindered by a lack of resources and competing priorities. In addition to this dedicated resource, providing adequate funding and establishing points of contact with specific responsibility for disseminating information and assisting in coordination of health and wellness activities for their location will foster an environment where employees are engaged and actively participating in this program. Establishing a full-time program manager dedicated to promoting and coordinating health and wellness activities will ensure implementation of a robust employee wellness program, to include developing official worksite wellness policies and procedures, reporting/tracking employee health and wellness activities, and consistent outreach to employees throughout the Agency.

SBA's Employee Assistance Program and Work/Life Services contract includes the following services available to employees:

- Counseling – Three face-to-face counseling sessions and referrals for a full range of personal, family and work concerns;
- 24 hour per day, 7 days per week, toll-free EAP access to mental health professionals;
- Work/Life Services – Child care information and referrals, elder care services, legal consultation provided by attorneys, financial consultations, academic resources, pet care services, etc.
- On-line services – Legal/Financial library, Healthy Exchange Library, Smoking Cessation, Stress Management, Depression and Substance Abuse Screenings, etc.

SBA's Federal Occupational Health Interagency Agreement provides an array of comprehensive occupational health consultations and services for employees such as:

- Emergency Response/Walk-in Care and First Aid;
- Provisions of Interventions Prescribed by a Personal Physician (blood pressure monitoring, glucose monitoring, etc.);
- Immunizations;
- Basic Site Visit;
- Health Screening Programs; and
- Individualized Health Counseling

Success in improving the Agency's health and wellness program can be measured by adding a full-time, permanent program manager and an increase of employee participation by 15 percent in workshops and seminars associated with the program.

Following are action steps related to SBA's 2011 Worksite Wellness Program implementation:

Actions to be Taken	Key Deliverables/ Outputs	Start Date/ End Date	Responsible Party (Parties)	Budget, Resources, and Approvals Needed
Recruit full-time SBA Health and Wellness Program Manager	Draft Position Description; Prepare vacancy announcement; Post vacancy announcement	10/01/2010 – 12/31/2010	OHCM	Allocate 1 FTE; CHCO approval needed.
Establish Agency POCs for health and wellness issues	Obtain appropriate POC information; Clarify roles and responsibilities for POCs	01/17/2011 – 02/07/2011	OHCM	HR Specialist
Develop strategy for surveying regions to determine needed health and wellness activities	Develop survey tool; Distribute survey to regions; Assess survey results; Communicate results to employees	02/18/2011 – 04/18/2011	OHCM; Agency POCs	Funding for survey instrument; CHCO approval; HR Specialist; Agency POCs
Establish partnership with FOH POC to identify available services	Develop list of applicable services; Develop schedule of services for various regions;	02/28/2011 – 03/14/2011	OHCM; FOH POC	HR Specialist; FOH
Develop marketing and communication strategy for announcing health and wellness activities and information	Publish Agency health and wellness POCs; Publish schedule of services for various regions; Update/maintain Agency intranet; Communicate Agency strategies/policies for addressing health and wellness issues (Immunizations, HIV/AIDS, stress management, work/occupational related safety issues, etc.)	01/10/2011 - ongoing	OHCM	HR Specialist; Agency POCs; FOH POC; CHCO/ Management approval needed for communications

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Appendix 7 — SBA Programs and Offices

(In alphabetical order)

Center for Faith-based and Neighborhood Partnerships

Faith-based and community organizations can play an important role in helping the SBA reach, train, and finance the entrepreneurs whose businesses will bring jobs and hope to economically distressed communities all across the nation. The Center for Faith-based and Neighborhood Partnerships promotes SBA partnerships with faith-based and community organizations to help build awareness of SBA's programs that can transform neighborhoods and change lives. Additionally, the office informs faith-based and neighborhood organization of SBA's loan programs that require non-profit intermediary participation and actively encourages qualified faith-based and neighborhood organizations to apply for certification as microloan intermediaries.

Office of Advocacy

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

Office of Capital Access

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

- The 7(a) loan program requires the SBA's lending partners to certify that the applicant was unable to qualify for loans elsewhere on reasonable terms.
- The 504 program, which has a statutorily mandated job creation component, fills another lending gap by providing long term, fixed rate financing for major assets such as real estate and heavy equipment.
- The Surety Bond Guarantee is a program that serves as a gap surety bond credit provider, expanding the bond credit and capacity of small contractors that would not otherwise be able to compete for public and private work.
- The Office of Credit Risk Management provides risk management based on monitoring, reviewing, and oversight of the 7(a) and 504 lenders and microloan intermediaries; and monitoring and analysis of the 7(a), 504, microloan and disaster portfolios.

Office of the Chief Financial Officer and Performance Management

The Office the Chief Financial Officer conducts and promotes effective financial management activities for the SBA including budget, credit subsidy, financial operations, financial systems, and internal controls, and procurement. It develops and maintains integrated accounting and financial management systems; directs, manages, and provides policy guidance and oversight of all Agency financial management personnel, activities, and operations; approves and manages financial management systems design and

enhancement projects; develops budgets for financial management operations and improvements; implements Agency asset management systems; monitors the financial execution of the Agency budget in relation to actual expenditures; and develops policies and procedures for the procurement of supplies, equipment, and non-personnel services.

The Office of the Chief Financial Officer and Performance Management provides tools and guidance to assist the Agency in expanding its capacity to conduct and utilize the results of program evaluations. It also helps the Agency develop better performance measures in order to facilitate the SBA's continued movement from measuring activity outputs to measuring programmatic and Agency outcomes. It builds Agency capacity for results-based management through training and outreach to program offices and supports the Agency's strategic planning. The office also prepares annual accountability and/or performance reports, and establishes and implements Agency-wide policies for management integrity and audit follow-up, including internal controls.

Office of the Chief Information Officer

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

The OCIO manages the SBA's functional IT units encompassing systems development, operations, voice and data communications and user support. Directly or through contractors, the OCIO has responsibility for over 80 current, mission oriented IT systems that support SBA program delivery and enable the Agency to equip and outfit its employees with current hardware, software and computing tools, such as email, wireless capabilities and remote access for telecommuters. This office manages and maintains the SBA's web presence on www.sba.gov.

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

Office of Communications and Public Liaison

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

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

This office manages the web content on www.sba.gov and is also the federal managing partner for *Business Gateway*, www.business.gov, a program integrating web resources to provide small businesses and aspiring entrepreneurs with information services that save time and money, engage citizens to participate, and enable collaboration across all levels of government.

Office of Congressional and Legislative Affairs

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

Office of Disaster Assistance

The Office of Disaster Assistance plays a vital role in the aftermath of disasters. Through ODA, the SBA is responsible for providing affordable, timely, and accessible financial assistance to homeowners, renters, and businesses of all sizes affected by disaster. Financial assistance is available in the form of low-interest, long-term loans. The SBA's disaster loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses. For this reason, the disaster loan program is the only form of SBA assistance not limited to small businesses. ODA makes the following 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 and non-profit organizations.

Office of Disaster Planning

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

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

Office of Entrepreneurial Development

The Office of Entrepreneurial Development serves the small business community through outreach and public/private sector collaborative ventures and other creative mechanisms with the purpose of providing management and technical assistance through counseling and training to America's small businesses that otherwise would not be able to locate or afford trained and professional assistance. OED provides entrepreneurs with free and low-cost education and training, topical information, and management assistance critical for sound decision-making in the start-up and growth phases of the business cycle. The tools used to accomplish this are OED's SCORE, Small Business Development Center, and

Women's Business Center programs; the SBA's online training portal; Emerging Leaders; and delivery systems such as the SBA's district offices.

Office of Equal Employment Opportunity and Civil Rights Compliance

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

Office of the Executive Secretariat

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

Office of Field Operations

The Office of Field Operations represents SBA field offices at headquarters. This office provides policy guidance and oversight to regional administrators and district directors in implementing Agency goals and objectives, and in solving problems in specific operational areas. It establishes and monitors performance goals for district offices; provides associate administrators, program heads and the general counsel with a vehicle for overseeing field office program and policy implementation; provides feedback to headquarters management regarding the performance of their programs; ensures that field offices have adequate input into all policy formation and participate in policy deliberations at headquarters; organizes reviews of field offices; informs the SBA Administrator of field activity; and, when necessary, the Office of Field Operations provides coordination with the Office of Disaster Assistance.

Office of General Counsel

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

Office of Government Contracting and Business Development

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

Working with federal agencies, the SBA negotiates procurement goals, monitors performance, encourages the use of small business sources, provides procurement training and technical assistance to

small firms, and provides policy direction and guidance to federal agencies. Several of the government-wide goals are statutory, including small businesses, small disadvantaged businesses, women-owned small businesses, HUBZone small businesses, and service disabled veterans-owned small businesses.

Office of Grants Management

The Office of Grants Management (OGM) awards and administers all grants under SBA's authorization and appropriations, with the exception of the small business development center and women's business center grants which are awarded and administered by the respective program offices. In the case of congressional earmark grants, the OGM serves as the technical representatives for the grants as well. The director of OGM serves as SBA's senior grant officer and represents the Agency on all interagency grant-related policy making groups.

Office of Hearings and Appeals

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

Office of Human Capital Management

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

Office of the Inspector General

The Office of Inspector General is an independent office created by law within the SBA to conduct and supervise audits, investigations, and other reviews relating to SBA programs and supporting operations; detect and prevent waste, fraud, and abuse; and promote economy, efficiency, and effectiveness in the administration and management of SBA programs. The inspector general keeps the SBA Administrator and the Congress fully informed of any problems, recommends corrective actions, and monitors progress in the implementation of such actions. The two operating components of the OIG are the Auditing Division and the Investigations Division. The Auditing and Investigations Divisions each administer their respective activities through staff located in various locations around the country. The Management and Policy and Counsel Divisions support both the inspector general and the operating divisions by providing policy, planning, administrative, and legal services, respectively.

Office of International Trade

The Office of International Trade enhances the ability of small businesses to compete in the global marketplace by facilitating access to capital to support international trade, ensuring the interests of small

business are considered and reflected in trade negotiations, and supporting and contributing to the U.S. government's international commercial and economic agenda.

Office of Investments and Innovation

The Office of Investments and Innovation assists small businesses through the administration of the Small Business Investment Company (SBIC) and the Small Business Innovation Research (SBIR) programs. SBICs are privately owned and managed investment funds that are licensed and regulated by the SBA. They use their own private capital plus funds borrowed with an SBA guaranty to make investments in qualifying small businesses, especially those with potential for substantial job growth and economic impact. The SBIR program has helped small businesses develop innovations to meet the research and development needs of the federal government and then commercialize those innovations in the marketplace. In addition to helping meet federal research and development needs, the SBIR can advance American innovation and competitiveness in the broader economy.

Office of Management and Administration

The Office of Management and Administration is responsible for all aspects of personnel, employee relations, grants management, space management, mailroom operations, and controlled correspondence. The office oversees the Office of Human Capital Management, the Office of Grants Management, the Office of Administrative Services, and the Office of the Executive Secretariat.

Office of the National Ombudsman

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

Office of Native American Affairs

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

Office of Policy and Strategic Planning

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

Office of Veterans Business Development

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

Appendix 8 — Glossary of Acronyms and Abbreviations

504	504 Certified Development Loan Program — Provides small businesses with long-term, fixed-rate financing for the purchase of land, buildings and long-life capital equipment	BDMIS	Business Development Management Information System — The system that automates the certification and annual review process for the 8(a) program.
7(a)	7(a) Loan Guaranty Program — SBA's primary loan program. It provides general loan financing for a wide variety of purposes.	BLIF	Business Loan and Investment Fund Fund operated by the Treasury Department to maintain the accounting records of loans approved prior to 1992.
8(a)	8(a) Business Development Program Assists firms owned and controlled by socially and economically disadvantaged individuals to enter and succeed in the economic mainstream.	CA	Capital Access (See OCA)
A-123	Designation for OMB Circular on "Internal Control Systems." It prescribes policies and procedures to be followed by executive departments and agencies in establishing, maintaining, evaluating, improving, and reporting on internal controls in their program and administrative activities.	CDC	Certified Development Company — Refers to the Section 504 Certified Development Company debenture program.
AA	Associate Administrator	CFO	Chief Financial Officer — The CFO is responsible for the financial leadership of the Agency. This includes responsibility for all Agency disbursements, management and coordination of Agency planning, budgeting, analysis and accountability processes.
AFMAC	Audit and Financial Management Advisory Committee — Assists the Administrator in overseeing SBA's financial operations	CFR	Code of Federal Regulations — The codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the federal government.
AFR	Agency Financial Report — The name of one of the annual PAR reports.	CIO	Chief Information Officer — The CIO is responsible for the management of information technology for the Agency, including the design, implementation and continuing successful operation(s) of information programs and initiatives.
APR	Annual Performance Report — A report required by the Government Performance and Results Act that presents a federal agency's progress in achieving the goals in its strategic plan and performance budget.	CLA	Office of Congressional and Legislative Affairs — The CLA assists in the development and enactment of SBA legislative proposals and serves as the liaison for SBA's communications on all legislative and congressional activities.
ARC	America's Recovery Capital Loan Program — A new temporary guaranty loan program authorized by the American Recovery and Reinvestment Act of 2009.	COO	Chief Operating Officer
ARRA	American Recovery and Reinvestment Act of 2009 — Most often referred to as the Recovery Act in SBA documents.	COOP	Continuity of Operations Plan — A predetermined set of instructions or procedures that describe how an organization's essential functions will be sustained for up to 30 days following a disaster and then return to normal operations.
BATF	Business Assistance Trust Fund — A trust fund in the U.S. Treasury maintained to receive and account for donations made by private entities for activities to assist small business.	CRC	Civil Rights Center — The CRC administers and enforces various federal statutes, regulations and Executive Orders that relate to nondiscrimination and equal opportunity.
BD	Business Development — The Office of Business Development uses SBA's statutory authority to provide business development and federal contract support to small disadvantaged firms.	CY	Current Year

DAP	Disaster Assistance Plan — Executive Order 13411 mandates that federal agencies create a single application that fulfills the information requirements of all applicable federal disaster assistance programs.	FFMIA	Federal Financial Management Improvement Act — A law that requires each agency to implement and maintain financial management systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the USSGL.
DCIA	Debt Collection Improvement Act — A federal law to maximize collections of delinquent debts owed to the government.	FHCS	Federal Human Capital Survey — A survey administered by OPM to measure federal employees' perceptions about how effectively agencies have managed their workforces.
DCMS	Disaster Credit Management System The electronic system used by the SBA to process loan applications for all new disaster declarations.	FMFIA	Federal Managers Financial Integrity Act A law Act that primarily requires ongoing evaluations and reports on the adequacy of the internal accounting and administrative control systems of executive agencies.
DFP	Dealer Floor Plan — A small pilot program to make revolving loans to retail dealerships including automobile dealers that began in July 2009	FPDS	Federal Procurement Data System
DLF	Disaster Loan Fund — Assists eligible small businesses impacted by disasters.	FRIS	Financial Reporting Information System SBA's consolidated general ledger system.
ECCB	Enterprise Change Control Board — The ECCB is in charge of the administration of the centralized network accounts for the SBA.	FTA	Fiscal and Transfer Agent
EEO	Equal Employment Opportunity	FY	Fiscal Year — The SBA fiscal year begins October 1 and ends the following September 30.
ELA	Electronic Loan Application — Simplifies the application process by providing electronic loan applications.	GAO	U.S. Government Accountability Office The audit, evaluation and investigative arm of Congress.
EVB	Entrepreneurship Boot Camp for Veterans With Disabilities	GC/BD	Office of Government Contracting and Business Development — GC/BD works to create an environment for maximum participation by small, disadvantaged and woman-owned business in federal government contract awards and large prime subcontract awards.
FASAB	Federal Accounting Standards Advisory Board — Promulgates accounting principles for federal government reporting entities.	GDP	Gross Domestic Product
FCRA	Federal Credit Reform Act — A law enacted to provide a more realistic picture of the cost of U.S. government direct loans and loan guaranties.	GSA	General Services Administration
FECA	Federal Employees Compensation Act Provides compensation benefits to federal civilian employees for work-related injuries or illnesses and to their surviving dependents.	GWAC	Government-wide Acquisition Contract
FEMA	Federal Emergency Management Agency — The agency that is tasked with responding to, planning for, recovering from and mitigating against disasters.	HUBZone	Historically Underutilized Business-Zone Encourages economic development by the establishment of federal contract award preferences for small businesses located in historically underutilized business zones.
FERS	Federal Employees' Retirement System A three-tiered retirement plan for federal employees hired after 1984, composed of Social Security benefits, a basic benefit plan, and contributions to a TSP.	IP	Improper Payments (See IPIA)
FEVS	Federal Employee Viewpoint Survey	IPA	Independent Public Accountant — A firm or person, other than the agency's IG, who meets the independence standards specified in GSA, and is engaged to perform the audit of a federal agency or for other purposes.
		IPIA	Improper Payment Information Act — A federal law, enacted in 2002 to identify and reduce erroneous payments in the government's programs and activities.

IT	Information Technology — Refers to matters concerned with the design, development, installation and implementation of information systems and applications.	NWBC	National Women’s Business Council A bi-partisan federal advisory council created to serve as an independent source of advice and policy recommendations to the President, Congress, and the SBA on economic issues of importance to women business owners.
LAS	Loan Accounting System — SBA’s loan origination servicing and disbursement system.	OCA	Office of Capital Access — The office responsible for small business program loans, lender oversight, and the surety bond program.
LLG	Liability for Loan Guaranties — Net present value of expected future cash flows for outstanding guaranties.	OCRM	Office of Credit Risk Management SBA office that manages program credit risk, monitors lender performance, and enforces lending program requirements.
LMAS	Loan Management and Accounting System — Financial Management System that supports loan accounting.	ODA	Office of Disaster Assistance — SBA office that promotes economic recovery in disaster ravaged areas. SBA loans are the primary form of federal assistance for non-farm, private sector disaster losses for individuals and businesses.
LMS	Loan Monitoring System — Aids the SBA in managing its core loan guaranty programs and serves as one of the building blocks in the overall systems modernization project.	OFA	Office of Financial Assistance — SBA office that administers various loan programs to assist small businesses.
MAS	Multiple Awards Schedule	OFO	Office of Field Operations — SBA office that represents field offices, including regional and district offices, at headquarters.
MAX	Budget Information System — OMB uses the MAX Budget Information System to collect, validate, analyze, model and publish budget information.	OGC	Office of General Counsel — Provides legal advice for senior management, as well as legal support for all Agency programs, initiatives and administrative responsibilities.
MD&A	Management’s Discussion and Analysis The MD&A is considered required supplementary information for federal financial statements and is designed to provide a high level overview of the Agency.	OHCM	Office of Human Capital Management Supports the strategic management of human capital in the accomplishment of the Agency’s mission.
MRA	Master Reserve Account — SBA’s fiscal agent maintains this escrow fund to facilitate the operation of the Certified Development Company program.	OIC	Office of Internal Control — Is part of the SBA Office of the Chief Financial Officer, and is the office that has the lead in making sure managers can comply with internal control standards.
MRF	Master Reserve Fund — SBA’s fiscal and transfer agent maintains this reserve fund to facilitate the operation of the 7(a) secondary market program.	OIG	Office of Inspector General — Conducts and supervises audits, inspections and investigations relating to SBA programs and operations.
NAICS	North American Industry Classification System — NAICS is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.	OII	Office of Investments and Innovation — Assists small businesses through the administration of the Small Business Investment Company and the Small Business Innovation Research programs.
NGPC	National Guaranty Purchase Center SBA’s centralized loan guaranty purchase processing center.	OIT	Office of International Trade — SBA office that promotes small business ability to compete in the global marketplace and delivers export technical assistance and trade finance.
NIST	National Institute of Standards and Technology —An agency of the U.S. Department of Commerce		
NPV	Net Present Value		

OMB	U.S. Office of Management and Budget Presidential office that oversees preparation of the federal budget and supervises its administration in Executive Branch agencies.	SAS	Statement on Auditing Standards Establishes standards and provides guidance on the design and selection of an audit sample and the evaluation of the sample results.
OPM	U.S. Office of Personnel Management The federal government's human resources agency.	SAT	Senior Assessment Team
ORACLE	The Accounting program used by SBA's Administrative Accounting Division	SBA	Small Business Administration A federal agency of the Executive Branch whose mission is to aid, counsel and protect the interests of small businesses and help families and businesses recover from disasters.
ORCA	Online Representation and Certification Application — An e-Government initiative that was designed to replace the paper based Representations and Certifications process.	SBA Express	Provides selected lenders with a 50 percent guaranty on their loans in exchange for the ability to primarily use their own application and documentation forms, making it easier and faster for lenders to provide small business loans of \$250,000 or less.
OVBD	Office of Veterans Business Development — The SBA office that works to enhance and increase successful small business ownership by veterans.	SBDC	Small Business Development Center Program — Delivers management and technical assistance, economic development and management training to existing and prospective small businesses through cooperative agreements with universities and colleges and government organizations.
PAR	Performance and Accountability Report Reporting that presents financial, budgetary and performance information to OMB, Congress and the public.	SBG	Surety Bond Guarantee Program Provides guaranties, bid, performance and payment bonds for contracts up to \$2 million for eligible small businesses that cannot obtain surety bonds through regular commercial channels.
PCECGF	Pollution Control Equipment Contract Guaranty Fund — Supports costs associated with the credit portfolio of pre-October 1991 pollution control equipment loans and guaranties being liquidated by the SBA.	SBGRF	Surety Bond Guaranty Revolving Fund All of the contractor and surety fees collected by the SBA are deposited in the SBG Revolving Fund at the U.S. Department of Treasury, which is used to pay claims.
PIA	Privacy Impact Assessment — Part of the Privacy Impact Statement from the Privacy Act.	SBIC	Small Business Investment Company Provides long-term loans, debt-equity investments and management assistance to small businesses, particularly during their growth stages.
PII	Personally Identifiable Information — Any information that can identify a person.	SBLC	Small Business Lending Company Non-depository small business lending companies listed by the SBA Office of Capital Access.
PLP	Preferred Lender Program — Covers certified or preferred lenders that receive full delegation of lending authority.	SBPRA	Small Business Paperwork Relief Act of 1992
POA&M	Plan of Action and Milestones	SBREFA	Small Business Regulatory Enforcement Fairness Act
PPS	Probability Proportional to Size	SCORE	A volunteer organization, sponsored by the SBA that offers counseling and training for small business owners who are starting, building or growing their businesses.
PY	Prior Year		
QA	Quality Assurance — Function to assure that project deliverables meet SBA's requirements and quality standards.		
QAR	Quality Assurance Review		
Recovery Act	American Recovery and Reinvestment Act of 2009 — Most often referred to as the Recovery Act in SBA documents, may also be referred to as ARRA.		

SDB	Small Disadvantaged Business Small business owned and controlled by individual(s) who are socially and economically disadvantaged.
SFFAS	Statements of Federal Financial Accounting Standards — Agreed upon specific standards and concepts published in the Federal Register.
SOP	Standard Operating Procedure SOPs are the primary source of the Agency's internal control.
SOX	Sarbanes-Oxley Act 2002 — The law introduced major changes to the regulations of financial practice and corporate governance.
SSBIC	Specialized Small Business Investment Company — Provides equity capital, long-term loans, debt-equity investments and management assistance to socially or economically disadvantaged small businesses.
TOP	Treasury Offset Program — A centralized debt collection program developed by the Treasury Department's FMS to assist agencies in the collection of delinquent debts owed to the federal government.
VAT	Vulnerability Assessment Team — Performs monthly scans of network-attached devices to identify and remedy network vulnerabilities.
VBOC	Veteran Business Outreach Centers provide outreach, counseling, training and directed referral access to all SBA programs and services for veterans, Reserve Component members, TAP eligible service members and their spouses.
V-WISE	V-WISE & Endure and Grow — Programs specifically targeting entrepreneurial development services to women veterans and to Reserve Component members of the U.S. Military and their families.
WBC	Women's Business Center — WBCs provide long-term training and counseling to women owning or managing a business, including financial, management, marketing and technical assistance, and procurement.

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Office of the Inspector General Budget Request

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

**CONGRESSIONAL BUDGET JUSTIFICATION
FISCAL YEAR 2012**



FEBRUARY 2011

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U.S. SMALL BUSINESS ADMINISTRATION OFFICE OF INSPECTOR GENERAL

CONGRESSIONAL BUDGET JUSTIFICATION

FISCAL YEAR 2012

Overview

Pursuant to the Inspector General Act of 1978, as amended, the Small Business Administration (SBA) Office of Inspector General (OIG) adds value to agency programs and operations by providing auditing, investigative, and other services to support and assist SBA in achieving its statutory mission. SBA was established to maintain and strengthen the nation's economy by assisting and protecting the interests of small businesses and by helping families and businesses recover from disasters. In addition to responsibilities under the Inspector General Act, the OIG carries out other significant statutory responsibilities and government-wide mandates, including responsibilities under the Small Business Act and the Small Business Investment Act.

The OIG improves agency programs and operations by identifying vulnerabilities and inefficiencies and following up to ensure that SBA takes corrective actions. The OIG also promotes a high level of integrity, with a focus on serving the needs of the OIG's customers and stakeholders and safeguarding SBA resources from waste, fraud, and abuse. The OIG will use the funding requested for Fiscal Year (FY) 2012 to continue to address critical areas and issues, including the following.

- Working an active caseload of about 250 criminal and civil fraud investigations of potential loan and contracting fraud and other wrongdoing. Many of these investigations involve multiple suspects. (Continuing the success of the OIG in prosecuting complex, multimillion dollar fraudulent financial schemes, during FY 2010 OIG investigations resulted in: 81 indictments; 41 convictions; and civil fraud settlements, potential recoveries, fines, and loans/contracts not being approved or being canceled of almost \$48 million.)
- Conducting audits and reviews of high-risk SBA activities with a focus on systemic, programmatic, and operational vulnerabilities. (During FY 2010 the OIG issued 34 reports with 176 recommendations for improving agency operations, recovering improper payments, and reducing fraud and unnecessary losses in SBA programs.)
- Contracting with an Independent Public Accountant to perform the audit of SBA's financial statements.
- Providing oversight and monitoring of SBA's Information Technology (IT) security and application development activities including new systems under development and agency compliance with the Federal Information Security Management Act (FISMA).
- Performing required background investigations for SBA employees to achieve a high level of integrity in the agency's workforce and adjudicating SBA employees and contractors for issuance of Personal Identity Verification (PIV) cards pursuant to Homeland Security Presidential Directive 12 (HSPD-12) background investigation requirements.



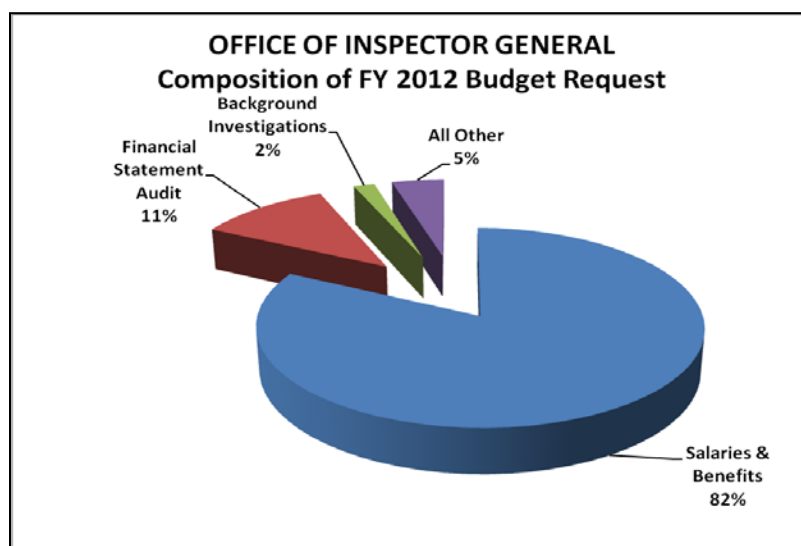
- Reviewing proposed revisions to regulations, policies and procedures, and other directives with an emphasis on strengthening internal controls to preclude wasteful, confusing, or poorly-planned initiatives.
- Promoting the prosecution of debarments, suspensions, and other administrative enforcement actions to foster integrity in agency programs. (During FY2010 OIG investigations and recommendations contributed to 53 administrative enforcement actions.)
- Conducting name checks and, where appropriate, fingerprint checks on program applicants to prevent known criminals and wrongdoers from participating in SBA programs. (During FY 2010 loans not approved as a result of the OIG's name check program totaled more than \$23.6 million.)

FY 2012 Budget Request

For FY 2012 the OIG requests a total of \$19.42 million—a direct appropriation of \$18.42 million and \$1.0 million to be transferred from SBA's Disaster Loan program account for work on disaster program issues.

<i>Dollars in Millions</i>	FY 2010 Enacted Level	Annualized FY 2011 CR Level	FY 2012 Request	Increase from FY 2010 Enacted Level
New Budget Authority	\$16.3	\$16.3	\$18.42	\$2.12
Transfer from Disaster Loan Program Account	1.0	1.0	1.0	0.0
Total	\$17.3	\$17.3	\$19.42	\$2.12

The majority of the funds requested for FY 2012 will be used for (1) salary and benefits for approximately 100 OIG employees (82 percent); (2) the annual audit of the agency's financial statements by an Independent Public Accountant (11 percent); and (3) background investigations for SBA employees in public trust and national security positions (2 percent). The balance of the requested funds (5 percent) must cover all remaining expenses, including required travel, mandatory training, and equipment for the OIG's auditors, investigators, and other OIG staff.



Critical Risks Facing the SBA

Within available resources the OIG must focus on the most significant risks to SBA and the taxpayer. Critical risks facing SBA are summarized below. Many of these risks are addressed in the OIG's *Report on the Most Serious Management and Performance Challenges Facing SBA*, which the OIG issues annually in accordance with the Reports Consolidation Act of 2000.

Risks Due to Limited Oversight and Controls in SBA Lending Programs

The SBA faces a heightened risk of losses and improper payments due to expedited loan processing initiatives and its considerable reliance on outside financial institutions over which the agency does not always exercise adequate oversight. This trend has been exacerbated by agency budget constraints, streamlining, and centralization in recent years.

The agency's business loan programs include (1) the Section 7(a) program, in which SBA guarantees loans to small businesses made by lenders, and (2) the Section 504 program, in which SBA guarantees repayment of debentures that are sold by Certified Development Companies (CDCs) to investors to create funds for loans to small businesses. The majority of loans made under the 7(a) program are made with little or no review by SBA prior to loan approval because SBA has delegated most of the credit decisions to lenders originating these loans. Numerous OIG criminal investigations have identified fraud by borrowers, loan agents, lenders, and other participants in SBA business loan programs. In addition, OIG reviews have detected vulnerabilities in (1) SBA and lender origination and closing of loans; (2) credit scoring models used by SBA lenders; and (3) recent changes to SBA's Standard Operating Procedure for the 7(a) program, including a new provision which allows financing of large amounts of intangible assets, including goodwill, in change of ownership transactions where the entire equity injection can be provided in the form of seller take-back financing. The OIG has also identified Management Challenges relating to the agency's controls in the guaranty purchase process, oversight of lenders and CDCs, oversight of loan agent participation in the 7(a) program, and improper payments under the 7(a) program.

Through the Disaster Loan program, SBA makes direct loans to homeowners and businesses harmed by disasters to fund repair or replacement of damaged property and to businesses to provide needed working capital. This program is vulnerable to fraud and unnecessary losses because (1) loan transactions are often expedited in order to provide quick relief to disaster victims; (2) lending personnel hired in connection with a disaster declaration may lack sufficient training or experience; and (3) the volume of loans may overwhelm SBA resources and its ability to exercise careful oversight of lending transactions. OIG reviews of SBA's loan processing activities have disclosed significant problems in making, disbursing, servicing, and liquidating disaster loans, as well as an excessive rate of improper payments. OIG investigations have led to numerous convictions of disaster loan borrowers for making fraudulent statements to obtain loans or misusing loan proceeds. The OIG has identified a Management Challenge relating to improper payments in the Disaster Loan program.

Under the Small Business Investment Company (SBIC) program, SBA licenses and funds venture capital firms that provide financial assistance to small businesses. SBA is at risk for significant losses in this program due to the deterioration in the economic environment, the decline in asset values of participating securities, and the increasing amount of debenture obligations made by the agency.

Risks Affecting SBA's Oversight of Contracts for Small and Disadvantaged Businesses

The Small Business Act directs the SBA to promote the award of Federal contracts to small businesses and firms owned by disadvantaged individuals (such as minorities, service-disabled veterans, women, firms from areas of low economic activity, and others). For FY 2009 SBA



reported that small and disadvantaged firms were awarded about \$97 billion government-wide in prime contracting assistance. OIG audits and investigations have identified numerous instances where firms that do not meet the criteria to be either “small” or “disadvantaged” have improperly obtained contracts under these SBA contracting programs. These improprieties have resulted from a variety of factors, including fraud by company managers, excessive control over small or disadvantaged firms by large companies or non-disadvantaged individuals, weak oversight by SBA and Federal procurement personnel, and regulatory ambiguities and loopholes. The OIG has identified Management Challenges for SBA to promote integrity in small business contract awards and oversight of the Section 8(a) Business Development program.

Risks Associated with the SBA’s Information Security Controls and Other Operations

SBA’s IT systems play a vital role in the agency’s management of its operations and programs, including the guaranteed loan portfolio, which is currently valued at approximately \$90 billion. OIG audits and other reviews have identified serious shortcomings in SBA’s information systems and related security controls. Most critical, SBA’s principal data processing and data collection tool for loan servicing, monitoring and accounting—the Loan Accounting System—uses significantly outdated technology that increases vulnerability and security issues and undercuts SBA’s ability to meet the expanding requirements of new initiatives, such as the Small Business Jobs Act of 2010, and the reporting requirements of the Credit Reform Act. Additional OIG reviews have found that SBA has not fully implemented adequate oversight of the agency’s IT systems, has not established an effective process to remediate security vulnerabilities, and has not developed an effective process to upgrade IT capabilities. The OIG has issued Management Challenges recommending corrective action in SBA’s IT security and acquisition processes.

OIG Strategic Goals and Objectives

The OIG’s Strategic Plan contains two goals that are aligned with the OIG’s central mission under the Inspector General Act. These strategic goals are designed to effectively focus and manage the OIG’s auditing, investigative, and other activities on SBA’s most significant challenges and risks.

Strategic Goal 1: Improve the Economy, Efficiency, and Effectiveness of SBA Programs and Operations

Through audits, investigations, and other efforts, the OIG reviews critical aspects of SBA’s programs and operations to improve agency efficiency and effectiveness. The OIG prioritizes its reviews in response to legislative mandates or requests from sources outside the OIG, or through OIG assessments of SBA’s risks and vulnerabilities. An important aspect of this work is identifying and following up on the agency’s major Management Challenges, as required by the Reports Consolidation Act. In addition, the OIG increasingly focuses available resources on specific legislative and other mandates.

Implementation Strategies

- Conduct audits and reviews of high-risk activities and conduct follow-up reviews to assess implementation.
- Periodically analyze audits and reviews, as well as investigations of complaints and program participants, to identify trends and systemic weaknesses.
- Regularly work with the agency to identify, update, and resolve the top Management Challenges.
- Focus audits and reviews to identify improper payments, unnecessary losses, and questionable expenditures.



- Respond in a timely and effective manner to inquiries, complaints, and clearances.
- Review proposed and existing legislation, regulations, and directives and provide timely and relevant recommendations to agency decision makers.

Strategic Goal 2: Promote and Foster Integrity in SBA Programs and Operations

The OIG directly supports SBA's mission by detecting, investigating, and deterring fraud and other wrongdoing in agency programs and operations. OIG activities help to ensure that SBA employees, loan applicants, and program participants possess a high level of integrity. This is critical to the proper administration of SBA's programs because it helps ensure that SBA resources are utilized by those who deserve and need them the most.

Implementation Strategies

- Give priority to investigations with a potentially broad systemic impact and/or large dollar loss.
- Assess trends, target areas of greatest vulnerability, identify gaps in controls, and recommend systemic control improvements.
- Develop proactive investigations to uncover fraud and other wrongdoing.
- Emphasize the use of debarment and other administrative actions to deter fraud and other wrongdoing.
- Expand outreach with lenders and SBA officials to educate them on how to identify and prevent potential fraud and other wrongdoing.
- Provide SBA decision makers with timely background information about program participants and agency employees to identify potential risks.
- Respond in a timely and effective manner to complaints and referrals.

OIG Operational Strategies

In addition to the implementation strategies discussed above, the OIG uses the following operational strategies to achieve its goals.

- Attract, develop, and retain a highly skilled OIG workforce and provide them with the tools, services, and processes necessary to continuously improve productivity.
- Develop an internal work environment that allows OIG employees to understand how their work is important in meeting OIG strategic goals.
- Ensure the integrity and reliability of work products by subjecting OIG operations to internal review, as well as to external "peer" reviews by other Federal OIGs.
- Use annual planning and budget processes to manage OIG operations effectively and efficiently.
- Ensure effective two-way communication with customers, stakeholders, employees, and interested parties to identify opportunities for improvement.



Key Outcomes

Anticipated outcomes of OIG efforts under the Strategic Goals include.

- Reduction of risks to, and increased integrity of, SBA programs and operations.
- Resolution of OIG-identified Management Challenges.
- Improvement of efficiency and effectiveness in the delivery of SBA programs.
- Enhancement of internal controls.
- Reduction of fraud and abuse in SBA programs and operations.
- Identification of potential monetary recoveries and savings and reduction of improper payments.

FY 2010 Accomplishments

During FY 2010 the OIG issued 34 reports containing 176 recommendations for improving agency operations, reducing fraud and unnecessary losses, and recovering funds. In addition, OIG investigations led to 81 indictments and 41 convictions of subjects who defrauded the government. In all, OIG efforts resulted in more than \$72 million in total monetary recoveries and savings. The monetary recoveries resulted from court-ordered and other investigative recoveries and fines. The savings resulted from disallowed costs and recommendations that funds be put to better use, both agreed to by management, and loans/contracts not made as a result of investigations and name checks. The OIG's accomplishments during FY 2010 are discussed in more detail in the *Performance Information* section of this document and in the OIG's *Fall 2010 Semiannual Report to Congress*.

FY 2011/2012 Planned Activities

During FY 2011 and FY 2012, in addition to conducting audits and reviews that are required by statutes and other directives, the OIG will continue to focus on the most critical risks facing SBA. Several areas of emphasis are discussed below.

Financial Assistance

Over the last several years, losses in SBA's loan programs have increased substantially due to the recent economic recession, lender errors in processing loans, and corrupt individuals employing a variety of schemes to defraud SBA and its lenders. Some of the increase in SBA losses correlates to similar root causes seen in the mortgage industry such as limited SBA oversight of lenders and loan agents, poor lender loan processing, unscrupulous borrowers, and complicit brokers and lenders. This situation has led to significant losses at SBA. In FY 2010 SBA increased its estimates of losses in the agency's loan programs by more than \$3 billion.

The funds requested for FY 2012 will enable the OIG to more effectively address the growing financial losses in SBA lending due to lender errors and various fraud schemes by performing in-depth analyses and conducting criminal investigations to refer suspected fraud for prosecution and/or make recommendations for loan guaranty adjustments. As of September 30, 2010, the OIG had 104 open cases related to SBA loan programs (other than disaster) with potential dollar losses of over \$368 million. In addition, over the last three years the OIG has administratively closed 281 allegations—with potential losses estimated at \$379 million—which may have met prosecutorial thresholds, but could not be further investigated due to a lack of resources. Also, over the last three years the OIG proactively identified over 520 suspect loans—with values estimated at



\$532 million—that contain characteristics typical of problem loans. Due to limited resources, these loans could not be further reviewed to identify lender deficiencies or indications of fraud.

The OIG will also continue its national initiative to detect fraud committed by loan agents, such as packagers and brokers. A loan agent is sometimes hired by an applicant or lender to assist the applicant in obtaining an SBA loan. Although honest loan agents can help small businesses gain access to capital, some dishonest ones have perpetrated fraudulent schemes involving tens of millions of dollars in loans. These fraudulent loans often default for non-payment, and SBA is forced to use taxpayer funds to purchase the guaranteed portions of the loans. In the past decade, the OIG has obtained convictions and guilty pleas on numerous cases involving loan agent fraud, totaling in excess of \$260 million.

The OIG will conduct a review of improper payments in the 7(a) program to determine if previous recommendations have been implemented to address deficiencies in SBA's reporting and recovery of improper payments. In addition, the OIG will conduct a review of liquidation activities for the SBIC program. The OIG will continue to conduct audits of business and disaster assistance loans that default quickly because past work has shown that, frequently, such loans were not properly originated and that effective controls and procedures were not in place to prevent improper payments. The OIG will also audit the key oversight processes employed by the Office of Credit Risk Management to determine the effectiveness of the agency's risk management practices and oversight of high-risk lenders.

Government Contracting and Business Development

The SBA directs significant efforts toward helping small businesses obtain Federal contracts and providing other business development assistance. SBA's Office of Government Contracting and Business Development is tasked with helping small businesses obtain a fair proportion of Federal contracting opportunities and helping small, disadvantaged, and women-owned businesses build their potential to compete more successfully in a global economy. During FY 2011 and FY 2012 the OIG will focus on SBA's oversight of, and current issues affecting, Government Contracting and Business Development programs, including investigating allegations that ineligible companies are fraudulently benefitting from these programs (as of September 30, 2010, the OIG had 56 open cases with potential dollar losses of over \$682 million, based on the total value of the contracts). For example:

- There has been a high level of congressional interest in small businesses receiving a fair share of Federal contracts. The OIG will continue to assess whether SBA is taking adequate steps to ensure the integrity of small business contracting, with an emphasis on issues such as the accuracy of reporting small business contract activity, large businesses being classified as small businesses, adherence to regulations to protect small businesses, training of government contracting personnel, deterring fraudulent acquisition of government contracts, and bundling of contracts.
- Despite improvements made by SBA in recent years, the Section 8(a) Business Development program continues to be susceptible to major vulnerabilities. These include: limited program oversight; inequitable distribution of contracting opportunities among participants; a lack of implemented, measurable, consistent, and mandatory criteria pertaining to economic disadvantage; a lack of implemented criteria defining business success for purposes of program graduation; and companies misrepresenting themselves as small, minority-owned or disadvantaged businesses to gain an unfair advantage in the Federal marketplace. The OIG will continue to review these issues and SBA's management of the Section 8(a) program.
- The Historically Underutilized Business Zone (HUBZone) program provides Federal contracting assistance to small businesses located in economically distressed areas with the intent of stimulating economic development. The Service-Disabled Veteran-Owned



Small Business (SDVOSB) program provides more opportunities in Federal contracting for disabled veterans who own small businesses. The Government Accountability Office (GAO) has identified significant control weaknesses in these programs that have allowed ineligible firms to receive millions of dollars in contracts. The OIG will examine SBA's claim that it has implemented a more rigorous HUBZone certification process in the hopes of preventing ineligible firms from achieving certification. In addition, the OIG plans to review the HUBZone decertification process once SBA completes its reengineering of this process in FY 2011. The OIG will also continue to pursue prosecution, civil fraud recovery, and debarment of contractors who improperly obtain HUBZone, SDVOSB and other preferential contracts.

Financial Management and Information Technology

The OIG will continue to oversee the audits of SBA's financial statements, as well as FISMA and Federal Information Systems Controls Audit Manual (FISCAM) reviews, which are conducted by an Independent Public Accountant under a contract with the OIG. The OIG anticipates that the scope of financial statement audits will continue to expand as a result of growing direct and guaranteed loan portfolios, new mandates of the Small Business Jobs Act, and increases in the number of programs that are subject to the provisions of the Credit Reform Act.

The OIG will also continue to monitor system development activities related to the Loan Management and Accounting System (LMAS)/Incremental Improvements Project to ensure adequate System Development Lifecycle Controls are in place as the SBA endeavors to migrate its batch COBOL systems from the mainframe to a new hosting environment. As threats to disrupt cyber-based systems continue to escalate, the agency must take steps to improve controls to prevent outages and loss of sensitive data and to ensure the continuity of mission critical operating systems. The OIG will conduct audits to assess the security of SBA's computer operating system, network, and hosted applications by performing assurance reviews. The OIG will also review the sufficiency of agency resources used to manage computer security, maintain systems, provide technical support, and administer security training.

Disaster Assistance

OIG audits will continue to focus on loan origination, disbursement, repayment, servicing, and liquidation activities related to disaster loans. The OIG will assess whether SBA processed loan applications in accordance with agency procedures, verified uses of loan proceeds before loans were fully disbursed, and appropriately identified duplicate benefits. The OIG will also monitor SBA's strategy in delivering economic relief to small business owners impacted by the Deepwater Horizon oil spill and in responding to other disasters to ensure that SBA's approach is cost effective and efficiently provides assistance to disaster victims. The OIG will also continue to investigate allegations of unauthorized use of loan proceeds, overstatement of financial losses, material false statements in the application process, false/counterfeit supporting documentation, and false assertions regarding primary residency in affected areas at the times of the disasters. As of September 30, 2010, the OIG had 56 open cases involving disaster loans with potential dollar losses of over \$14 million.

Agency Management Challenges

As required by the Reports Consolidation Act, the OIG annually develops a report of the *Most Serious Management and Performance Challenges Facing SBA*. The Management Challenges focus on areas that are particularly vulnerable to fraud, waste, error, and mismanagement, or otherwise pose a significant risk, and generally have been the subject of one or more OIG or GAO reports. The OIG's reports on Management Challenges for SBA have consistently been singled out by the *Mercatus Center* at George Mason University for providing the best example by far of an insightful inspector general assessment that should serve as a model for other Inspectors General. The OIG will continue to identify serious Management Challenges facing SBA and will work



throughout the year with agency management to resolve identified issues as quickly and efficiently as possible.

Security Operations

The OIG's Office of Security Operations will continue processing name checks and, where appropriate, fingerprint checks to ensure that applicants meet certain character standards before participating in programs involving business loans, disaster assistance loans, Section 8(a) certifications, surety bond guarantees, SBICs, and CDCs. As a result of OIG referrals during FY 2010, SBA business loan program managers declined 71 applications totaling nearly \$22 million, and disaster loan program officials declined 20 applications totaling over \$1.7 million, due to character issues of loan applicants. In addition, the Section 8(a) program declined 24 applications for admission and the Surety Bond Guaranty program declined 3 applications for admission. Nearly \$300 million in loans have been declined during the last 10 years due to character problems identified by the OIG, thereby making credit and SBA assistance available to other applicants with no such issues. The OIG will also perform required background investigations for covered SBA employees and adjudicate SBA employees/contractors for issuance of PIV cards pursuant to HSPD-12 background investigation requirements. During FY 2010 the OIG initiated almost 400 background investigations and issued 39 security clearances for agency employees and contractors.

Review of Proposed Regulations and Initiatives

As part of the OIG's proactive efforts to promote accountability and integrity and reduce inefficiencies in SBA programs and operations, the OIG will continue to review proposed changes to program management directives such as regulations and internal operating procedures, forms that SBA asks program applicants and other members of the public to complete, and proposed agency reorganizations. Frequently, the OIG identifies material weaknesses in these initiatives and recommends revisions to promote more effective controls and reduce fraud, waste and abuse. During FY 2010 the OIG reviewed 95 proposed revisions of program management or agency reorganization documents and provided comments on 47 of these initiatives.

Debarment and Administrative Enforcement Actions

The OIG will continue to promote suspension, debarment, and other administrative enforcement actions as a means to protect Federal agencies from program participants that have engaged in fraud or otherwise exhibited a lack of business integrity. The OIG regularly identifies candidates for debarment and submits detailed recommendations with supporting documents to SBA debarment officials. The OIG will also continue working with SBA so the agency can develop a more robust debarment and suspension program. The OIG believes the agency needs to be more aggressive in pursuing debarments and other enforcement activities against companies that wrongfully obtain preferential contracting benefits. During FY 2010 the OIG recommended 31 debarments to the agency and contributed through investigative and other efforts to 22 additional administrative enforcement actions.

Fraud Awareness Briefings

The OIG will continue to conduct briefings on topics related to fraud in government lending and contracting programs. During FY 2010 the OIG provided 11 presentations for more than 500 representatives of lending institutions, government agencies, law enforcement organizations, and others.



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

PERFORMANCE INFORMATION

Performance Measurement

Performance measurement provides information regarding the value that an organization provides to its stakeholders and customers. The two goals in the OIG's Strategic Plan encompass several key measures to assist in evaluating the OIG's success in achieving its goals and objectives. In addition, critical information regarding the OIG's accomplishments in fulfilling its mission under the Inspector General Act is provided twice yearly in the OIG's *Semiannual Reports to Congress*. Information on the OIG's key performance measures and a summary of the OIG's statistical accomplishments are provided below.

OIG Performance Measures/Indicators

Measures/Indicators^{1/} (In addition to the OIG's Semiannual Reports)	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Quality			
Value of monetary recoveries and savings resulting from audits, other reports, investigations and security checks.	\$72 million	\$80 million	\$80 million
Percent of all report recommendations agreed to by management within 6 months of report issuance.	89%	80%	80%
Percent of all investigative cases opened during the fiscal year that involve fraud with potential dollar losses of \$100,000 or more committed against SBA.	71%	60%	60%
Percent of all investigative cases closed during the fiscal year that was referred for criminal or civil prosecution, or SBA administrative action.	90%	80%	80%
Timeliness			
Percent of audit projects completed within budgeted hours and milestones, or in established timeframe.	76%	75%	75%
Percent of all investigative cases accepted by prosecutors, referred for Agency action, or closed during the fiscal year in which the acceptance, referral or closure occurred within 18 months of case initiation.	82%	75%	75%

^{1/} Achievement of the OIG's goals is subject to a number of external factors (see the "Performance Measurement Limitations" section of this document).

FY 2010 Statistical Accomplishments

During FY 2010, the OIG's efforts resulted in more than \$72 million in cost avoidances and potential recoveries and fines, as shown in the following table.

Office-wide Dollar Accomplishments October 1, 2009 – September 30, 2010

Potential Investigative Recoveries and Fines	\$41,018,852
Loans/Contracts Not Made as Result of Investigations	\$6,577,882
Loans Not Made as Result of Name Checks	\$23,678,295
Disallowed Costs Agreed to by Agency Management	\$1,060,470
Recommendations that Funds Be Put to Better Use Agreed to by Agency Management	\$0
Total	\$72,335,499

OIG efforts can be broken down into two main categories that are generally aligned with the OIG's two strategic goals: (1) efficiency and effectiveness of SBA programs and operations; and (2) fraud deterrence and detection in SBA programs.

Efficiency and Effectiveness of SBA Programs

During FY 2010, the OIG issued 34 reports with significant recommendations for improving agency operations, reducing fraud and unnecessary losses, and recovering funds.

Efficiency and Effectiveness Activities October 1, 2009 – September 30, 2010

Reports Issued	34
Recommendations Issued	176
Dollar Value of Costs Questioned	\$980,020
Dollar Value of Recommendations that Funds Be Put to Better Use	\$34,542,400

Follow-up Activities October 1, 2009 – September 30, 2010

Recommendations for which Management Decisions were made during the Reporting Period	106
Disallowed Costs Agreed to by Agency Management	\$1,060,470
Dollar Value of Recommendations that Funds Be Put to Better Use Agreed to by Agency Management	\$0
Recommendations without a Management Decision at the End of the Reporting Period	46

Reviews of Proposed Changes in Legislation, Regulations, and Operating Procedures for Programmatic and Internal Control Deficiencies October 1, 2009 – September 30, 2010

Legislation, Regulations, Standard Operating Procedures, and Other Issuances* Reviewed	95
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*These include policy notices, procedural notices, Administrator's action memoranda, and other agency initiatives, which frequently involve the implementation of new programs and policies.



Fraud Detection and Deterrence in SBA Programs

The OIG conducts criminal, civil, and administrative investigations in a nationwide program to prevent and detect illegal and/or improper activities involving SBA programs, operations, and personnel. OIG special agents utilize a full range of investigative techniques including arrest warrants, search warrants, and electronic monitoring. The OIG also performs a deterrent function through educational outreach to lenders and employees.

Fraud Detection and Deterrence Activities October 1, 2009 – September 30, 2010

Cases Opened	80
Cases Closed	68
Fraud Awareness Briefings Conducted	11

Indictments and Convictions October 1, 2009 – September 30, 2010

Indictments from OIG Cases	81
Convictions from OIG Cases	41

Recoveries and Management Avoidances October 1, 2009 – September 30, 2010

Potential Recoveries and Fines as a Result of OIG Investigations	\$41,018,852
Loans/Contracts Not Approved as a Result of OIG Investigations	\$6,577,882
Loans Not Approved as a Result of the Name Check Program	\$23,678,295
Total	\$71,275,029

Suspension and Debarment Actions October 1, 2009 – September 30, 2010

Debarments Recommended to Agency	31
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Performance Measurement Limitations

The achievement of the OIG's goals is subject to a number of external factors. For example, the majority of the OIG's work is in response to referrals of suspected fraud, complaints from the public, requests for auditing and investigative services, and an increasing number of statutory and other requirements. Further, decreases in personnel or funding resources would adversely affect achievement. In addition, implementation of OIG recommendations for program improvements rests with the agency. The OIG also cannot control the results of judicial or administrative proceedings, or collect monetary sanctions imposed by the courts or the agency as a result of its reviews or investigations. Due to these and other external factors, actual accomplishments may vary from year to year.

Data Validation and Verification

Designated OIG staff is responsible for collecting, maintaining, and reporting performance data. As appropriate, quantitative data is collected and stored in Management Information Systems. Results



are reported in accordance with legislative requirements. OIG management reviews reported data for consistency with general performance observations. Each year the OIG will reevaluate whether measures are effectively designed, useful, and results-oriented. Based on this evaluation, the OIG will determine whether performance measures should be revised for the next planning cycle.



U.S. SMALL BUSINESS ADMINISTRATION OFFICE OF INSPECTOR GENERAL

ORGANIZATIONAL STRUCTURE

The OIG is comprised of the Immediate Office of the Inspector General and four divisions: Auditing, Investigations, Counsel, and Management and Policy. The OIG is headquartered in Washington, DC, and also has audit and/or investigative staff located in the following cities: Atlanta, GA; Chicago, IL; Dallas/Ft. Worth, TX; Denver, CO; Detroit, MI; Herndon, VA; Houston, TX; Kansas City, MO; Los Angeles, CA; Miami, FL; New Orleans, LA; New York, NY; Philadelphia, PA; and Tacoma, WA.

The Auditing Division performs financial, IT and other mandated audits, as well as program performance reviews and internal control assessments. It also oversees audits by contractors to promote the economical, efficient, and effective operation of SBA programs.

The Investigations Division manages a program to detect and deter illegal and/or improper activities involving SBA programs, operations, and personnel. The criminal investigations staff carries out a full range of traditional law enforcement functions. The security operations staff ensures that agency employees and contractors have the appropriate background investigations and security clearances for their duties. They also conduct the name check program which provides SBA officials with character-eligibility information on loan applicants and other potential program participants.

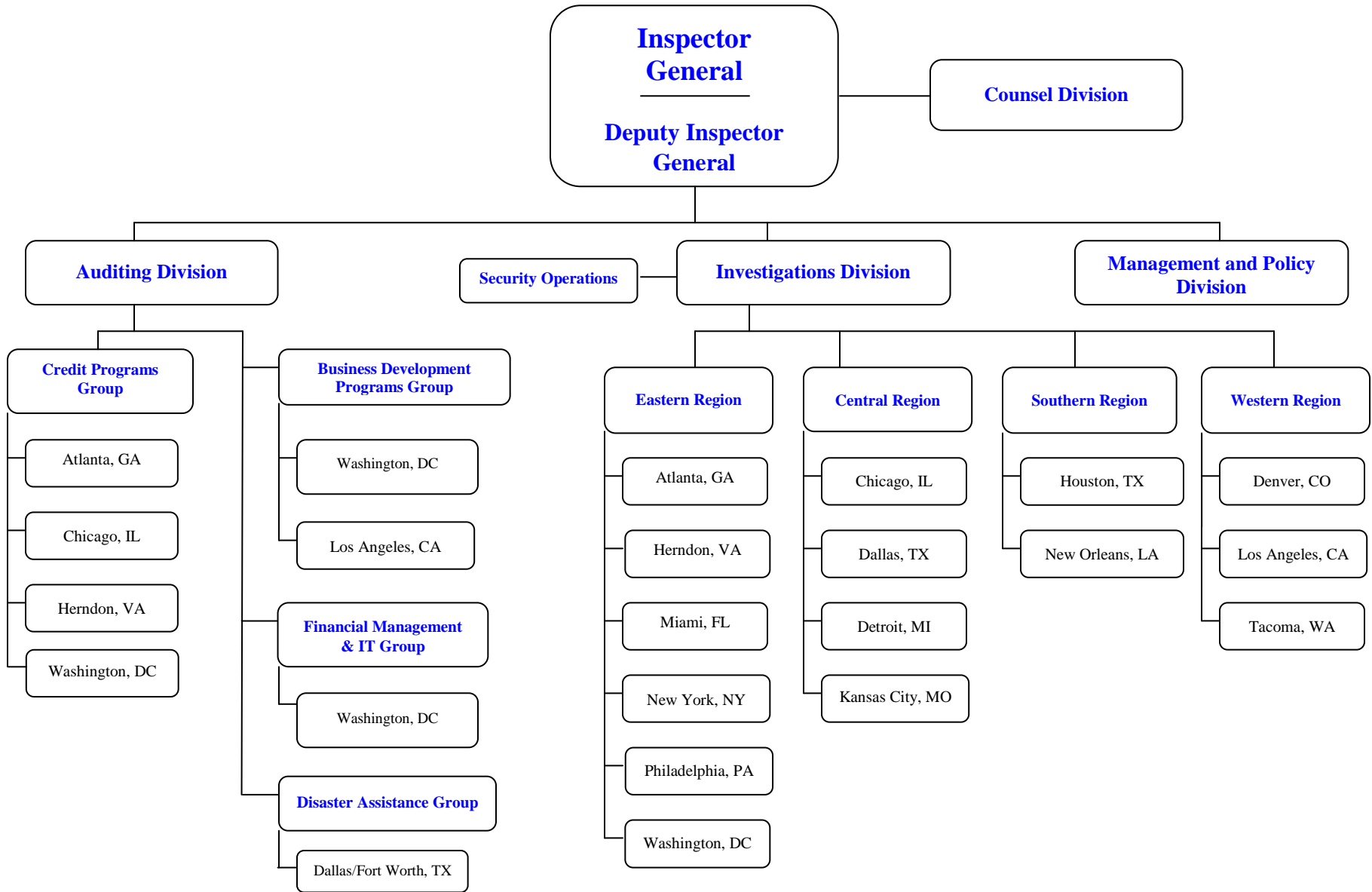
The Counsel Division provides legal and ethics advice to all OIG components; represents the OIG in litigation arising out of or affecting OIG operations; assists with the prosecution of civil enforcement matters; processes subpoenas, responds to Freedom of Information and Privacy Act requests; and reviews and comments on proposed agency policies, regulations, legislation, and procedures.

The Management and Policy Division provides business support (e.g., budget/financial management, human resources, information technology, and procurement) for the various OIG functions; coordinates preparation of the OIG's *Semiannual Report to Congress*, *Report on the Most Serious Management and Performance Challenges Facing SBA*, and strategic and performance plans; and operates the OIG's Hotline.

An organizational chart for the OIG is provided on the next page.



**SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL**



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

**REPORTING REQUIREMENTS UNDER THE
INSPECTOR GENERAL REFORM ACT OF 2008**

The following information is provided in accordance with the Inspector General Reform Act of 2008 (P.L. 110-409.)

<i>Dollars in Millions</i>	FY 2010 Enacted Level	Annualized FY 2011 CR Level	FY 2012 Initial Agency Submission	FY 2012 Request
New Budget Authority	\$16.3	\$16.3	\$18.5	\$18.42
Transfer from Disaster Loan Program Account	1.0	1.0	1.0	1.0
Total	\$17.3	\$17.3	\$19.5	\$19.42

The OIG's FY 2012 budget request includes \$100,000 for training, which is sufficient to satisfy all training needs for the fiscal year. The request does not include any funds for the operation of the Council of Inspectors General on Integrity and Efficiency.

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