Topics to be Addressed in Agency 200-Day Progress Reports on Equity Assessments

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Release: *This document is not intended for public release, and contains internal, deliberative information provided to enable decisions relating to FY23 budget decisions and final reviews of public-facing Agency Strategic Plans, Priority Goals, and Learning Agendas. Information in the 200 Day Equity Assessment will be used to support agency development of their public-facing One-Year Equity Action Plan.*

(1) Information about the agency and report preparation
- Agency name –**U.S. Small Business Administration**
- Date of agency head review – **August 9, 2021**
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- Overview of agency mission and intersection with equity

  1. *How does your agency serve the American public?*

The U.S. Small Business Administration (SBA or Agency) helps power the American dream of business ownership by helping Americans to start, build, and grow businesses. SBA was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, preserve free competitive enterprise and maintain and strengthen the overall economy of our nation.

As the only go-to resource and voice for small businesses backed by the strength of the federal government, the SBA empowers entrepreneurs and small business owners with the resources and support they need to build a business or recover from a declared disaster or a pandemic through COVID-19 Relief (loan and grant) options, investment capital, disaster assistance, surety bonds or grants.

  2. *How can the agency, in the course of fulfilling its mission, advance equity and remove barriers for underserved communities, whether in terms of the delivery of services, navigation of processes and programs, how decisions are made, and / or in relation to new policy and assistance initiatives?*

In terms of delivery of our services the SBA can promote greater access for small businesses to all our programs including addressing language/cultural differences and social economic factors; target lending groups who work with underserved communities; improve outreach through technology addressing digital/technological divide; institute public policy goals that provide incentives; develop new methods and means to encourage lending partners to provide training and technical support; and improve relationships based on trust.

Furthermore, in the area of navigation of processes, the SBA can examine its programs that worked in the past and redevelop those programs that do not have equity and inclusion at their core. This also includes intentional and purposeful communications as an agency, continuously talking about equity consistently and systemically with stakeholders such as lenders, grantees, influencers in underserved communities, small businesses, leadership and staff.

In terms of how decisions are made or in relation to new policy, SBA can capture longer-term evidence through the Agency Evaluation Officers to identify existing gaps in data which will drive advancing equity through the development of policy, assistance initiatives, standard operating procedures, annual performance evaluations and learning agendas. This will also include developing strategic plans and priority goals in which the Agency clearly identifies how to advance equity through its top priorities and how progress will be measured.

- Approach update
  How has your agency updated or refined your general approach to the equity assessment from the 90 Day Report submitted?

In late May, SBA stepped up its engagement with the Equity Team Steering Committee members and Equity teams. The Agency Primary Points of Contact held an SBA Program Office tag-up meeting led by Administrator Isabella Guzman. At this meeting, additional guidance was provided on the approach to the equity assessment which included: purpose and use of Appreciate Inquiry Template; customizing the approach to each office assessment; addressing unique challenges within Program office; separating assessment from action planning; and overarching challenges in data collection. Also shared with the Equity teams was the OMB feedback from the 90-day assessment and we encouraged the Equity teams to attend OMB training sessions and Interagency roundtables to connect with other agencies in tackling similar challenges such as: Financial management/grant making; Procurement; Data; and Foreign assistance.

Throughout the month of June, the Agency Primary Points of Contact, held a second round of one-on-one meetings with each Equity team answering questions and assisting in generating ideas and providing input on the assessment process and helped how to identify barriers in accessing SBA programs.

What additional actions pursuant to Executive Order 13985 on Advancing Racial Equity and Support for Underserved Communities through the Federal Government have you taken?

In June 2021, SBA reconvened the Council on Underserved Communities (CUC) under the authority of the Federal Advisory Committee Act (FACA). In conjunction with the Biden - Harris Administration's agenda, the restoration of the CUC will help support the SBA's prioritization of equity across its programs and initiatives. The CUC will consist of 20 diverse stakeholders from every region of the country tasked with advising the SBA on strengthening and improving its strategies to help underserved communities.

Administrator Guzman has stated that our focus on reaching our underserved businesses is aligned with the Administration's dedication to equity. SBA understands that all of our small businesses must be supported and given opportunities to succeed to rebuild our nation's economy and strengthen our global competitiveness. With support and insights from the CUC, SBA can better build and implement programs to equitably serve all of our small business and innovative startups.

The CUC was established to focus on communities and populations that have traditionally faced barriers in accessing credit, capital other resources necessary to start and grow businesses. The CUC's mission is to collectively provide SBA with input, advice, and recommendations on strategies to improve and strengthen equity among women -, veteran-, and minority-owned businesses and/or businesses from low-to-moderate income or rural communities.

In addition, SBA took on a leading role in advancing the Administration's goal of increasing equity in federal contracting and procurement. In March, Administrator Guzman presented to the Principals Meeting convened by Ambassador Rice on the importance of improving contracting levels with small, disadvantaged businesses (SDBs) and the tools that agencies have at their disposal to do so. SBA engages with all federal agencies in the "goaling" process and will encourage ambitious goal setting for SDB contracting and has taken steps to start establishing a glide path for the Federal Government to reach a 15% target by FY 2025. SBA's Agency ETSC will engage the Equity Teams at other agencies to ensure that a review of procurement and contracting processes is part of their equity assessments.

Furthermore, SBA has taken numerous steps to advance equity. The most significant changes to program implementation have been made in the Paycheck Protection Program (PPP). SBA's Office of Capital Access has taken steps to improve data collection by moving the voluntary demographic questions to the first page of the application (previously page six). The office also identified lenders with low and moderate income (LMI) performance and engaged Vice President Harris to reach out the largest of those lenders and ask them to improve their reach. In standing up the American Rescue Plan Act programs, a racial equity lens is being applied to the decision-making process around program design.
>   Examples include:
> - Engaging external stakeholders in the policy decision-making process to help identify potential barriers to access in the application process;

- **Ensuring that application processes are accessible in multiple languages and to those without internet access; and**
- **Using data to approximate equitable allocation of funds to use as internal benchmarks and inform whether steps need to be taken to improve reach into underserved communities.**

- Stakeholder engagement
  Consistent with Section 8 of EO 13985, how has the agency identified and meaningfully invited, welcomed, and included participation of members of communities who have been historically underserved by, or subject to discrimination in, agency policies and programs, as well as community-based organizations and civil rights organizations, in the process of the agency's equity assessment and planning approach?

The Community Navigators Pilot Program was launched in May 2021, offering $100 million in grant opportunities for organizations providing technical assistance to underserved businesses nationwide, including women and minority-owned businesses.

Through the Community Navigator Pilot Program, SBA will engage with states, local governments, SBA resource partners, and other organizations in targeted outreach for small businesses underserved communities. These efforts began with SBA issuing an Information Notice that offers advice and guidance on best practices for adopting the community navigator model for use by nonprofit organizations, community developers, financial institutions, state and local government partners, Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), Veterans Business Outreach Centers (VBOCs), SCORE, and other resource partners. The Biden-Harris Administration and Congressional leaders supported a $100 million investment, as part of the American Rescue Plan, to establish Community Navigator Programs for individuals with disabilities and/or in minority, immigrant, rural, and other underserved communities across the country.

(2) Findings regarding specific programs, policies, or processes. For this reporting, agencies should be sure to identify what they assessed, why, and what they learned. For each set of programs and policies agencies selected for intensive assessment (as documented in section 3 of your agencies' 90 Day Report), please include:

Summary of SBA's Equity Assessment approach: **SBA implemented a tiered approach to the assessment process. Seven (7) Program Offices were selected and each Program Office created their own, diverse Equity Team, comprised of employees at all levels. The Offices held focus groups and meetings with key program area members, and documented their findings. All selected SBA Program Offices utilized an Equity Assessment Template that uses an appreciative inquiry approach. We focused on asking questions that would lead to identifying the apparent and not always apparent gaps and barriers to SBA programs and services. Gaps in data were identified and potential action strategies were documented. In some instances, immediate actions were taken to over come apparent barriers.**
SBA's Definition and description of impacted underserved communities: **For purposes of this assessment, SBA defines "underserved communities" as populations with shared characteristics. Characteristics include but are not limited to: race, ethnicity, national**

origin, color (i.e. Black and African American; Hispanic Latino, Native American, Alaska Native, Indigenous, Asian American, Native Hawaiian and Pacific Islander, Middle Eastern, and North African, etc.), sex, sexual orientation, and gender identity (including LGBTQ+), family status (i.e. pregnancy, parents and caregivers), religion, disability, first generation professionals, limited English proficiency, immigrants, age, former incarceration, geographical communities who have been systematically denied full opportunity to participate in aspects of economic, social and civic life, (i.e. rural, low income urban, etc.), veterans and military spouses.

SBA's Immediate, tangible improvements in people's lives that you anticipate these potential reforms making or that have resulted to date from the equity assessment: **SBA Program Offices each have been able to identify tangible improvements. For example: Penetration into underserved communities, Connection with underserved small businesses, Meaningful collaboration (MOU, SAMs, Co-sponsorships), Capital access, Contracting access, Export Plans, Quality Referrals (to/from Resource Partners, Lenders), Recognition of gaps in servicing (American Sign Language/Unrepresented Languages), Improved efficiencies to meet small business needs.**

- Name of program/policy: **Office of Field Operations**
- Current or potential equity impact: why the agency selected the particular program/policy for review and what about the program/policy made it the right initial focus for assessment of agency equity practice:

OFO is the primary program office dedicated to building entrepreneurial ecosystems throughout the country, and the key to a customer centric agency. While OFO has been successful in building coalitions to cater outreach to the communities designated in Executive Order 13985 (EO), it operates in a disaggregated manner. policies and parameters towards the goal of making outcomes more equitable. OFO has the potential of being a rich source of data, providing guidance towards policy and program development, and developing and sustaining community outreach.

- The potential barriers and perceived opportunity (hypothesis)

OFO can continue its current trajectory of outreach and marketing of SBA programs, but needs more input into integrating what sources are observing in the field into programmatic and policy changes. Also, OFO is overly reliant on external sources, such as lenders and program offices, when attempting to capture programmatic data. If barriers exist with lenders, the data is not accessible and obstacles to accessing the resources, programs and services SBA provides, cannot accurately be identified.

- Limitations and opportunities related to data, data disaggregation, and measurement:

Currently, OFO has very limited access to internal or external data and data-collection methodologies from other program offices, resource partners, or lenders. The validity of this data in relation to the designated communities is also questionable because OFO doesn't capture demographic information except through self-certification/voluntary disclosure and lacks broad representation of demographic groups represented in the EO (i.e., LQBTQ+ and persons with disabilities). The only program that defines social and economic disadvantage to establish eligibility is the 8(a) program.

Moreover, OFO has limited input into program design, eligibility, and evaluation, making it difficult to have a positive effect on revising program guidelines to make participation and outcomes more equitable.

Limitations and opportunities:

•Lack of consistent definitions across programs except for the 8(a) Business Development program, no other programs have formal definitions of "socially and economically disadvantaged" that align with the designated demographics from the EO.
•Difficult to obtain data from SBA Resource Partners. Resource partners and lenders have rejected requests for detailed data access based on privacy concerns for OFO. We gain broad metrics such as how many clients/how many new businesses started/ how much their businesses have grown, but not on a granular level, so the data's usage is minimal.
•Pushback in the field to data collection activities. District offices lack an adequate system for data collection and categorization, and the ability to capture any meaningful data is dependent on individual offices having the time, resources, and technical expertise to establish their own systems.
•Very little real-time data that usually lags and is a snapshot of the past. The length of surveys can diminish the voluntary disclosure of data, as evidenced by generally low turn rates for demographic information, CX surveys, etc.
•No enterprise-wide Customer Relationship Management system. Different offices have their own CRM system with no cross-pollination among other offices (Sales Force, Tableau, Excel spreadsheets, etc.).

- Target equitable outcomes, as derived from equity assessment, and how success of improvements will be measured moving forward

While there has been some success in our permanent programs, such as 8(a), Emerging Leaders, etc., when it comes to targeting specific underserved communities, targeted initiatives (community advantage, opportunity zones, rural strong) have been successful, yet lack permanency that limits their long-term effect on sustainable, equitable access and outcome.

Prominent and successful programs

8(a) Business Development Program; Community Advantage and veterans pilot programs; Modified rules around loan guarantees (eliminating guaranty fees); Targeted Initiatives (Opportunity Zones, Rural Strong, Historically Black Colleges and Universities)

Potential Actions

Modify cooperative agreements and grant requirements with resource partners to include goals for targeted outreach to socially and economically disadvantaged groups; Partner with Minority Business Development Agency (Commerce) and the CDFI Fund (Treasury); Have an integrated CRM system to track how many policies turn into loans; Dedicate time and resources to meaningful data collection at the district level in the pursuit of working with program offices to give a clearer picture of what can be done to capture more of the designated demographics in the EO and provide them with funding.

- Reform actions implemented thus far, and those under consideration based on equity assessment
  - *What steps has the agency taken or will you take to accomplish these ends?*
  - *Are new policies, regulations, or guidance documents necessary to advance equity in the program/policy?*
  - *Are additional capacity, expertise, or resources required for further work, and do you plan to incorporate this into your budget request?*

SBA will consult with the following communities, partners, stakeholder, and firms to better understand the barriers to enrollment in and access to benefits and services in programs:

Community- and Faith-based organizations, Microlenders and CDFIs. SBA will consult with the following communities, partners, stakeholder, and firms should we consult to understand the barriers to receiving procurement and contracting opportunities in this program: SBDCs and PTACs, Local contracting offices (as entryway towards bigger/federal contracts, Large companies for matchmaking/joint ventures, Procurement Center Representatives and Commercial Market Representatives, 8(a) firms, Federal agencies/OSDBUs, Affinity groups (8(a) alliance, 3rd party certifiers. SBA will consult with the following communities, partners, stakeholder, and firms to understand the barriers to receiving agency grants and financial assistance opportunities in this program: Microlenders and non-profits/CDFIs

- Name of program/policy: **Office of Government Contracting and Business Development (GCBD)**
- The potential barriers and perceived opportunity (hypothesis)
  - May include but not limited to enrollment and access as well as in taking advantage of procurement and contracting opportunities, as relevant
- Current or potential equity impact: why the agency selected the particular program/policy for review and what about the program/policy made it the right initial focus for assessment of agency equity practice

The 7(j) Management and Technical Assistance training program responds to the needs of socially and economically disadvantaged small businesses.
Growth in the 8(a) Program can improve customer service for the socially and economically disadvantaged small business applicants.
SBA District Offices across the nation focus on business development and outreach to small businesses located in their metropolitan areas and rural communities to educate firms on access to credit, capital and federal opportunity.

- Limitations and opportunities related to data, data disaggregation, and measurement

Small business program participation rates and small business contract award data are available from several sources, including SBA's own system of record for the 8(a) BD program, certify.SBA.gov, the Dynamic Small Business Search (DSBS), the System for Award Management (SAM). Data sources regarding HUBZone small businesses also include reports from the Office of the Chief Information Officer (OCIO), MAX.gov and GSA's Data to Decisions (D2D) provide data regarding government contracting generally. In addition, SBA, through its Office of Advocacy, has partnered with statistical agencies such as the U.S. Census Bureau on data projects as well, and many Census internal datasets can be used to fill in demographic gaps (such as race and gender). Presently, these sources collectively capture data pertaining to the business owner's race and gender. GCBD is not aware of any self-certifications related to the owner's LGBTQ+ status, disability status, geographic location (in a measurable form), or economic status. Moreover, USAspending.gov provides only limited business owner information for federal subcontract awards.

- Target equitable outcomes, as derived from equity assessment, and how success of improvements will be measured moving forward:

GCBD administers several governmentwide small business programs designed to provide business development, technical assistance, and contract support to historically marginalized small business owners and small businesses located in underserved

communities. The 8(a) Business Development and HUBZone programs' unique eligibility requirements have helped minority entrepreneurs (and disadvantaged communities) successfully start and grow small businesses in both rural and urban communities across the country. To this end, more than 99 percent of all individually-owned small businesses participating in the 8(a) program in FY 2015 were minority owned; firms owned by disadvantaged entities, including Alaska Native Corporations, Indian tribes, Native Hawaiian Organizations, and Community Development Corporations, represented approximately 7 percent of the entire 8(a) portfolio. As noted, half of HUBZone firms are owned by racial minority entrepreneurs.

GCBD is currently developing a process to more accurately collect and track individualized business development assistance provided to 8(a) BD Participants. GCBD will consider replicating this process to measure the delivery of procurement-related services to SBA's minority business owner and underserved stakeholders.

Ultimately, equal access to contracts may be reflected when every year there is an increase in contracts awarded to new 8(a) firms. Successful business development may be reflected years down the road, when the 8(a) firm graduates from the 8(a) Program and continues to thrive and generate revenues.

- Reform actions implemented thus far, and those under consideration based on equity assessment
  - *What steps has the agency taken or will you take to accomplish these ends.*
  - *Are new policies, regulations, or guidance documents necessary to advance equity in the program/policy?*
  - *Are additional capacity, expertise, or resources required for further work, and do you plan to incorporate this into your budget request?*

SBA is considering the following steps: Update senior executives' performance plans to include goals on equity in contracting, Comply with the existing Rule of Two for all awards, including orders below the SAT and that contain work previously performed by a small business, use a small business contracting dashboard and disparity studies to target set-asides and other assistance by industry or locality, improve accessibility of small-business contracting data and update the terminology in SAM.gov.

The SBA implemented new 7(j) Training tools to maximize access to Federal and commercial business opportunities. For example, the new Bidspeed tool is a cloud-based business development management system that helps small businesses improve their Federal Contracting win rate.

SBA has evaluated the application process to identify ways to improve the process and reduce unnecessary administrative burdens on applicant firms.

SBA is examining and assessing the following recommendations: Minimum of 50% of new GWACs be dedicated to socioeconomic firms, stopping the segregation on GWACs and IDIQs.

SBA recognizes that commitment from Federal agencies must be demonstrated by a reserve of contracts across a variety of NAICS, for 8(a) and HUBZone firms. The commitment from Senior Procurement Executives across Federal agencies, to fence and reserve contracts would demonstrate their commitment to the business development needs of socially and economically disadvantaged firms. Performance metrics at the Federal-agency level could track commitment from procurement decision makers. Procurement policy must focus on simplifying processes to address barriers to entry. Barriers are more

difficult to overcome for the underserved because of lack of access to capital and information.
To learn more about barriers to accessing GCBD's programs, GCBD will continue to reach out underserved groups and stakeholders, as well as current and previous participants in all of the programs. Other opportunities for outreach include consulting with the Minority Business Development Agency; the Center for American Progress; the Congressional Black Caucus Foundation; the National Urban League, the Urban Institute, the U.S. Black Chambers, the National LGBT Chamber; the Hispanic Chamber of Commerce, AbilityOne, and the Asian Pacific American Chamber of Commerce.

To learn more about barriers to federal procurement opportunities, GCBD will reach out to the groups identified above, as well as SBA's Business Opportunity Specialists, Procurement Center Representatives, Offices of Small and Disadvantaged Business Utilization (OSDBUs), and other small business specialists at federal agencies.

- Name of program/policy: **Office of International Trade (OIT)**
  The potential barriers and perceived opportunity (hypothesis)
    o May include but not limited to enrollment and access as well as in taking advantage of procurement and contracting opportunities, as relevant:

There are two types of sources that OIT must consult to understand the barriers to accessing our assistance: 1) our primary customers – businesses themselves and the organizations that represent underserved communities; and 2) the providers of our assistance – STEP grantees, lenders, and our OIT staff;.

In terms of businesses and the organizations that represent underserved communities: OIT has cultivated partnerships with a number of organizations representing women and minorities to conduct business outreach and can tap those relationships to better understand barriers and strategies we can use to overcome real or perceived obstacles.

In terms of the providers of OIT's assistance, STEP grantees, lenders and our OIT staff: For STEP grantees, a resource are the STEP grantees that do the best in reaching underserved businesses and we can learn from them regarding their outreach and their processes for businesses to apply for grants.

For lenders, our data show that underserved businesses are benefitting at very high levels and we can explore with lenders what leads to this success and what more can be done.

Limitations and Opportunities: **OIT has not asked the businesses themselves directly -- members of those organizations -- and should, regarding the barriers that they face.**

For OIT staff, this exercise resulted in a number of recommendations of actions we can take to reduce barriers.

- Current or potential equity impact: why the agency selected the particular program/policy for review and what about the program/policy made it the right initial focus for assessment of agency equity practice:

OIT must reach a diverse range of present and future small business exporters, using our networks and partnerships, as well as data and technology. And once we reach these diverse businesses, OIT will provide export advice, loans, and grants that are tailored to their needs. OIT offers three types of assistance to businesses – advice, grants and loans.
OIT collects and uses demographic data on businesses receiving loans and grants for internal decision-making and plans to collect additional information and make more rigorous use of this information with partners and in public reporting.

- Limitations and opportunities related to data, data disaggregation, and measurement

OIT uses available data to compare the number and percentage of small businesses receiving loans and grants disaggregated by category of underserved (e.g. female/male, minority/nonminority, veteran/nonveteran, rural/urban).
Limitations and Opportunities: **OIT has a blind spot in terms of benchmarking these results compared to our target community.**
   - **OIT lacks demographic information on the population of small business exporters – the population that we aim to serve and grow.   The most recent data on exporters in available through Census dated 2012. An update for 2017 is expected this year and will include demographic information.**
   - **At present, OIT instead uses dated results from the U.S. Survey of Business Owners dated 2016 which provides demographic information on businesses, by size, and identified businesses with employees which are a proxy for our target business population.**

OIT compares our loan data with broader 7(a) and 504 programs as SBA's loan data is consistent and comparable over recent years.
Along with the rest of SBA, OIT lacks a system to collect demographic data as part of our business outreach and business counseling. Creating such a system would require OMB approval and a System of Record Notice – ideally done by the Agency overall. In addition, businesses may be suspicious in providing this data so the collection should be accompanied with a public relations message and explanation on use.

- Target equitable outcomes, as derived from equity assessment, and how success of improvements will be measured moving forward:

Track whether outreach underserved communities leads to business referrals that then lead to grants and loans using data, technology, and strategies tailored to underserved communities. If it doesn't, we need to reassess and improve.
Uses the data that we collect on loans and grants to underserved businesses in our reporting to Congress, the Administration, and our speeches and presentations.
Balances our metrics of success to emphasize assistance to underserved businesses alongside other measures of success that could discourage assistance to underserved businesses (e.g., volume of export sales, loan value).

- Reform actions implemented thus far, and those under consideration based on equity assessment
   - *What steps has the agency taken or will you take to accomplish these ends? Are new policies, regulations, or guidance documents necessary to advance equity in the program/policy?*

> o *Are additional capacity, expertise, or resources required for further work, and do you plan to incorporate this into your budget request?*

Continues to be deliberate in our outreach to underserved businesses through organizations that help us reach their members. Moreover, OIT will intensify engagement, going beyond the provision of information and instead engaging in tailored exchanges focused on particular communities with respected influencers as partners. OIT will take the following actions to promote racial equity and support underserved communities, drawing attention to the importance of equity, building upon our current successes to share best practice, and taking action to address barriers and blind spots.

Lending: **Work with Community Advantage Lenders and CDFIs to connect with underserved communities. (Community Advantage Lenders have delegated ITL authorities.); Target assistance to provide in-depth, finance training to underserved communities; Build upon recent successes in getting banks owned and serving the underserved to offer SBA's export loans (e.g., Liberty Bank, Wallis Bank, outreach through the Minority Banker's Association); Collaborate with Community Navigator awardees to do more targeted outreach with underserved communities and lenders; Research Community Reinvestment Act to explore avenues for reaching more underserved communities; Provide flexibility for borrowers and lenders utilizing the EWCP program under the asset-based model to support some domestic orders; Educate and advise underserved businesses on how collateral requirements can be met by alternate means.**

STEP Grants: **Issue policy statement related to underserved businesses to emphasize importance and share overall program data with grantees; Showcase States that are doing particularly well in reaching underserved businesses in an audience that includes their peers and learn from them.**

In year's Notice of Funding Opportunity (NOFO): Underscore the importance of reaching underserved communities and best practices; Require reporting on demographics and the success rate of underserved applicants in receiving STEP grants; Require SBA's review additional eligibility requirements that are established by grantees. Collaborate with Community Navigator awardees to get more underserved businesses applying for STEP grants.

Business Outreach & Counseling: **Identify and vet diverse business spokespeople for outreach events; obtain and post video testimonials of diverse clients on website; encourage speakers to talk about equity issues, challenges they encountered, help they received; Develop and strengthen partnerships with influencers in underserved communities and maintain list of points of contact; Collaborate with Community Navigator awardees and equip them with information on OIT's resources, programs and services. This will include a step by step guide, decision tree or path to getting help and include materials in languages other than just English and Spanish; Develop and maintain list of language skills of OIT employees and STEP partners to better serve underserved communities; develop system for asking clients about their preferred language; Ensure business referrals are personal introductions to individuals in SBDCs and the U.S. Commercial Service, not impersonal links to website lists; Explore best practices for e-commerce and trade and opportunities tailored to underserved communities; Ensure OIT staff are aware of how a business can get help or lodge a complaint if they believe they were treated unfairly (e.g., Title VI, Hearings and Appeals, Office of the National Ombudsman, Office of Advocacy); Obtain and use**

updated Census data in order to compare our programs/clients by demographic groups to overall community of exporters.

- Name of program/policy: **Office of Capital Access (OCA)**
- The potential barriers and perceived opportunity (hypothesis)
  - May include but not limited to enrollment and access as well as in taking advantage of procurement and contracting opportunities, as relevant

OCA has reviewed the loan programs and surety bond programs to assess whether underserved communities and their members face systemic barriers in accessing benefits and opportunities available within the programs. Potential barriers for the 7(a) Loan Program could exist because this multi-purpose business loan program is administered as a deferred participation program where SBA guarantees a portion of the loan made by a Lender. The Lender initiates the loan and thus there may be barriers. The Community Advantage (CA) is a pilot loan program introduced by SBA to meet the credit, management, and technical assistance needs of small business in underserved markets. CA provides lenders access to 7(a) Loans of $250,000 or less. Barriers may exist however this program is focused on underserved communities. 504 Loan Program provides long-term financing to small businesses for the purchase or improvement of land, buildings, and major equipment, to facilitate the creation or retention of jobs and local economic development. Loans are made by Certified Development Companies (CDCs). Loans obtained from a CDC (a "504 Loan") are loans obtained from a private sector lender with a either a senior lien covering at least 50% of the project cost or junior lien covering up to 40% of the total cost. Borrower contributions are at least 10% equity. There may be access issues depending on the requirements to enter into this program. The Microloan Program provides small-dollar loans (up to %40,000) and free training and technical assistance to underserved small businesses through intermediaries throughout the US. Depending on where and how the intermediaries conduct outreach, there may be access barriers. The Surety Bond Program assists small businesses having difficulties obtaining contract surety bonds. This program directly links small and emerging businesses to contracting opportunities and is the only federal program that guarantees surety bonds for public and private construction, manufacturing, and service contracting jobs.

- Current or potential equity impact: why the agency selected the particular program/policy for review and what about the program/policy made it the right initial focus for assessment of agency equity practice

The loan and surety bond programs racial equity and support should look like equal access to capital, technical assistance, and business counseling resources without regard to race, economic or income status, religion, or any other identifying factors to enable the startup, and growth of small businesses. Key Themes for this program area are: Promote greater access for small businesses; Target lending groups who work with underserved communities; Improved outreach through technology; Public policy goals provide incentives; Find new ways to encourage lending partners to provide training and technical support; Broaden outreach about our programs.

- Limitations and opportunities related to data, data disaggregation, and measurement

The SBA guaranteed lending programs have indirect access to the underserved small businesses themselves. OCA relies on the outreach efforts of our program participants to source out information on existing barriers to access. A better understanding of barriers to access may also be obtained by interviewing and/or surveying underserved small businesses that have received a loan/bond, and those that have been declined. Roundtable discussions with participating intermediaries, trade association leadership, SBA District Office leadership, local Chambers of Commerce, State and local government community development departments, other Federal Agencies (Treasury-CDFI, USDA-RMAP etc.), commercial banks, bonding companies and academic experts could also broaden the understanding of barriers to assessing the program. A simple measure of progress would be to track dollars and units of loans/bonds made to underserved communities. SBA already tracks this information. Another measure would be program penetration in underserved communities based on an existing indicator that reflects the level of available capital. A third method would be to interview and/or survey underserved small businesses that have received a loan or surety bond and those that have been declined. Key areas would include program penetration, measured to assess reach into underserved communities, measuring the impact of our bilingual services, develop clear metrics and trend lines to track loan volume to underserved communities, developing metrics that collect data in real time, and measuring impact of training and technical support.

Limitations

SBA E-Tran database captures demographic data on all loans approved. However, the Census data determines the overall minority population concentration or how migration patterns are changing community compositions in the 21st century.

- Target equitable outcomes, as derived from equity assessment, and how success of improvements will be measured moving forward

SBA provides training to our certified developers, banking partners and surety bond companies through webinars and national and regional conferences so they can provide current and relevant loan and bond information in their communities. Some of the results we have seen from our strongest relationships resulted in measures that we can use moving forward. For example, for FY 2019 and 2020, 33% of 7a loans were approved to minorities, which is an increase of 2% as compared to FY 2018. The SBA's guarantied portion of the outstanding loan principal rose $515.9 billion in FY 2020 to $621.7 billion. During FY 2020, new guaranties disbursed by SBA participating banks were $538.0 billion, a $516.8 billion increase from last year. The increase in the SBA's guarantied portion of outstanding loan principal and new guaranties disbursed is a direct result of the Paycheck Protection Program (PPP) created under the CARES Act and American Rescue Plan. In 2020, the 7(a)/CA program reached $2 billion in lending. This was especially remarkable, as it was after the pandemic started. The success can be directly related to the Congressional appropriation of Section 1112 payments, which paid 6 months of 7(a)/CA payments for borrowers. SBA 7(a)/CA loans made to veteran-owned small businesses come with reduced fees. The 504-loan program increased 15% year over year from 2019 to 2020 and is scheduled to increase around 20% year over year from 2020 to 2021.In August 2020, the

504-program reached $1 billion in lending for 1 month for the first time in the history of the program. This was especially remarkable, as it was after the pandemic started. The success can be directly related to the Congressional appropriation of Section 1112 payments which paid 6 months of 504 payments for borrowers.

- Reform actions implemented thus far, and those under consideration based on equity assessment
  - *What steps has the agency taken or will you take to accomplish these ends?*
  - *Are new policies, regulations, or guidance documents necessary to advance equity in the program/policy?*
  - *Are additional capacity, expertise, or resources required for further work, and do you plan to incorporate this into your budget request?*

SBA could leverage its expansive network of lending and surety partners which has a presence in every U.S. state and territory including nonprofit lenders with a successful track record of outreach and support for underserved communities. With the rapid advancement of technology SBA could provide additional resources to our lending and surety partners so that they may provide greater technical assistance to underserved markets. SBA could also consider direct lending to reach underserved markets.
Key Themes: Actions to move the needle require financial commitment; Funding could be zero-year money to remove time constraints and "use or lose" restrictions; Continuous communication/outreach; Build a referral network between commercial lenders and mission lenders; Tap into think tanks and stakeholder groups to focus specifically on advancing opportunities for underserved; Additional grant programs; Public policy goals have proven successful in making more funds available to underserved; SBA's Lender Match serves as a useful online tool to connect underserved business with available lenders.

- Immediate, tangible improvements in people's lives that you anticipate these potential reforms making or that have resulted to date from the equity assessment

See list of outcomes due to implementation of programs at SBA in section on tangible equitable outcomes above.

- Name of program/policy: **Office of Entrepreneurial Development (OED)**
- The potential barriers and perceived opportunity (hypothesis)
  - May include but not limited to enrollment and access as well as in taking advantage of procurement and contracting opportunities, as relevant
- Current or potential equity impact: why the agency selected the particular program/policy for review and what about the program/policy made it the right initial focus for assessment of agency equity practice

The Office of Entrepreneurial Development's mission is to help small businesses start, grow, and compete in global markets by providing quality training, counseling, and access to resources. OED oversees a network of programs and services that support the training and counseling needs of small business. It is the U.S. Small Business Administration's (SBA) technical assistance arm with resource partners located throughout the country. OED is comprised of Offices that focus on specific missions. Each office provides entrepreneurial information, education, resources, and a variety of tools to help small businesses succeed. Currently, OED oversees the Office of Small Business Development Centers (OSBDC), Office of Women's Business Ownership (OWBO), Office of Entrepreneurship Education (OEE), and Office of Native American Affairs (ONAA). The

Faith Based & Community Initiatives is currently not in operation. Each Office provides critical information and access to tools for entrepreneurs and has a reach that spans the country. It is a prime Program Office to reach the underserved communities.

- Limitations and opportunities related to data, data disaggregation, and measurement

Assessments may be isolated to each program/initiative while a more systematic approach is lacking. We should centralize analytics in a portal that efficiently extracts a variety of reports. Not an easy feat, but one worth developing. There is a lack of integrated data collection systems among SBA program offices and resource partners. We require reporting of certain data points for service delivery; however, data points could be expanded to capture outcomes, including range of clients and the needs of the client, and an increased amount of information to strengthen progress reports. There is no Grantee interface that is direct. A needs assessment could provide greater insights. Too many decentralized/disconnected/individual portals are serving as minimally viable products (MVP). OWBO does collect Demographic data on SBA 641 forms but it is submitted voluntarily. There are limitations on validating the data. Additionally, there are policy requirements that prevent receiving certain data. We request data from clients via SBDC Resource Partners, Office of Advocacy data, U.S. Census data and other public records. We use EDMIS to report on performance of WBCs and we use FPDS, SAM, and USASpending. The best data sources are EDMIS, Census PUMS and Department of Labor, SBA's Office of Advocacy, Census Bureau, Bureau of Labor Statistics, FDIC, Federal Reserve, Bureau of Economic Analysis and from small business owners/entrepreneurs.

- Target equitable outcomes, as derived from equity assessment, and how success of improvements will be measured moving forward

For OWBO racial equity and support for underserved communities means that WBC resources are directed to communities that are underrepresented and lack access to resources that encourage entrepreneurship.

OEE's programs/initiatives are geared to support underserved and unbanked communities. It resembles all ethnicities having equal access to OED/OEE programs, training, and offerings. Marketing, outreach, and promotions reaching new platforms, portals, and ways to reach diverse and underserved communities. OEE incorporates proactive planning to extend accessibility and inclusivity through translation, assistive technology, event accommodations, diverse speakers/imagery, and more.

The Office of Native American Affairs' mission is to ensure 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.

Indicators of success would be changes in the proportion of clients served that are from underserved/underrepresented communities. Successful outcomes could be measured as follows: OSBDC would see an increase in the number of SBDC service centers hosted by HBCUs and MSIs, increased focus on rural initiatives, increased ability to provide counseling and training services across multiple linguistic capacities and other innovative partnerships to provide tailored services to underserved communities. OWBO would have their WBC focus on underrepresented communities, but this has not been assessed. OEE would see an increase in the number of minorities and other underserved markets being mentored/trained which will lead to accessing capital, government contracts, and staying in

business. Outcomes would also reflect more awareness of SBA offerings, more significant and more diverse participation. Potentially a more inclusive representation of diverse communities and small businesses applying to offerings. ONAA would have an up to date tribal consultation policy and ensure that it is utilized throughout the entire agency as all programs within the agency involve Native American stakeholders.

- Reform actions implemented thus far, and those under consideration based on equity assessment
  - *What steps has the agency taken or will you take to accomplish these ends?*
  - *Are new policies, regulations, or guidance documents necessary to advance equity in the program/policy?*
  - *Are additional capacity, expertise, or resources required for further work, and do you plan to incorporate this into your budget request?*

Building on SBA's 8(a), women's procurement program and HUBZone contracting programs, the SBDCs provide special programs to provide assistance and support to specifically targeted small business groups. These programs work with women, veterans and minorities to help expand their potential for success. Rural enterprises are provided coverage that offer the same types of services and resources consistently throughout the state. SBA is not only working with our resource partners to bring more services to underserved communities at the local level but also frequently advising Federal agency colleagues, including U.S. Department of Agriculture, U.S. Department of Commerce, U.S. Department of Defense, U.S. Department of Homeland Security and U.S. Department of Treasury. who are seeking to increase their services to small business communities. Actions are being taken at SBA show continued support with funding to allow OEE to mentor, train, and educate underserved and unbanked entrepreneurs. Flexibilities in working with internal and external stakeholders to promote services, leverage access/expertise, build partnerships, and engaged diverse representatives in various capacities provide us with greater policy and programming impact. SBA is committed to fulfilling Federal trust and treaty responsibilities to Tribal Nations through regular, meaningful, and robust consultation with Tribal Nations. In response to President Biden's Memorandum on Tribal Consultation and Strengthening Nation-to-Nation Relationships and Executive Order 13175, the SBA is currently updating its Tribal Consultation Policy.

- Immediate, tangible improvements in people's lives that you anticipate these potential reforms making or that have resulted to date from the equity assessment

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- Name of program/policy: **Office of Disaster Assistance (ODA)**
- The potential barriers and perceived opportunity (hypothesis)
  - May include but not limited to enrollment and access as well as in taking advantage of procurement and contracting opportunities, as relevant

The disaster loan program provides everyone the same opportunity, without regard to race, gender, etc. to apply and be considered for a loan based on credit worthiness and repayment ability. The lending criteria, although less stringent than private lenders, is difficult for underserved communities to actively participate. When disaster loans are not approved, there are no other SBA options, with the exception of the COVID-19 relief programs. Identifying and addressing some of the barriers would increase participation by

members of communities that face greater challenges in accessing lending program services with a potential result of lessening economic disparity and reducing systematic injustice. Some of the barriers include social economic factors, digital/technological divide, loan application filing requirements, lack of trust, religious and cultural differences.

- Current or potential equity impact: why the agency selected the particular program/policy for review and what about the program/policy made it the right initial focus for assessment of agency equity practice

ODA conducts outreach and administers the SBA disaster loan programs in collaboration with various stakeholders at federal, state, and local levels, including private and non-private entities. Many of these stakeholders provide various program services, including lending services to the members of underserved communities. Deliberate efforts should be undertaken by the Agency to understand the marketing and outreach strategies, how they are able to build sustainable relationships, the type of data collected and data is used to deliver services, how local financial institutions, community/ethnic-based lending entities structure and administer their loan programs to see where SBA needs to make changes and be more inclusive.

- Limitations and opportunities related to data, data disaggregation, and measurement

SBA administers the disaster loan program with the goal of providing all communities the same opportunity to apply. There remain steps that can be taken in Data Collection. SBA collects critical data, however there are other data that should be captured to measure progress. Additional data collection is needed to allow the agency to identify income levels, racial composition, education levels, language preferences, geographic and socio-economic data, and gender, are among a few additional needed data points.

- Target equitable outcomes, as derived from equity assessment, and how success of improvements will be measured moving forward

The SBA lending programs as they are currently administered are more challenging for underserved communities to fully participate and utilize the resources, to gain economic strength and recover from disasters. Applicants must demonstrate that they have reasonable credit and sufficient income to borrow from the agency. There are no grants. There are no other options. SBA does coordinate with FEMA for grant referrals for homeowners and renters unable to obtain loans. The barriers to participation are social economic factors, education and income levels, filing requirements and financial documentation, lack of targeted outreach, language and cultural differences, digital and technological divide, lack of trust, transportation issues, lack of data to track, analyze and determine who is being served.

Measures would include participation rates and specific data on those receiving loans, partnerships with community banks/lending institutions to promoting in their local communities, flexibility in structuring disaster loan terms. Additionally an increase in engagements with ethnic/community based organizations, before, during and after disasters.

- Reform actions implemented thus far, and those under consideration based on equity assessment
  - *What steps has the agency taken or will you take to accomplish these ends?*
  - *Are new policies, regulations, or guidance documents necessary to advance equity in the program/policy?*

> o *Are additional capacity, expertise, or resources required for further work, and do you plan to incorporate this into your budget request?*

SBA can take outreach and policy actions resulting in an immediate impact in promoting racial equity and support for the underserved communities. This includes strengthening engagement opportunities with stakeholders and eliminating barriers to bring SBA's loan program closer to underserved communities. Improve on targeted outreach before, during and after disasters and hold lessons learned sessions to improve program delivery. Streamlining the application process for increased participation and faster loan decisions. Ensure outreach materials are in multiple languages. By partnering with local community banks to promote disaster loan programs, evaluating and restructuring loan terms to accommodate religious preferences, and by recommending policy change to include a grant funding stream into SBA's overall program, the scope of impact to the underserved communities could increase. Adjusting lending criteria such as increasing the debt ratio and requiring detailed review of applications with a lower credit score prior to loan decisions could minimize the challenges that are sometimes associated with underserved and underrepresented communities.

Working with Congress for grant funding for businesses during Presidential Individual Assistance declarations, grants for both home and business disaster loans during Agency declarations.

There is a need for budgets to conduct nationwide marketing and advertising of program services, for translation services and outreach materials, acquisition of Mobile Units to operate Mobile Recovery Centers to broaden the reach to underserved communities.

- Immediate, tangible improvements in people's lives that you anticipate these potential reforms making or that have resulted to date from the equity assessment

- Name of program/policy: **Office of Veterans Business Development (OVBD)**
- The potential barriers and perceived opportunity (hypothesis)
  - o May include but not limited to enrollment and access as well as in taking advantage of procurement and contracting opportunities, as relevant
- Current or potential equity impact: why the agency selected the particular program/policy for review and what about the program/policy made it the right initial focus for assessment of agency equity practice

OVBD was selected because this Office administers several programs that make it the premier veteran entrepreneurship organization supporting and advocating for America's current and next generation of veteran and military spouse small business owners. OVBD oversees the Veterans Business Outreach Centers (VBOCs) – 22 organizations participating in cooperative agreements with SBA to provide entrepreneurial development services such as business training, counseling, and resource partner referrals to transitioning service members, veterans, National Guard & Reserve members and military spouses interested in starting or growing a small business. A Boots to Business (B2B) entrepreneurial education and training program offered by SBA as part DoDs TAP program. B2B provides participants with an overview of business ownership and is open to transitioning service members (including National Guard and Reserve) and their spouses. A B2B Reboot - utilizing the B2B curriculum, a course offered for veterans in communities

around the country that provides participants with an overview of business fundamentals, while introducing techniques for evaluating the feasibility of business concepts. **Entrepreneurship Training Programs (ETPs) conducting outreach and entrepreneurial development programs designed to aid veterans, service-disabled veterans, and Reserve Component members in starting new and expanding or diversifying existing small businesses. Additionally OVBD develops, supports, and implements programming for veteran, service member, and military spouse entrepreneurs, often in partnership with members of OVBD's network of public, private, and nonprofit veteran organizations, SBA program and field offices, and fellow resource partners. OVBD also designs and implements strategic outreach and marketing plans, guides stakeholders on federal policy actions, and facilitates the convenings of the federal Interagency Task Force on Veterans Small Business Development (IATF) and Advisory Committee on Veterans Business Affairs (ACVBA). There is opportunity to assess penetration into underserved communities through the extensive outreach and community connections OVBD fosters and sustains.**

- Limitations and opportunities related to data, data disaggregation, and measurement

Looking toward the future, the veteran, service member, and military spouse community will continue to change. It is predicted that the percentage of veterans of all races/ethnicities except non-Hispanic White Veterans ("minority Veterans") will increase from 25.2 percent of the total veteran population in 2020 to 35.3 percent in 2040 (U.S. Dept. of Veteran Affairs, 2020). Reviewed research on entrepreneurship among female and racial/ethnic minorities has documented unique barriers for these demographic groups (SBA Office of Advocacy, 2021). Similarly, other underserved communities such as veterans, service members, or military spouses with disabilities, living in rural areas or underserved urban areas, or LGBTQ+ or religious minority veterans may experience additional challenges to entrepreneurship.

Limitations

To assess the needs of current and future veteran, service member, and military spouse entrepreneurs, to move toward racial equity, and to continue to improve its support of underserved communities, OVBD will need to: Identify any specific veteran, service member, and military spouse underserved communities not being reached by SBA and OVBD, through data and anecdotally. Consult with communities to better understand the barriers to accessing SBA/OVBD products and services, and/or opportunities for grants or contracts. Further, create a plan to follow-up with recommended changes, including providing support and resources as available.

- Target equitable outcomes, as derived from equity assessment, and how success of improvements will be measured moving forward

OVBD consults with communities, partners, stakeholders, and firms to gather feedback and to better understand how OVBD programs can increase access and reduce barriers for participation by underserved communities. VBOCs, in just the last five years, served over 236,000 clients, providing business training, counseling, and mentoring as well as gathering feedback on how to provide better services. The B2B and B2B Reboot, launched in 2013, has reached over 139,000 veterans, services members, and military spouses.The ETPs, in FY20, grant recipients provided engagements events to over 3,200 particiants.

Reform actions implemented thus far, and those under consideration based on equity assessment

- o *What steps has the agency taken or will you take to accomplish these ends?*
- o *Are new policies, regulations, or guidance documents necessary to advance equity in the program/policy?*
- o *Are additional capacity, expertise, or resources required for further work, and do you plan to incorporate this into your budget request?*

OVBD will create a plan to continuously improve the quantity, quality, and scope of program data and feedback; include discussions with SBA and OMB about broadening allowed reporting metrics and formats and clarifying definitions of data points so that greater programmatic impact can be demonstrated. When possible/allowed, ask clients/participants to provide more demographic data to better identify which specific underserved communities are being served or not served. When possible/allowed, include additional data elements and collection requirements in award Terms & Conditions for grant recipients. Update data collection systems accordingly (i.e., Neoserra, Salesforce). For mandatory or optional data requests, provide better explanations to clients/participants/grant recipients on why data is collected as part of surveys, applications, enrollment forms and how the data will be used. Research possible online applications to use to collect registration details.

- Immediate, tangible improvements in people's lives that you anticipate these potential reforms making or that have resulted to date from the equity assessment

Once OVBD completes the evaluation of its programs and begins to implement next steps, it is anticipated that: More partners, stakeholders, and firms representing underserved communities will engage with OVBD as well as other SBA program offices, field offices, resource partners, etc. More robust data will be collected from OVBD program clients and participants and utilized to inform future program and policy development. More of OVBD's programs and policies will be tailored to support underserved communities. And, ultimately, more veteran, service member, and military spouse entrepreneurs of all communities will engage in OVBD's programming and benefit from SBA's and its partners products and services.