

Strategic Objective 2.1: Inclusive Entrepreneurship

Ensure inclusive entrepreneurship by expanding access and opportunity to small businesses and entrepreneurs in communities where market gaps remain

Performance Goal: Assist 34,050 underserved small businesses through capital assistance programs and 15,550 underserved small businesses through contracting programs in FY 2017

Objective Leads: Associate Administrator, Office of Capital Access; Associate Administrator, Office of Government Contracting and Business Development; Associate Administrator, Office of Entrepreneurial Development; Associate Administrator, Office of Veterans Business Development; Assistant Administrator, Office of Native American Affairs

Programs/Activities: 8(a) Business Development, 7(j) Technical Assistance, HUBZone, Women-Owned Small Business Federal Contracting, Service-Disabled Veteran-Owned Small Business Procurement, Native American Outreach, Boots to Business, Veterans Business Outreach Centers, Small Business Procurement Set-Aside, 7(a), 504, Microloans, PRIME Grants, Community Advantage Loans, Small Business Investment Companies, Small Business Innovation Research, Small Business Technology Transfer, Small Business Development Centers, Women's Business Centers, SCORE

Strategies:

1. Expand access to capital, counseling, and contracting for small businesses and entrepreneurs in underserved communities
2. Help veterans become small business owners
3. Create entrepreneurial empowerment in Native American communities

Underserved communities have difficulty accessing capital, training and counseling services, and federal contracts. SBA's unique approach to inclusive entrepreneurship provides products, services, and programs that offer a path to business ownership for these populations that also suffer from disproportionately high levels of unemployment. The SBA continues to make outreach to underserved communities a key priority with activities that include co-hosting a series of national White House economic forums and building strategic partnerships to raise awareness of SBA's products and services. Particular attention will be paid to the thousands of returning veterans who can benefit from training and opportunities to engage in entrepreneurship as they transition from being members of the armed services.

Progress Update: The Administrator has made inclusiveness a key commitment, and the SBA continues to make progress toward this objective. In FY 2015, the SBA assisted more than 50,000 small businesses in underserved markets through loan and contracting programs. This year, veterans received more than 3,000 loans totaling \$1.4 billion. The SBA has made a commitment to supporting veterans returning from the wars in Iraq and Afghanistan and providing them with the resources they need to be successful entrepreneurs, particularly as the unemployment rate for veterans is higher than the national average. This year, the SBA developed Boots to Business: Reboot (B2B|R), an initiative to extend the entrepreneurship track of the Transition Assistance Program to veterans who have already transitioned to civilian life, and trained approximately 850 veterans and spouses in 58 B2B|R courses around the country.

Table 2.1a shows progress toward the performance goals of providing support to small businesses in underserved markets via 7(a) loans, 504 loans, microloans, 8(a), 7(j), and HUBZone assistance.

Table 2.1a: Underserved Markets Performance Goals

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses in Underserved Markets Assisted by 7(a), 504, and Microloans	Target	32,846	34,200	31,800	31,000	31,550	32,250	32,250	34,050
	Actual	34,115	36,933	33,449	33,428	35,014	35,845		
	Variance	4%	8%	5%	8%	11%	11%		
Additional Information: The definition for underserved markets (USM) includes specific underserved populations (i.e., veterans, women, and minorities) and underserved places (HUBZone, low-moderate income, and Empowerment Zones). Streamlined processing for loans under \$350,000 and fee relief were particularly effective in increasing the number of small businesses assisted.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses in Underserved Markets Assisted by 8(a), 7(j), and HUBZone	Target	15,857	17,007	21,925	18,325	18,025	18,025	18,050	15,550
	Actual	18,327	17,165	18,532	17,071	17,163	20,324		
	Variance	16%	1%	-15%	-7%	-5%	13%		
Additional Information: The definition for underserved markets (USM) includes specific underserved populations (i.e., veterans, women, and minorities) and underserved places (HUBZone, low-moderate income, and Empowerment Zones). The SBA continues to see fewer designated 8(a) firms and HUBZone firms, although both programs have recently launched program improvements to reverse this pattern. Program improvements will take time to implement due to the regulatory nature of some needed improvements. Consequently, increases in performance are not anticipated until after FY 2017.									

Strategy 1: Expand access to capital, counseling, and contracting for small businesses and entrepreneurs in underserved communities

Small businesses in underserved markets have more difficulty than other businesses accessing and qualifying for credit. Since SBA programs help lenders expand the credit spectrum, they are especially critical in reaching underserved markets. In general, SBA programs over-index underserved markets when compared to similarly sized conventional loans. Typically, more than 20 percent of 7(a) loans go to minority-owned businesses. Similar to the 7(a) loan program, a higher share of 504 loans go to underserved markets compared with conventional owner-occupied commercial mortgages.

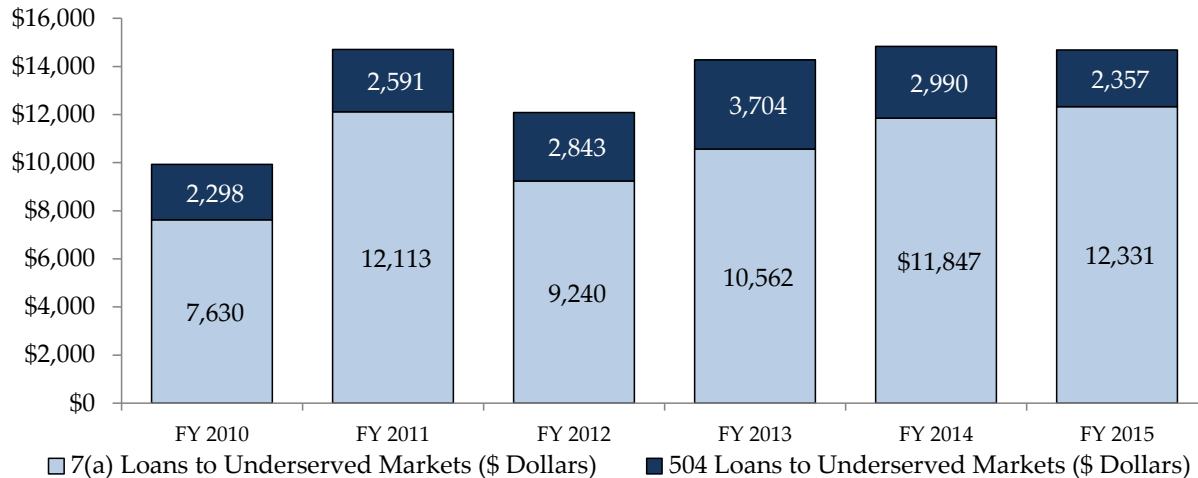
Table 2.1b shows results and targets of SBA assistance to underserved markets through 7(a) and 504 loans.

Table 2.1b: Underserved Markets Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses in Underserved Markets Assisted by 7(a) loans	Target	25,500	24,800	24,400	23,600	24,100	24,600	24,600	25,850
	Actual	25,679	28,386	23,846	24,225	27,778	29,369		
	Variance	1%	14%	-2%	3%	15%	19%		
Additional Information: The definition for underserved markets (USM) includes specific underserved populations (i.e., veterans, women, and minorities) and underserved places (HUBZone, low-moderate income, and Empowerment Zones). 7(a) loan activity increased across all loan sizes but the streamlined processing for loans under \$350,000 and fee relief were particularly effective in increasing the number of small businesses assisted by 7(a) loans.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses in Underserved Markets Assisted by 504 Loans	Target	3,500	4,800	4,000	3,800	3,800	4,000	4,000	4,200
	Actual	4,384	4,548	5,379	4,361	3,319	2,782		
	Variance	25%	-5%	34%	15%	-13%	-30%		
Additional Information: The definition for underserved markets (USM) includes specific underserved populations (i.e., veterans, women, and minorities) and underserved places (HUBZone, low-moderate income, and Empowerment Zones). The 504 loan program experienced a decline in number of loans and an increase in loan dollars in FY 2015. The SBA anticipates an increase for FY 2016 loan volume due to the final rule that became effective April 21, 2014 that eliminated unnecessary regulatory burdens on CDCs and loan eligibility restrictions (personal resources test).									

Chart 2.1 shows the volume of loan dollars in 7(a) and 504 loans that have gone to underserved markets. The volume of loans has increased by 48 percent since FY 2010.

Chart 2.1: SBA 7(a) and 504 Loan Dollars (\$ Millions) to Underserved Markets



FY 2015 Accomplishments and Challenges

Small dollar loans greatly benefit underserved markets, women-owned businesses, and startups. Through fee waivers and program improvements, the number of 7(a) loans under \$150,000 increased 6 percent compared to FY 2014. The waivers and program improvements greatly expanded small business’s ability to access needed capital, particularly in underserved markets.

FY 2016 and FY 2017 Planned Performance

In FY 2017, to continue to spur lending in underserved markets, the SBA will continue to waive 100 percent of borrower (up-front) fees and annual fees on 7(a) loans up to \$150,000, waive 50 percent of borrower (up-front) fees on all non-SBAExpress loans to veterans of \$150,001 up to and including \$500,000, and waive 100 percent of borrower (up-front) fees on SBAExpress loans to veterans up to \$350,000 as long as subsidy remains zero.

Leveraging the streamlined process to obtain 7(a) guaranties on smaller dollar loans, the Agency expects to continue to increase the number and percentage of these loans in FY 2017. The SBA will continue to grow its network of Community Advantage loan lenders by expanding to more than 300 and growing the capacity of participating microloan intermediaries. The Agency anticipates that community advantage loans will average about \$125,000 per loan. With more than 60 percent of these loans going to underserved markets, the SBA will seek an extension of the Community Advantage program before it expires in March 2017 and will take steps to achieve the program's permanent status.

In order to bring greater unity, focus, and effectiveness to support inclusive entrepreneurship, the SBA created the Office of Economic Opportunity with the express mission to expand access to capital for small business and entrepreneurs in underserved communities, thus helping to drive economic growth and job creation. Key SBA programs under its purview include the Microloan program, the Program for Investment in Microentrepreneurs (PRIME), the Community Advantage loan pilot program, and the Intermediary Lending pilot program.

SBA's **Microloan** program provides loans to non-profit intermediary lenders who in turn lend the funds in amounts of \$50,000 or less to the smallest of small businesses and startups. Microloan program intermediary lenders also receive grants to help offset their cost of providing business-based training and technical assistance to microborrowers and potential microborrowers. The combination of capital and training helps shore up the capacity of the microborrowers to turn a profit, improve operations, grow the business, and create/retain jobs.

The **PRIME** grant program provides training and technical assistance to disadvantaged entrepreneurs and microenterprise development organizations and programs. It also aids in research and development of best practices for microenterprise and technical assistance programs for disadvantaged entrepreneurs. The grants require a 50 percent match of each dollar awarded. In FY 2016, the SBA will continue to collect data to track small business assisted and to develop performance measures.

With the **Community Advantage** pilot program, the SBA works to create a streamlined program where an underserved market entrepreneur may be introduced to a starter program, such as a microloan, with technical assistance, subsequently grow the business, obtain additional working capital from a community advantage loan, and access new business opportunities by harnessing SBA's contracting, bonding, and specialized technical assistance programs – all connected and tracked by a growing network of Community Advantage loan participants.

Table 2.1c displays the cost to administer the Microloan program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs.

Table 2.1c: Microloan Budget – Total Administrative Resources (Thousands)

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 33,686	\$ 38,729	\$ 29,971	\$ 23,865	\$ 35,098	\$35,599	\$38,567	\$44,578

Table 2.1d shows progress toward the microloan performance indicators.

Table 2.1d: Microloan Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Assisted by Microloans	Target	3,846	4,600	3,400	3,600	3,650	3,650	3,650	4,000
	Actual	4,052	3,999	4,224	4,842	3,917	3,694		
	Variance	5%	-13%	24%	35%	7%	1%		
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Jobs Supported by Microloans	Target	12,735	14,500	14,000	12,500	12,750	12,750	15,000	15,900
	Actual	13,612	13,271	13,280	15,636	15,880	16,600		
	Variance	7%	-8%	-5%	25%	25%	30%		
Additional Information: The program has been seeing a growing demand for microlending. Future year targets have been adjusted upward to reflect this increased demand.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Thousands of Dollars in Loans Approved by SBA to Microlenders	Target	N/A	Baseline	25,000	25,000	25,000	25,000	35,000	40,000
	Actual	38,129	35,479	24,606	43,286	26,465	34,987		
	Variance	N/A	N/A	-2%	73%	6%	40%		
Additional Information: The program has been seeing a growing demand for microlending. Future year targets have been adjusted upward to reflect this increased demand.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Thousands of Dollars in Loans Approved by Lenders to Microborrowers	Target	66,927	65,000	45,340	44,000	45,000	45,000	55,000	62,800
	Actual	45,046	47,453	46,107	54,850	55,478	52,080		
	Variance	-33%	-27%	2%	25%	23%	16%		
Additional Information: The program has been seeing a growing demand for microlending. Future year targets have been adjusted upward to reflect this increased demand.									

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Counseled by Microlenders	Target	15,396	6,500	13,600	14,400	14,600	14,600	14,600	15,000
	Actual	14,916	15,900	15,892	19,368	15,668	17,200		
	Variance	-3%	145%	17%	35%	7%	18%		
Additional Information: The program has been seeing a growing demand for microlending. Future year targets have been adjusted upward to reflect this increased demand.									
Indicator		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Grant-eligible Micro Lenders	Target	N/A	N/A	Baseline	135	135	135	135	140
	Actual	128	131	134	135	137	137		
	Variance	N/A	N/A	N/A	0%	1%	1%		
Additional Information: The SBA established this performance indicator in FY 2013 and has provided historical data for context.									

FY 2015 Accomplishments and Challenges

The Microloan program supported 3,694 loans to small businesses totaling more than \$52 million. These small businesses created or retained more than 16,000 jobs. The SBA also provided additional microloan support and technical assistance following the April riots in Baltimore. This additional assistance is helping the city recover by supporting small businesses after the destruction caused in the city.

In July 2015, the SBA issued a final rule to increase the pool of eligible microborrowers to include individuals who have an associate on probation or parole. The rule also increases the minimum number of loans intermediaries must make annually to remain in good standing – from four loans in FY 2015, to six loans in FY 2016, then eight loans in FY 2017, and finally ten loans in FY 2018. It also removes the requirement that the Microloan Revolving Fund and the Loan Loss Reserve Fund be held in interest-bearing deposit accounts. Finally, the rule includes technical amendments that conform the regulations to current statutory authority.

The SBA received a loan subsidy appropriation of \$2.5 million for the Microloan program to support a program level of \$35 million. The Agency requested and received approval from Congress to reprogram funds in the business loan program account to support additional microlending. For the associated microloan technical assistance grants, the SBA received \$22.3 million. The SBA awarded grants to intermediaries to provide business-based training and technical assistance to microborrowers and potential microborrowers under the program. Unlike SBA's entrepreneurial development programs, the Microloan program grant funding is closely integrated with each intermediary's lending program. Assistance provided as a result of these grants assists with business survival and mitigates risk to the taxpayer.

FY 2016 and FY 2017 Planned Performance

The SBA will continue to seek ways to improve the Microloan program and ease access to credit for America's smallest and underserved businesses. The Agency will continue upgrading the electronic reporting system in FY 2016 and FY 2017, which will improve its ability to present data and perform analytics to support decision-making.

For FY 2016, the SBA received a loan subsidy of \$3.3 million to support a Microloan program level of \$35 million. Increased funding is needed to support increased lending activity and the minimum

number of loans required under the proposed rule. For the associated microloan technical assistance grants, the SBA received \$25 million. The Microloan program grant dollars will be used to provide business-based training and technical assistance to current, new, and prospective microborrowers.

In FY 2017, the SBA requests a loan subsidy of \$4.3 million to support a Microloan program level of \$44 million. Increased funding is needed to support increased lending activity and the minimum number of loans required under the rule that became effective July 15, 2015. For the associated microloan technical assistance grants, the SBA is requesting \$31 million. The requested Microloan program grant dollars will be used to provide business-based training and technical assistance to current and new microborrowers. These funds will provide greater support to the smallest of small businesses in need of capital.

The SBA also continues to request legislative changes to eliminate the 25/75 rule and the 1/55th rule from the program's statute. The governing statute currently requires that microloan intermediaries spend at least 75 percent of their technical assistance budget on training to microloan borrowers (post-loan technical assistance). The statute limits expenditures to prospective borrowers (pre-loan technical assistance) to no more than 25 percent of the grant. Microloan intermediaries need the unconstrained ability to provide both pre- and post-loan technical assistance. The SBA also requests removal of the 25 percent cap on the use of third-party contractors to provide technical assistance. This change will help increase the quality of training that can be made available by the intermediaries. The SBA also continues to request removal of the 1/55th rule. Currently, during the first six months of a fiscal year, the SBA is restricted from putting more than 1/55th of available microloan funding into any given state. This restriction effectively delays deployment of microloan funds thereby limiting the availability of capital for small businesses regardless of the size of the state or the needs of the small business community.

In addition to enhancing access to capital, the SBA also assists underserved communities by providing services and programs related to federal contracting. Federal contracting can offer a path to business growth for these populations that may suffer from disproportionately high levels of unemployment. The SBA monitors the federal government goal of awarding 5 percent of its contracting dollars to disadvantaged small businesses and women-owned small businesses, and 3 percent to small businesses located in economically distressed geographic areas called **Historically Underutilized Business Zones** (HUBZones). See Strategic Objective 1.2 (contracting) for more information on the Priority Goal and performance indicators associated with these contracting programs. Winning a federal contract can have an immense effect on job creation, economic development, and capital investment in underserved markets. Many business owners benefit from management and technical assistance in navigating the contract marketplace. SBA's **8(a) Business Development** program provides various forms of technical assistance to foster growth and development of businesses owned and controlled by socially and economically disadvantaged individuals. The SBA provides support to these individuals under the **7(j) Technical Assistance** program that allows the Agency to enter into grants, cooperative agreements, and/or contracts with public or private organizations that can deliver management and/or technical assistance.

Table 2.1e displays the cost to administer the programs. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs. Table 2.1f shows progress toward the performance indicators tracking the number of small businesses assisted by 8(a), 7(j), and HUBZone.

Table 2.1e: 8(a), 7(j), and HUBZone Budget – Total Administrative Resources (Thousands)

Program	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
8(a)	\$ 56,817	\$ 58,274	\$60,855	\$ 51,649	\$ 53,824	\$55,600	\$58,226	\$58,347
7(j)	\$ 5,478	\$ 6,502	\$ 5,356	\$ 5,793	\$ 5,614	\$4,444	\$4,654	\$4,664
HUBZone	\$ 16,969	\$15,569	\$ 9,102	\$ 9,930	\$ 10,262	\$15,225	\$15,725	\$15,725

Table 2.1f: 8(a), 7(j), and HUBZone Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Assisted by 8(a)	Target	9,457	9,457	8,500	8,300	8,000	8,000	8,000	5,500
	Actual	8,442	7,814	7,388	6,661	6,660	6,948		
	Variance	-11%	-17%	-13%	-20%	-17%	-13%		
Additional Information: Due to the administrative burdens of the application and certification processes, there has been a decline in the number of 8(a) participants. The program identified and began implementing various short-term and long-term improvements which should increase the number of businesses assisted in future years. However, an increase in performance is not anticipated until after FY 2017.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Assisted by 7(j)	Target	2,400	3,550	3,550	3,550	3,550	3,550	3,550	3,550
	Actual	3,480	3,550	3,272	3,913	4,104	5,360		
	Variance	45%	0%	-8%	10%	16%	51%		
Additional Information: The SBA has been able to provide a greater amount of technical assistance than expected in FY 2015.									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Assisted by HUBZone	Target	4,000	4,000	9,875	6,475	6,475	6,475	6,500	6,500
	Actual	6,405	5,801	7,872	6,497	6,399	8,016		
	Variance	60%	45%	-20%	0%	-1%	24%		
Additional Information: The SBA has been able to provide a greater amount of technical assistance than expected in FY 2015.									

FY 2015 Accomplishments and Challenges

The SBA received \$2.8 million for 7(j) Technical Assistance and \$3 million for the HUBZone program. The SBA met its target by assisting 5,360 small businesses via the 7(j) program and 6,948 small businesses via the 8(a) program. The SBA met its target by assisting more than 8,000 small businesses via the HUBZone program. The HUBZone program experienced a higher number of initial applications (98 more than in FY 2014); protests (7 more than in FY 2014); and decertification actions (421 more than in FY 2014). Furthermore, more firms participated in the HUBZone program’s Office Hours, an awareness building and outreach effort to small businesses, (286 more than FY 2014) and an increased number of firms were helped via the hubzone@sba.gov helpdesk (1,343 more than in FY 2014). The SBA met monthly with other agency offices of small and disadvantaged business utilization to provide training and updates and share best practices. The Agency drafted regulations to expand the successful Mentor-Protégé program, currently used by the 8(a) program, to other programs, including the small business set-aside programs.

As a challenge, the HUBZone portfolio has not recovered from the loss of firms due to redesignation of areas from the 2010 census. In FY 2010, the SBA supported more than 8,000 HUBZone certified firms. The Agency continues to recruit new firms and conduct outreach in order to bring the number of HUBZone firms back to 2010 levels.

FY 2016 and FY 2017 Planned Performance

In FY 2016, the SBA received \$2.8 million for 7(j) technical assistance and \$3 million for the HUBZone program. The SBA will assist 3,550 small businesses via the 7(j) program and 8,000 small businesses via the 8(a) program.

In FY 2017, the SBA requests \$2.8 million for 7(j) Technical Assistance and \$3 million for the HUBZone program. The SBA will assist 3,550 small businesses via the 7(j) program and 5,500 small businesses via the 8(a) program. The SBA will use its broad network of district offices to raise awareness of the 8(a) program and continue using the 7(j) Technical Assistance program in innovative ways to provide disadvantaged firms with training and mentor-protégé assistance to win federal contracts. The Agency will increase the use of podcasts and web-conferencing to educate small businesses and local economic development agencies on the benefits of the HUBZone program. The Agency will also counsel and train women-owned small businesses on the eligibility requirements for WOSB set-aside contracts.

Strategy 2: Help veterans become small business owners

The SBA is dedicated to serving aspiring and existing veteran business owners. According to the latest census, veterans own 2.4 million businesses, accounting for 9 percent of all businesses nationwide. These businesses generate \$1.2 trillion in receipts, or about 4.1 percent of all business receipts nationwide, and employ nearly 5.8 million people.¹

SBA's Office of Veteran Business Development (OVBD) promotes and supports veteran small business ownership by administering programs, formulating policy, making grants to veteran business outreach centers (VBOC) and other partners, and acting as the ombudsman to ensure all SBA technical assistance, contracting, and capital access services are accessible and available to active duty, National Guard and Reserve service members, veterans, and veteran or military spouses. The SBA provides direct assistance to veterans through the veteran business development officers in its district offices and 15 veteran business outreach centers. In addition, the SBA uses its unique co-sponsorship authority to partner with private and public sector organizations, such as the Institute for Veterans and Military Families at Syracuse University, the U.S. Chamber of Commerce Foundation, Blue Star Families, and the American Legion to support SBA's programs and conduct training and outreach activities together. To assist and advise in policy making, the SBA administers an Interagency Task Force on Veterans Business Development and an Advisory Council on Veterans Business Affairs. Additional interagency cooperation is facilitated via SBA's participation in the governance of the Department of Defense Transition Assistance Program (TAP).

Table 2.1g displays the cost to administer the program. It includes direct costs from the operating budget, including grants and contracts, compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs. Table 2.1h shows progress toward the veterans assistance performance indicators.

¹ 2007 Survey of Business Owners, U.S. Department of Commerce, Bureau of the Census, published in 2011.

Table 2.1g: Veteran’s Assistance Budget – Total Administrative Resources (Thousands)

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
\$ 6,402	\$ 8,995	\$ 9,359	\$ 9,101	\$ 19,439	\$23,366	\$25,166	\$25,219

Table 2.1h: Veteran’s Assistance Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Veterans Trained by VBOCs	Target	N/A	N/A	N/A	N/A	Baseline	33,000	48,000	50,000
	Actual	34,825	28,952	44,535	23,271	39,201	46,629		
	Variance	N/A	N/A	N/A	N/A	N/A	41%		
<p>Additional Information: This performance indicator was introduced in FY 2015, and historical data have been provided for context. The VBOC cooperative agreement/grant award announcement occurred in the third quarter of FY 2015. Of the 15 VBOCs, five new recipients were selected and integrated into the VBOC Partner Network.</p>									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Veterans Counseled through VBOCs	Target	N/A	N/A	N/A	N/A	Baseline	31,000	31,000	31,000
	Actual	10,722	34,956	44,079	49,791	38,923	15,488		
	Variance	N/A	N/A	N/A	N/A	N/A	-50%		
<p>Additional Information: This performance indicator was introduced in FY 2015, however, the methodology has been revised to ensure consistency among SBA’s other entrepreneurial development programs. Calculations have been redone using the updated methodology and historical data have been provided for context. SBA is placing greater priority in developing its quality of services in terms of hours served per client. VBOCs anticipate sustaining the current level of service but are now tracking the average time spent per client, theorizing that increased interaction with repeat clients will improve overall client business outcomes. The VBOC cooperative agreement/grant award announcement occurred in the third quarter of FY 2015. Of the 15 VBOCs, five new recipients were selected and integrated into the VBOC Partner Network.</p>									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Boots to Business Participants Trained	Target	N/A	N/A	N/A	N/A	15,000	15,500	17,500	20,000
	Actual	N/A	N/A	N/A	N/A	14,684	12,200		
	Variance	0%	0%	0%	0%	-2%	-21%		
<p>Additional Information: This performance indicator was introduced in FY 2015, and historical data have been provided for context.</p>									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Boots to Business Participants Eight Week Graduation Rate	Target	N/A	N/A	N/A	N/A	Baseline	50	50	50
	Actual	N/A	N/A	N/A	N/A	48	55		
	Variance	N/A	N/A	N/A	N/A	N/A	10%		
<p>Additional Information: This performance indicator is being introduced in FY 2017, and historical data have been provided for context.</p>									
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Formed by Boots to Business	Target	N/A	N/A	N/A	N/A	N/A	Baseline	1,320	1,200
	Actual	N/A	N/A	N/A	N/A	N/A	Data Lag		

Graduates	Variance	N/A	N/A	N/A	N/A	N/A	N/A		
Additional Information: This performance indicator is being introduced in FY 2017. Baseline data will be available in spring 2016. Survey (OMB control #3245-0390, expiration date 12/31/2018) was distributed in January 2016. The FY 2017 target is an estimate since there is no existing outcome data on the impact of veteran entrepreneurship training on business formation.									

FY 2015 Accomplishments and Challenges

The SBA received \$10.5 million for veterans programs to expand technical assistance, federal procurement, and access to capital to the veteran population through veteran business outreach centers, Boots to Business, Boots to Business: Reboot, Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE), and Entrepreneurship Bootcamp for Veterans with Disabilities (EBV).

The SBA awarded 14 three-year agreements through its **Veteran Business Outreach Center (VBOC)** program. The VBOCs provided counseling and training to more than 62,000 veteran small business owners and entrepreneurs. The centers are unique in their ability to address veteran-specific challenges while integrating SBA services and referring clients (when appropriate) to other organizations that provide specialized and needed services. VBOCs bring together local and regional service networks that are most effective in creating small business ecosystems. They help augment SBA district office efforts.

Also, the VBOC program reviewed program performance indicators to ensure consistency with other SBA resource partners (SBDC, WBC, SCORE) and accurately reflect the interaction with the veteran community. This review standardized the counseling and training lexicon in the field, tracked customer referrals, and supported participation in Boots to Business, Boots to Business: Reboot, Hiring Our Heroes and Yellow Ribbon events. The VBOCs are improving in all aspects of collective performance reporting, providing critical data to the SBA that is used to shape program implementation and administration and formulate policy to better serve veteran small business owners and entrepreneurs.

VBOCs increased their participation and expertise in programs for service members transitioning from active duty to civilian life who aspire to be business owners. The VBOC counselors continued to develop innovative programs to assist veteran small businesses and entrepreneurs in their communities. These programs focused on rural and urban locations, women veterans, franchising, corporate contract opportunities, and the high tech community.

An enduring critical challenge for the VBOCs is the ability to provide counseling and training to veterans across their assigned coverage area. While the services that the VBOCs provide have resulted in many success stories and contributed to local economic development through business starts, approved loans, contracts awarded, and jobs created or retained, the average VBOC is responsible for service coverage in at least four states. To address this challenge, VBOCs are leveraging the support of other SBA resource partners, district offices, and non-profit, academic, and private organizations that serve veteran entrepreneurs.

The SBA continued to sustain and grow the **Boots to Business (B2B)** program, which forms the entrepreneurship track of the Department of Defense’s Transition Assistance Program. More than 14,000 transitioning service members and spouses benefited from the two-day introduction to entrepreneurship course; an additional 1,173 participants benefitted from the eight-week online Foundations of Entrepreneurship course.

Through the unique, creative, cost efficient public-private partnership with Syracuse University's Institute for Veteran and Military Families, the SBA launched B2B overseas in 2014 and, in 2015, conducted 92 courses for 1,377 participants at 30 installations across Europe, Asia, and the Middle East.

The SBA continued leveraging the B2B program to implement **Boots to Business: Reboot** (B2B | R), a co-sponsored extension of B2B that provides the introduction of entrepreneurship training to veterans of all eras and their spouses. B2B: Reboot is delivered by SBA district offices, VBOCs, and other partners, further enhancing the creation of networks or ecosystems needed to support small business development.

Women veterans and military/veteran spouses continue to be underserved populations and are an Agency priority. The premier program for the women veteran/spouse demographic is the **Veteran Women Igniting the Spirit of Entrepreneurship** (V-WISE). The SBA held 13 V-WISE events, where nearly 2,000 female veterans or service members, and spouses of veterans or service members, received training. V-WISE graduates also receive follow-on business mentorship and are connected to the full range of SBA programs and services. Since implementing the V-WISE specialized training program, surveys indicate 65 percent of alumnae have started or continued to grow businesses, resulting in the hiring of 1,003 employees. Additionally, 69 percent of the graduates sought continued assistance from the SBA and its resource partners. V-WISE has been instrumental in helping one out of five female veteran alumnae generate annual revenue exceeding \$100,000. To date, among all V-WISE participants, female veteran alumnae generate annual revenue exceeding \$41 million. In February 2015, V-WISE was recognized as a "Bright Idea" by Harvard University's John F. Kennedy School Innovations in American Government program.

The SBA began supporting the Veterans Institute for Procurement (VIP) program. VIP is an accelerator-like, in-residence educational training program for owners, principals and C-level executives of veteran-owned businesses that consists of a three-day comprehensive certification program instructed by professional service experts, government officials, and agency representatives. It is designed for veteran-owned businesses to increase their ability to win government contracts by establishing best business practices. To date, 496 veteran-owned businesses have graduated from the program. A survey of 184 VIP participants shows that graduates created more than 2,000 jobs and increased their revenue by an average of half within their first year of graduation

In addition to programs available to all veterans and their spouses, the SBA focused on service-disabled veteran opportunities in the key areas of entrepreneurial training, federal procurement, and **service-disabled veteran-owned small businesses** (SDVOSB). Consistent with Executive Order 13360, the SBA continued to enhance procurement opportunities across the federal marketplace for service-disabled veteran-owned small business owners and veteran-owned small business owners. The SBA exceeded the FY 2014 SDVOSB federal prime contracting goal of 3 percent by reaching 4.47 percent and, government-wide, federal agencies exceeded the goal by reaching 3.68 percent.

The SBA consistently leverages public-private partnerships to further enable veteran entrepreneurship. The SBA Advisory Committee on Veterans Business Affairs, established by the Veterans Entrepreneurship and Small Business Development Act of 1999, serves as an independent source of advice and policy recommendations to the President, Congress, the SBA Administrator, and the associate administrator for veterans business development.

The SBA continued to host the Interagency Task Force on Veterans Small Business Development to coordinate the efforts of agencies to improve access to capital, support business development, and achieve pre-established federal contracting goals for small businesses by veterans and service-disabled veterans. Additional interagency efforts include SBA's participation in Disabled Employment Month and engagements with the Department of Veterans Affairs vocational rehabilitation and employment services to ensure VA counselors connect eligible veterans with SBA resources.

FY 2016 and FY 2017 Planned Performance

For FY 2016 the SBA received \$12.3 million and requests \$12.3 million in FY 2017 for veterans business development. These funds will help expand entrepreneurship technical assistance programs (that include VBOCs, B2B, B2B: Reboot, entrepreneurship programs for women veterans such as V-WISE, and for service-disabled veteran small businesses such as the Entrepreneurship Bootcamp for Veterans with disabilities); continue to ensure the federal government meets its procurement goals for SDVSBOS; and evaluate loan programs for their effectiveness at serving veteran-owned businesses.

The SBA is responsible for conducting comprehensive outreach to veterans (including Reserve component members of the U.S. military) for the formulation, execution, and promotion of policies and programs that provide assistance to veteran small businesses. The SBA will continue to facilitate numerous webinars with both corporate and individual support to foster national attention through social media and publications. The SBA will continue holding national outreach events since building and sustaining strategic relationships are critical to achieving successful outcomes. These relationships amplify the number of veterans who receive business development services. For example, National Veterans Small Business Week, which is held each year in November, brings together national veterans groups to promote and expand business-to-business training. During this year's third annual event, nearly 6,000 veterans received training.

The SBA will continue to rigorously develop and implement communication and outreach strategies, assess its veteran affairs-related engagement calendar, collect performance data from the field, and create informational products for stakeholder and public dissemination.

The B2B initiative will support program management and build critical technology and data sharing infrastructure required under an agreement to share data with interagency and other external partners. Data sharing will expand program outreach and impacts to include more robust marketing and engagement in field offices, reaching National Guard and reserve component members that may not be transition service eligible, and reaching veterans who transitioned prior to the start of the B2B program. In addition, the program delivers training to transitioning service members at approximately 180 installations globally. The SBA estimates that the number of veteran-owned small businesses will rise substantially.

The SBA forecasts B2B participation will grow to 20,000 service members and spouses annually by FY 2017. This target is consistent with the military life cycle model implemented across DOD as part of the TAP. Another driver of B2B growth will be an increased focus on military spouses who often serve as key decision makers in military households. The B2B program leads service members to explore self-employment opportunities through the key steps of evaluating business concepts and business plan development. The SBA continues to deliver B2B by working with its resource partners

and providing funding to veteran business outreach centers, small business development centers, SCORE, and women's business centers.

In FY 2016, the first outcome assessment survey since the program launch will be conducted from a sample population of B2B participants that have graduated since the program began nationally in 2013. This survey will focus on B2B participants' intent to form businesses and on their business formation activity. The SBA seeks to understand the gestation period from intent to form a business to action for the transitioning service member, and any patterns in types of businesses formed and markets /industries pursued. Challenges remain with data sharing between SBA partners and other federal agencies and the longitudinal tracking required to measure outcomes in the entrepreneurship domain, but this first outcomes survey will establish a baseline, contribute to SBA's knowledge base, and guide future program refinements.

The Agency will continue to partner with Syracuse University's Institute for Veterans and Military Families to deliver V-WISE to women veterans and military spouses in mid-to-large-size cities across the nation. The Agency will focus on improving interagency collaboration and engagement of veteran service organizations to better integrate outreach and program offerings.

To increase the reach of the Veterans Institute for Procurement (VIP) program, the SBA will continue VIP Start to further government contracts to small businesses. Previously, VIP was only available to companies that had already secured federal procurements. However, expanding the reach of VIP and its curricula will allow new veteran-owned government contractors access to expert procurement advice and potential government clients.

The SBA expects to provide services to 250 service disabled veterans (SDVs) in the EBV consortium programs. Each consortium member agrees to hold at least one session of EBV per year with a class size of 25 participants. The Oklahoma State and Fayetteville State University programs will be available to an additional 50 veterans. The SBA will continue supporting service-disabled veteran programs while also amplifying efforts to better coordinate resources for service-disabled veteran business owners. For example, the Department of Veterans Affairs Vocational Rehabilitation and Employment program and VBOCs can work to improve client referrals and collaboration to better serve SDVs.

Strategy 3: Create entrepreneurial empowerment in Native American communities

SBA's Office of Native American Affairs ensures that American Indians, Alaska Natives, and Native Hawaiians seeking to create, develop, and expand small businesses have full access to the business development and expansion tools available through the Agency's entrepreneurial development, lending, and federal contracting programs. The SBA coordinates the development of policies specific to Native American populations and engages in outreach, technical assistance and education, and tribal consultation. It formulates and administers training programs, and coordinates entrepreneurial development opportunities through collaboration and co-sponsorship agreements with resource partners and other federal agencies. The SBA follows the guidelines, operational policy, and statutory requirements established by the National Policy of Self-Determination for Indian Tribes, Consultation and Coordination with Indian Tribal Governments, and American Indian and Alaska Native Education.

Table 2.1i shows a newly developed Native American assistance performance indicator that tracks other SBA small business assistance programs.

Table 2.1i: Native American Assistance Performance Indicators

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of Small Businesses Assisted in Native American Communities	Target	N/A	N/A	N/A	N/A	N/A	N/A	Baseline	2,000
	Actual	1,711	1,684	1,713	1,943	2,107	2,209		
	Variance	N/A	N/A	N/A	N/A	N/A	N/A		

FY 2015 Accomplishments and Challenges

The SBA has provided individual and tribally-owned businesses training education through 8(a) business development workshops, webinars, online classes, and live entrepreneurial classes. The Agency conducted 21 Native American business development empowerment workshops for new and established firms and business development trainers; four incubator training workshops for business and/or economic development organizations; five financial literacy workshops for new and established firms, and nine business development workshops for Native Hawaiian-owned firms, Native Hawaiian organizations and business development trainers. This training provided operational and leadership strategies to build capacity, foster growth and expansion, and ensure sustainability of Native American community-based businesses nationwide. The SBA promoted the development of innovative and successful Native American firms that are eligible for assistance under SBA’s 7(j) management and technical assistance program. The program enabled service providers to make unique management and technical assistance services available to eligible Native American small businesses approved by the SBA.

The SBA supported a partnership between the Office of Native American Affairs and the American Supplier Initiative and collaborated on continued integration with the growth accelerator program. The Agency also launched a research initiative on the impact of Native American businesses.

FY 2016 and FY 2017 Planned Performance

In FY 2016, the SBA will continue providing the Agency’s business tools and resources to Native American entrepreneurs, tribally-owned corporations, Alaska Native Corporations, and Native Hawaiian organizations. The Agency will continue to focus on youth entrepreneurship, leadership development, economic development, and the delivery of 7(j) technical assistance to Native American communities. The SBA will work on business development by educating tribally-owned small businesses about the 8(a) program and providing technical assistance to existing tribally-owned corporations, Alaska Native Corporations, and Native Hawaiian Organizations.

In FY 2017, the SBA requests \$2 million for outreach to Native American communities. The SBA will continue to provide customized support to enhance economic growth and development by providing strategic short- and long-term community economic development planning and sector growth. Assistance will focus on international trade, manufacturing, business and community incubators, business development training (enhanced business-sector productivity), supply chains, entrepreneurship development, innovative project financing, and community economic development strategies.