



Small Business Management and Technical Assistance Training Programs

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Summary

The Small Business Administration (SBA) has provided “technical and managerial aides to small-business concerns, by advising and counseling on matters in connection with government procurement and on policies, principles and practices of good management” since it began operations in 1953. Initially, the SBA provided its own small business management and technical assistance training programs. Over time, the SBA has relied increasingly on third parties to provide that training.

The SBA’s management and technical assistance training programs have been appropriated a projected \$165.9 million for FY2013. These programs fund about “14,000 resource partners,” including more than 900 small business development centers, 101 women’s business centers, and 368 chapters of the mentoring program, SCORE. The SBA reports that more than 1 million aspiring entrepreneurs and small business owners receive training from an SBA-supported resource partner each year. The SBA argues that these programs contribute “to the long-term success of these businesses and their ability to grow and create jobs.”

The Department of Commerce also provides management and technical assistance training for small businesses. For example, its Minority Business Development Agency provides training to minority business owners to assist them in obtaining contracts and financial awards.

A recurring theme at congressional hearings concerning the SBA’s management and technical assistance training programs has been the perceived need to improve program efficiency by eliminating duplication of services and/or increasing cooperation and coordination both within and among SCORE, women’s business centers (WBCs), and small business development centers (SBDCs). For example, the House Committee on Small Business has argued that the SBA’s various management and technical assistance training programs should be “folded into the mission of the SBDC program or their responsibilities should be taken over by other agencies” because they “overlap each other and duplicate the educational services provided by other agencies.” Congress has also explored ways to improve the SBA’s measurement of the programs’ effectiveness and to address the impact of national economic conditions on WBC and SBDC finances and their capacity to maintain client service levels and meet federal matching requirements.

This report examines the historical development of federal small business management and technical assistance training programs; describes their current structures, operations, and budgets; and assesses their administration and oversight, the measures used to determine their effectiveness, and WBC and SBDC finances and their capacity to maintain client service levels and meet federal matching requirements.

This report also discusses P.L. 111-240, the Small Business Jobs Act of 2010, which provided SBDCs \$50 million in additional funds; waived the non-federal matching requirement for these funds; and authorized the SBA to temporarily waive, in whole or in part, for successive fiscal years, the non-federal share matching requirement relating to “technical assistance and counseling” for WBCs. It also discusses several bills introduced during the 111th and 112th Congresses that would have authorized changes to the SBA’s management and technical assistance training programs in an effort to improve their performance and oversight, including S. 3442, the SUCCESS Act of 2012, and S. 3572, the Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012.

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Federal Management and Technical Assistance Training Programs

The Small Business Administration (SBA) administers several programs to support small businesses, including loan guaranty programs to enhance small business access to capital; programs to increase small business opportunities in federal contracting; direct loans for businesses, homeowners, and renters to assist their recovery from natural disasters; and access to entrepreneurial education to assist with business formation and expansion. The SBA has provided “technical and managerial aides to small-business concerns, by advising and counseling on matters in connection with government procurement and on policies, principles and practices of good management” since it began operations in 1953.¹

Initially, the SBA provided its own management and technical assistance training programs. Over time, the SBA has relied increasingly on third parties to provide that training. As shown in **Table 1**, the SBA’s nine largest management and technical assistance training programs have been appropriated a projected \$165.9 million for FY2013. The SBA reports that more than 1 million aspiring entrepreneurs and small business owners receive training from an SBA-supported resource partner each year.²

Table 1. SBA Management and Technical Assistance Training Programs Funding, FY2013

Training Program	FY2013
Small Business Development Center Grants Program	\$113,189,000
Microloan Technical Assistance Program	\$20,122,000
Women’s Business Center Grants Program	\$14,086,000
SCORE (Service Corps of Retired Executives)	\$7,043,000
PRIME Technical Assistance Program	\$3,521,000
7(j) Technical Assistance Program	\$3,119,000
Veterans Business Development Program	\$2,515,000
Native American Outreach Program	\$1,258,000
National Women’s Business Council	\$1,004,000
Total	\$165,857,000

Source: H.Rept. 112-331, report to accompany the Consolidated Appropriations Act, 2012; P.L. 112-175, the Continuing Appropriations Resolution, 2013.

Notes: P.L. 112-175 provides appropriations through March 27, 2013. Also, funding for the SBA’s management and technical assistance programs are subject to sequestration.

The SBA has argued that its support of management and technical assistance training for small businesses has contributed “to the long-term success of these businesses and their ability to grow

¹ U.S. Congress, Senate Committee on Banking and Currency, *Extension of the Small Business Act of 1953*, report to accompany S. 2127, 84th Cong., 1st sess., July 22, 1955, S.Rept. 84-1350 (Washington: GPO, 1955), p. 17.

² U.S. Small Business Administration, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” pp. 1, 3, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

and create jobs.”³ It currently provides financial support to about “14,000 resource partners,” including more than 900 small business development centers (SBDCs), 101 women’s business centers (WBCs), and 368 chapters of the mentoring program, SCORE.⁴

The Department of Commerce also provides management and technical assistance training for small businesses. For example, the Department of Commerce’s Minority Business Development Agency provides training to minority business owners to assist them in obtaining contracts and financial awards.⁵ In addition, the Department of Commerce’s Economic Development Administration’s Local Technical Assistance Program promotes efforts to build and expand local organizational capacity in economically distressed areas. As part of that effort, it funds projects that focus on technical or market feasibility studies of economic development projects or programs, which often include consultation with small businesses.⁶

For many years, a recurring theme at congressional hearings concerning the SBA’s management and technical assistance training programs has been the perceived need to improve program efficiency by eliminating duplication of services and increasing cooperation and coordination both within and among its training resource partners. For example, the Obama Administration recommended in its FY2012 and FY2103 budget recommendations that funding for the PRIME technical assistance program be ended, arguing that it overlaps and duplicates “the technical assistance provided by SBA’s microlending intermediaries.”⁷ Also, the House Committee on Small Business has argued that the SBA’s various management and technical assistance training programs should be “folded into the mission of the SBDC program or their responsibilities should be taken over by other agencies” because they “overlap each other and duplicate the educational services provided by other agencies.”⁸ Congress has also explored ways to improve the SBA’s measurement of these programs’ effectiveness.

³ U.S. Small Business Administration, “Fiscal Year 2011 Congressional Budget Justification and FY2009 Annual Performance Report,” p. 4, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

⁴ U.S. Small Business Administration, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” p. 3, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>; and U.S. Small Business Administration, “Women’s Business Centers Directory,” at <http://www.sba.gov/about-offices-content/1/2895/resources/13729>.

⁵ U.S. Department of Commerce, Minority Business Development Agency, “Annual Performance Report, Fiscal Year 2011; America: Built to Last,” p. 76, at <http://www.mdba.gov/sites/default/files/APR2011.pdf>.

⁶ 13 C.F.R. §306.

⁷ U.S. Small Business Administration, “FY2012 Congressional Budget Justification and FY2010 Annual Performance Report,” p. 4, at <http://www.sba.gov/content/fy-2012-congressional-budget-justification-and-fy-2010-annual-performance-report>.

⁸ U.S. Congress, House Committee on Small Business, “Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for FY2014,” communication to the Chairman, House Committee on the Budget, 113th Cong., 1st sess., February 27, 2013, at http://smallbusiness.house.gov/uploadedfiles/revised_2014_views_and_estimates_document.pdf. Previously, the House Committee on Small Business had recommended that funding for Women Business Centers, PRIME technical assistance, HUBZone outreach, and the Offices of Native American Affairs and International Trade be eliminated; and funding for 7(j) technical assistance, Microloan technical assistance, and the National Women’s Business Council be reduced. See U.S. Congress, House Committee on Small Business, “Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for FY2013,” communication to the Chairman, House Committee on the Budget, 112th Cong., 2nd sess., March 7, 2012, at http://smallbusiness.house.gov/uploadedfiles/views_and_estimates_fy_2013.pdf.

This report examines the historical development of federal small business management and technical assistance training programs; describes their current structures, operations, and budgets; and assesses their administration and oversight, including the measures used to determine their effectiveness.

This report discusses P.L. 111-240, the Small Business Jobs Act of 2010. The act authorized \$50 million in additional funds for SBDCs to provide targeted technical assistance to small businesses for various specified activities, such as seeking access to capital or credit, federal procurement opportunities, and opportunities to export products. It also guaranteed each state not less than \$325,000 of these additional funds and waived the non-federal matching requirement for these additional funds.

This report also discusses several bills introduced during the 111th and 112th Congresses that would have authorized changes to the SBA's management and technical assistance training programs in an effort to improve their performance and oversight, including S. 3442, the SUCCESS Act of 2012, and S. 3572, the Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012.

SBA Management and Technical Assistance Training Programs

The SBA supports a number of management and technical assistance training programs, including the

- Small Business Development Center Grants Program,
- Women's Business Center Grants Program,
- Microloan Technical Assistance Program,
- SCORE (Service Corps of Retired Executives),
- PRIME Technical Assistance Program,
- Veterans Business Development Programs,
- 7(j) Technical Assistance Program, and
- Native American Outreach Program.

The legislative history and current operating structures, functions, and budget for each of these programs is presented in this report. In addition, if the data are available, their performance based on outcome-based measures, such as their effect on small business formation, survivability, and expansion, and on job creation and retention, is also presented. Also, a brief description of each of these programs is provided in the **Appendix**.

Small Business Development Centers

In 1976, the SBA created the University Business Development Center pilot program to establish small business centers within universities to provide counseling and training for small businesses. The first center was founded at California State Polytechnic University at Pomona in December,

1976. Seven more centers were funded over the next six months at universities in seven different states. By 1979, 16 SBDCs received SBA funding and were providing management and technical training assistance to small businesses.⁹

The SBDC program was given statutory authorization by P.L. 96-302, the Small Business Development Center Act of 1980.¹⁰ SBDCs were to “rely on the private sector primarily, and the university community, in partnership with the SBA and its other programs, to fill gaps in making quality management assistance available to the small business owner.”¹¹ Although most SBDCs continued to be affiliated with universities, the legislation authorized the SBA to provide funding

to any State government or any agency thereof, any regional entity, any State-chartered development, credit or finance corporation, any public or private institution of higher education, including but not limited to any land-grant college or university, any college or school of business, engineering, commerce, or agriculture, community college or junior college, or to any entity formed by two or more of the above entities.¹²

SBDC funding is allocated on a pro rata basis among the states (defined to include the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa) by a statutory formula “based on the percentage of the population of each State, as compared to the population of the United States.”¹³ If, as is currently the case, SBDC funding exceeds \$90 million, the minimum funding level is “the sum of \$500,000, plus a percentage of \$500,000 equal to the percentage amount by which the amount made available exceeds \$90 million.”¹⁴

In 1984, P.L. 98-395, the Small Business Development Center Improvement Act of 1984, required SBDCs, as a condition of receiving SBA funding, to contribute a matching amount equal to the grant amount, and that the match must be provided by non-federal sources and be comprised of not less than 50% cash and not more than 50% of indirect costs and in-kind contributions.¹⁵ It also required SBDCs to have an advisory board and a full-time director who has authority to make expenditures under the center’s budget. It also required the SBA to implement a program of onsite evaluations for each SBDC and to make those evaluations at least once every two years.

⁹ Association of Small Business Development Centers, “A Brief History of America’s Small Business Development Center Network,” Burke, VA, at http://www.asbdc-us.org/About_Us/aboutus_history.html.

¹⁰ Ibid.; and U.S. Congress, Senate Committee on Small Business, *Oversight of the Small Business Administration’s Small Business Development Center Program*, 98th Cong., 1st sess., February 8, 1983, S.Hrg. 98-31 (Washington: GPO, 1983), p. 2.

¹¹ U.S. Congress, Senate Committee on Small Business, *Oversight of the Small Business Administration’s Small Business Development Center Program*, 98th Cong., 1st sess., February 8, 1983, S.Hrg. 98-31 (Washington: GPO, 1983), p. 2.

¹² Ibid., p. 4.

¹³ 15 U.S.C. 648(a)(4)(C).

¹⁴ Ibid.; and P.L. 106-554, the Consolidated Appropriations Act, 2001.

¹⁵ For American Samoa, Guam, and the U.S. Virgin Islands, the SBA is required to waive the matching requirements on awards less than \$200,000 and has discretion to waive the match for awards exceeding \$200,000. See 48 U.S.C. Section 1469a. Also, there is one exception to the disallowance of federal funds as a cash match. Community Development Block Grant (CDBG) funds received from the Department of Housing and Urban Development are allowed when: (1) the SBDC activities are consistent with the authorized CDBG activities for which the funds were granted; and (2) the CDBG activities are identified in the Consolidated Plan of the CDBG grantee or in the agreement between the CDBG grantee and the subrecipient of the funds.

Today, the SBA provides grants to SBDCs that are “hosted by leading universities, colleges, and state economic development agencies” to deliver management and technical assistance training “to small businesses and nascent entrepreneurs (pre-venture) in order to promote growth, expansion, innovation, increased productivity and management improvement.”¹⁶ These services are delivered, in most instances, on a non-fee, one-on-one confidential counseling basis and are administered by 63 lead service centers, one located in each state (four in Texas and six in California), the District of Columbia, Puerto Rico, the Virgin Islands, Guam, and American Samoa.¹⁷ These lead centers manage more than 900 service centers located throughout the United States and the territories.¹⁸

The SBDC program assisted approximately 210,000 small business owners (102,000) and prospective owners (108,000) in FY2011.¹⁹ It received an appropriation of \$113.0 million for both FY2010 and FY2011, \$112.5 million for FY2012, and a projected appropriation of \$113.2 million for FY2013.²⁰ In addition, P.L. 111-240, the Small Business Jobs Act of 2010, appropriated \$50 million in additional funds for SBDCs to provide targeted technical assistance to small businesses for various specified activities, such as seeking access to capital or credit, federal procurement opportunities, and opportunities to export products. The act guaranteed each state not less than \$325,000 of these additional funds and waived the non-federal matching requirement for these additional funds.²¹ About \$16.2 million of these funds were awarded to SBDCs in FY2010, and the remainder was awarded to SBDCs during FY2011.²²

Special areas of emphasis for the SBDC program in FY2012 included “facilitating innovation and high-growth companies small business innovation research (SBIR) grants, commercialization and technology transfer services, and export tools and guidance.”²³ In FY2011, more than 13,600 new businesses were formed with assistance from SBDC counselors.²⁴

¹⁶ U.S. Small Business Administration, “Small Business Development Center Fy/Cy 2011 Program Announcement for Renewal of the Cooperative Agreement for Current Recipient Organizations,” p. 3, at http://archive.sba.gov/idc/groups/public/documents/sba_program_office/sbdc_2011_prgm_announce.pdf.

¹⁷ Ibid.

¹⁸ Association of Small Business Development Centers, “Welcome,” Burke, Virginia, at <http://www.asbdc-us.org/>; and U.S. Small Business Administration, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” pp. 3, 44, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

¹⁹ U.S. Small Business Administration, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” p. 44, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

²⁰ H.Rept. 111-366, the Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act, 2010; P.L. 111-117, the Consolidated Appropriations Act, 2010; P.L. 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011; H.Rept. 112-331, the Consolidated Appropriations Act, 2012; and P.L. 112-175, the Continuing Appropriations Resolution, 2013.

²¹ P.L. 111-240, the Small Business Jobs Act of 2010, Section 1402. Grants for SBDCs. In addition, not less than 80% of the funding shall be used for counseling of small business concerns and not more than 20% may be used for classes and seminars. Total funding for SBDCs was \$130 million in FY2010.

²² U.S. Small Business Administration, “FY2011 Congressional Budget Justification and FY2009 Annual Performance Report,” p. 21, at http://www.sba.gov/sites/default/files/Congressional_Budget_Justification.pdf; U.S. Small Business Administration, “FY2012 Congressional Budget Justification and FY2010 Annual Performance Report,” pp. 25, 47, at <http://www.sba.gov/content/fy-2012-congressional-budget-justification-and-fy-2010-annual-performance-report>; and U.S. Small Business Administration, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” p. 45, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

²³ U.S. Small Business Administration, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” p. 45, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

²⁴ Ibid., p. 44.

As part of its legislative mandate to evaluate each SBDC, in 2003, the SBA's Office of Entrepreneurial Development designed "a multi-year time series study to assess the impact of the programs it offers to small businesses."²⁵ The survey has been administered annually by a private firm. The latest survey findings were completed in September 2012, and released in February 2013.

The latest survey was sent to 43,417 SBDC clients in March and April 2012 to "measure the performance of [SBDC] face-to-face counseling ... and the impact they have on growing and sustaining small business clients"²⁶ A total of 8,263 surveys (19.0% return rate) were completed either by telephone or the Internet.²⁷

The 2012 survey of SBDC clients indicated that

- 81% of SBDC nascent clients (individuals who have taken one or more steps to start a business), 81% of SBDC start-up clients (individuals who have been in business one year or less), and 76% of SBDC in-business clients (individuals who have been in business more than one year and their business was classified as small by the SBA) reported that their counseling was useful or very useful. Overall, 79% of SBDC clients reported that the information they received from counselors was useful or very useful,²⁸
- 56% of SBDC start-up clients and 60% of SBDC in-business clients reported that they changed their management practices/strategies as a result of the assistance they received,²⁹
- 30% of SBDC start-up clients and 32% of SBDC in-business clients reported that the counseling they received had a positive impact on their profit margin; 14% of SBDC start-up clients and 26% of SBDC in-business clients reported that the counseling they received had a positive impact on their ability to retain current staff; 13% of SBDC start-up clients and 20% of SBDC in-business clients reported that the counseling they received had a positive impact on their ability to hire new staff; and 34% of SBDC start-up clients and 41% of SBDC in-business clients reported that the counseling they received had a positive impact on their sales;³⁰ and
- SBDC clients who received five or more hours of counseling perceived greater impact of assistance on profits, retaining and hiring staff, and sales than SBDC clients who received less than five hours of counseling.³¹

²⁵ U.S. Small Business Administration, Office of Entrepreneurial Development, "Impact Study of Entrepreneurial Development Resources," September 10, 2009, p. 2, at http://archive.sba.gov/idc/groups/public/documents/sba_program_office/ed_finalreport_2009.pdf.

²⁶ U.S. Small Business Administration, Office of Entrepreneurial Development, "Impact Study of Entrepreneurial Dynamics: Office of Entrepreneurial Development Resource Partners' Face-to-Face Counseling," September 2012, p. 1, at http://www.sba.gov/sites/default/files/files/SBA_Converted_2012_d.pdf.

²⁷ *Ibid.*, p. 9.

²⁸ *Ibid.*, p. 38.

²⁹ *Ibid.*, p. 40.

³⁰ *Ibid.*, p. 42.

³¹ *Ibid.*, p. 43.

Women's Business Centers

The Women's Business Center (WBC) Renewable Grant Program was initially established by P.L. 100-533, the Women's Business Ownership Act of 1988, as the Women's Business Demonstration Pilot Program. The act directed the SBA to provide financial assistance to private, nonprofit organizations to conduct demonstration projects giving financial, management, and marketing assistance to small businesses, including start-up businesses, owned and controlled by women. Since its inception, the program has targeted the needs of socially and economically disadvantaged women.³² The WBC program was expanded and provided permanent legislative status by P.L. 109-108, the Science, State, Justice, Commerce, and Related Agencies Appropriations Act, 2006.

Since the program's inception, the SBA has awarded WBCs a grant of up to \$150,000 per year. Initially, the grant was awarded for one year, with the possibility of being renewed twice, for a total of up to three years. Also, as a condition of the receipt of funds, the WBC was required to raise at least one non-federal dollar for each two federal dollars during the grant's first year (1:2), one non-federal dollar for each federal dollar during year two (1:1), and two non-federal dollars for each federal dollar during year three (2:1).³³ Over the years, Congress has extended the length of the WBC program's grant award and reduced the program's matching requirement.

Today, WBC initial grants are awarded for up to five years, consisting of a base period of 12 months from the date of the award and four 12-month option periods.³⁴ The SBA determines if the option periods are exercised and makes that determination subject to the continuation of program authority, the availability of funds, and the recipient organization's compliance with federal law, SBA regulations, and the terms and conditions specified in a cooperative agreement. WBCs that successfully complete the initial five-year grant period may apply for an unlimited number of three-year funding intervals.³⁵

During their initial five-year grant period, WBCs are now required to provide a non-federal match of one non-federal dollar for each two federal dollars in years one and two (1:2), and one non-federal dollar for each federal dollar in years three, four and five (1:1).³⁶ After the initial five-year

³² U.S. Congress, House Committee on Small Business, *Review of Women's Business Center Program*, 106th Cong., February 11, 1999, Serial No. 106-2 (Washington: GPO, 1999), p. 4.

³³ Matching contributions must come from non-federal sources such as state and local governments, private individuals, corporations and foundations, and program income. Community Development Block Grant funds, when permissible under the terms of that program, may also be used as a match. At least half of the non-federal match must be in the form of cash. U.S. Small Business Administration, "Women's Business Center (Initial Grant), FY2011" at <http://www.sba.gov/sites/default/files/files/Program%20Announcement%20OWBO-2011-01-1%20-%20New%20WBC%20in%20Idaho.pdf>.

³⁴ P.L. 105-135, the Small Business Reauthorization Act of 1997, authorized the SBA to award grants to WBCs for up to five years—one base year and four option years. P.L. 106-165, the Women's Business Centers Sustainability Act of 1999, provided WBCs that had completed the initial five-year grant an opportunity to apply for an additional five-year sustainability grant. Thus, the act allowed successful WBCs to receive SBA funding for a total of 10 years. Because the program has permitted permanent three-year funding intervals since 2007, the sustainability grants will be phased out by FY2012, leaving the initial five-year grants with the continuous three-year option. See U.S. Small Business Administration, "FY2012 Congressional Budget Justification and FY2010 Annual Performance Report," p. 49, at <http://www.sba.gov/content/fy-2012-congressional-budget-justification-and-fy-2010-annual-performance-report>.

³⁵ P.L. 110-28, the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, allowed WBCs that successfully completed the initial five-year grant to apply for an unlimited number of three-year funding renewals.

³⁶ P.L. 105-135, the Small Business Reauthorization Act of 1997, reduced the program's matching to one non-federal (continued...)

grant period, the matching requirement in subsequent three-year funding intervals is not more than 50% of federal funding (1:1).³⁷ The non-federal match may consist of cash, in-kind and program income.³⁸

Today, there are 101 WBCs located throughout most of the United States and the territories.³⁹ In FY2011, they assisted 138,923 small business owners.⁴⁰ They also assisted in the formation of more than 500 new businesses in FY2011.⁴¹ The WBC program received a \$14.0 million appropriation for FY2010, \$14.0 million for FY2011, \$14.0 million for FY2012, and a projected appropriation of \$14.086 million for FY2013.⁴²

P.L. 105-135, the Small Business Reauthorization Act of 1997, required the SBA to “develop and implement an annual programmatic and financial examination of each” WBC.⁴³ As part of its legislative mandate to implement an annual programmatic and financial examination of each WBC, the SBA’s Office of Entrepreneurial Development includes WBCs in its previously mentioned multi-year time series study of its programs.

The firm administering the 2012 survey of SBA management and training clients contacted 2,322 WBC clients and received 340 completed surveys (14.6% return rate).⁴⁴ The survey indicated that

- 75% of WBC nascent clients (individuals who have taken one or more steps to start a business), 84% of WBC start-up clients (individuals who have been in business one year or less), and 78% of WBC in-business clients (individuals who have been in business more than one year and are classified as small by the SBA) reported their counseling was useful or very useful. Overall, 79% of WBC clients

(...continued)

dollar for each two federal dollars in years one through three rather than just during the first year (1:2), one non-federal dollar for each federal dollar in year four rather than during year two (1:1), and two non-federal dollars for each federal dollar in year five rather than in year three (2:1). P.L. 106-17, the Women’s Business Center Amendments Act of 1999, reduced the program’s matching requirement to one non-federal dollar for each two federal dollars in years one and two (1:2), and one non-federal dollar for each federal dollar in years three, four and five (1:1).

³⁷ P.L. 110-28, the U.S. Troop Readiness, Veterans’ Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, reduced the federal share to not more than 50% for all grant years (1:1) following the initial five-year grant.

³⁸ P.L. 105-135, the Small Business Reauthorization Act of 1997, specified that not more than one-half of the non-federal sector matching assistance may be in the form of in-kind contributions that are budget line items only, including office equipment and office space.

³⁹ U.S. Small Business Administration, “Women’s Business Centers Directory,” at <http://www.sba.gov/about-offices-content/1/2895/resources/13729>.

⁴⁰ U.S. Small Business Administration, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” p. 47, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

⁴¹ Ibid.

⁴² H.Rept. 111-366, the Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act, 2010; P.L. 111-117, the Consolidated Appropriations Act, 2010; P.L. 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011; H.Rept. 112-331, the Consolidated Appropriations Act, 2012; and P.L. 112-175, the Continuing Appropriations Resolution, 2013.

⁴³ P.L. 105-135, the Small Business Reauthorization Act of 1997, Section 29. Women’s Business Center Program.

⁴⁴ U.S. Small Business Administration, Office of Entrepreneurial Development, “Impact Study of Entrepreneurial Dynamics: Office of Entrepreneurial Development Resource Partners’ Face-to-Face Counseling,” September 2012, p. 9, at http://www.sba.gov/sites/default/files/files/SBA_Converted_2012_d.pdf.

- reported that the information they received from counselors was useful or very useful;⁴⁵
- 75% of WBC start-up clients and 59% of WBC in-business clients reported that they changed their management practices/strategies as a result of the assistance they received;⁴⁶
 - 31% of WBC start-up clients and 34% of WBC in-business clients reported that the counseling they received had a positive impact on their profit margin; 12% of WBC start-up clients and 22% of WBC in-business clients reported that the counseling they received had a positive impact on their ability to retain current staff, 10% of WBC start-up clients and 15% of WBC in-business clients reported that the counseling they received had a positive impact on their ability to hire new staff; and 37% of WBC start-up clients and 39% of WBC in-business clients reported that the counseling they received had a positive impact on their sales;⁴⁷ and
 - WBC clients who received more than three hours of counseling perceived greater impact of WBC assistance on profits, retaining and hiring staff, and sales than WBC clients who received less than three hours of counseling.⁴⁸

Microloan Technical Assistance Program

Congress authorized the SBA's Microloan lending program in 1991 (P.L. 102-140, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1992) to address the perceived disadvantages faced by women, low-income, and minority entrepreneurs and business owners gaining access to capital for starting or expanding their business. The program became operational in 1992. Its stated purpose is

to assist women, low-income, veteran ... and minority entrepreneurs and business owners and other individuals possessing the capability to operate successful business concerns; to assist small business concerns in those areas suffering from a lack of credit due to economic downturns; ... to make loans to eligible intermediaries to enable such intermediaries to provide small-scale loans, particularly loans in amounts averaging not more than \$10,000, to start-up, newly established, or growing small business concerns for working capital or the acquisition of materials, supplies, or equipment; [and] to make grants to eligible intermediaries that, together with non-Federal matching funds, will enable such intermediaries to provide intensive marketing, management, and technical assistance to microloan borrowers.⁴⁹

Initially, the SBA's Microloan program was authorized as a five-year demonstration project. It was made permanent, subject to reauthorization, by P.L. 105-135.

The SBA's Microloan Technical Assistance Program, which is part of the SBA's Microloan program but receives a separate appropriation, provides grants to Microloan intermediaries to

⁴⁵ Ibid., p. 62.

⁴⁶ Ibid., p. 64.

⁴⁷ Ibid., p. 66.

⁴⁸ Ibid., p. 67.

⁴⁹ 15 U.S.C. §636 7(m)(1)(A).

provide management and technical training assistance to Microloan program borrowers and prospective borrowers.⁵⁰ There are 180 intermediaries participating in the program, located in 48 states, the District of Columbia, and Puerto Rico.⁵¹

Intermediaries are eligible to receive a Microloan technical assistance grant “of not more than 25% of the total outstanding balance of loans made to it” under the Microloan program.⁵² Grant funds may be used only to provide marketing, management, and technical assistance to Microloan borrowers, except that up to 25% of the funds may be used to provide such assistance to prospective Microloan borrowers. Grant funds may also be used to attend training required by the SBA.⁵³

In most instances, intermediaries must contribute, solely from non-federal sources, an amount equal to 25% of the grant amount.⁵⁴ In addition to cash or other direct funding, the contribution may include indirect costs or in-kind contributions paid for under non-federal programs.⁵⁵ Intermediaries that make at least 50% of their loans to small businesses located in or owned by residents of an Economically Distressed Area are not subject to the 25% contribution requirement.⁵⁶ Intermediaries may expend no more than 25% of the grant funds on third-party contracts for the provision of management and technical assistance.⁵⁷

The SBA does not require Microloan borrowers to participate in the Microloan Technical Assistance Program. However, intermediaries typically require Microloan borrowers to participate in the training program as a condition of the receipt of a microloan. Combining loan and intensive management and technical assistance training is one of the Microloan program’s distinguishing features.⁵⁸

⁵⁰ For further analysis of the SBA’s Microloan program see CRS Report R41057, *Small Business Administration Microloan Program*, by Robert Jay Dilger.

⁵¹ There are no Microloan intermediaries located in Alaska and Utah. U.S. Small Business Administration, “Microloan Program: Partner Identification & Management System Participating Intermediary Microlenders Report,” October 2012, at <http://www.sba.gov/sites/default/files/Microloan%20Intermediary%20Listing%2020121031.pdf>. An intermediary may not operate in more than one state unless the SBA determines that it would be in the best interests of the small business community for it to operate across state lines. For example, the microloan intermediary located in Washington, Pennsylvania is allowed to service ten West Virginia counties due to its proximity to these counties and the distance to the only other intermediary serving West Virginia, which is located in Charleston, West Virginia. Also, a microloan intermediary located in Laguna Niguel, California, which focuses on the capital needs of disabled veteran-owned businesses, serves many jurisdictions throughout the nation that lack a participating intermediary.

⁵² 15 U.S.C. §636(m)(4)(A).

⁵³ 13 C.F.R §120.712.

⁵⁴ *Ibid.*

⁵⁵ *Ibid.* Intermediaries may not borrow their contribution.

⁵⁶ An economically distressed area is a county or equivalent division of local government which, according to the most recent available data from the United States Bureau of the Census, 40% or more of the residents have an annual income that is at or below the poverty level. See 13 C.F.R §120.701.

⁵⁷ 13 C.F.R §120.712.

⁵⁸ Intermediaries that make at least 25% of their loans to small businesses located in or owned by residents of an Economically Distressed Area (defined as having 40% or more of its residents with an annual income that is at or below the poverty level), or have a portfolio of loans made under the program that averages not more than \$10,000 during the period of the intermediary’s participation in the program are eligible to receive an additional training grant equal to 5% of the total outstanding balance of loans made to the intermediary. Intermediaries are not required to make a matching contribution as a condition of receiving these additional grant funds. See 13 C.F.R §120.712; and 15 U.S.C. §636(m)(4)(C)(i).

The Microloan technical assistance program provided counseling services to 15,900 small businesses in FY2011.⁵⁹ The program was appropriated \$46.0 million for FY2010, including \$24.0 million in additional temporary funding provided by P.L. 111-5, the American Recovery and Reinvestment Act of 2009. It received a \$22.0 million appropriation for FY2011, \$20.0 million for FY2012, and a projected appropriation of \$20.1 million for FY2013.⁶⁰

SCORE (Service Corps of Retired Executives)

The SBA has partnered with various voluntary business and professional service organizations to provide management and technical assistance training to small businesses since the 1950s. On October 5, 1964, using authority under the Small Business Act to provide “technical and managerial aids to small business concerns” in cooperation with “educational and other nonprofit organizations, associations, and institutions,” then-SBA Administrator Eugene P. Foley officially launched SCORE (Service Corps of Retired Executives) as a national, volunteer organization with 2,000 members, uniting over 50 independent nonprofit organizations into a single, national nonprofit organization.⁶¹ Since then, the SBA has provided financial assistance to SCORE to provide training to small business owners and prospective owners.⁶²

Over the years, Congress has authorized the SBA to take certain actions relating to SCORE. For example, P.L. 89-754, the Demonstration Cities and Metropolitan Development Act of 1966, authorized the SBA to permit members of nonprofit organizations use of the SBA’s office facilities and services. P.L. 90-104, the Small Business Act Amendments of 1967, added the authority to pay travel and subsistence expenses “incurred at the request of the Administration in connection with travel to a point more than fifty miles distant from the home of that individual in providing gratuitous services to small businessmen” or “in connection with attendance at meetings sponsored by the Administration.”⁶³ P.L. 93-113, the Domestic Volunteer Service Act of 1973, was the first statute to mention SCORE directly, providing the Director of ACTION authority to work with SCORE to “expand the application of their expertise beyond Small Business Administration clients.”⁶⁴ P.L. 95-510, a bill to amend the Small Business Act, provided

⁵⁹ U.S. Small Business Administration, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” p. 34, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBI%20FY%202011%20APR.pdf>.

⁶⁰ H.Rept. 111-366, the Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act, 2010; P.L. 111-117, the Consolidated Appropriations Act, 2010; P.L. 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011; H.Rept. 112-331, the Consolidated Appropriations Act, 2012; and P.L. 112-175, the Continuing Appropriations Resolution, 2013.

⁶¹ P.L. 83-163, the Small Business Act of 1953; and U.S. Congress, Senate Select Committee on Small Business, *Small Business Administration - 1965*, 89th Cong., 1st sess., May 19, 1965 (Washington: GPO, 1965), pp. 21, 45; and SCORE (Service Corps of Retired Executives), “Milestones in SCORE History,” Washington, DC, at <http://www.score.org/node/147953>.

⁶² U.S. Congress, Senate Select Committee on Small Business and House Select Committee on Small Business, *1966 Federal Handbook for Small Business: A Survey of Small Business Programs in the Federal Government Agencies*, committee print, 89th Cong., 3rd sess., January 31, 1966 (Washington: GPO, 1966), p. 5; and U.S. Congress, House Committee on Small Business, Subcommittee on Rural Development, Entrepreneurship, and Trade, *Subcommittee Hearing on Legislative Initiatives to Modernize SBA's Entrepreneurial Development Programs*, 111th Cong., 1st sess., April 2, 2009 (Washington: GPO, 2009), p. 6.

⁶³ U.S. Congress, Senate Select Committee on Small Business, *Small Business Act*, 90th Cong., 1st sess., November 22, 1967 (Washington: GPO, 1967), pp. 13, 14.

⁶⁴ P.L. 93-113, the Domestic Volunteer Service Act of 1973, Section 302. Authority to Establish, Coordinate, and Operate Programs. ACTION was created on July 1, 1971, by President Richard M. Nixon (Reorganization Plan Number One and Executive Order 11603) to oversee several federal volunteer agencies, including the Peace Corps, (continued...)

the SBA explicit statutory authorization to work with SCORE (Section 8(b)(1)(A)). P.L. 106-554, the Consolidated Appropriations Act, 2001 (Section 1(a)(9)—the Small Business Reauthorization Act of 2000) authorized SCORE to solicit cash and in-kind contributions from the private sector to be used to carry out its functions.

The SBA currently provides grants to SCORE to provide in-person mentoring, online training, and “nearly 9,000 local training workshops annually” to small businesses.⁶⁵ SCORE’s 368 chapters and more than 800 branch offices are located throughout the United States and partner with more than 12,000 volunteer counselors, who are working or retired business owners, executives and corporate leaders, to provide management and training assistance to small businesses “at no charge or at very low cost.”⁶⁶

SCORE assisted 356,837 small business owners and prospective entrepreneurs in FY2011.⁶⁷ In FY2011, 816 new businesses were formed with assistance from SCORE counselors.⁶⁸ SCORE received a \$7.0 million appropriation for FY2010, \$7.0 million for FY2011, \$7.0 million for FY2012, and a projected appropriation of \$7.04 million for FY2013.⁶⁹

W. Kenneth Yancey, Jr., SCORE’s chief executive officer, provided the following description at a congressional hearing of SCORE’s efforts to assist small businesses as they deal with the nation’s current economic environment:

SCORE volunteers know things that only experience can teach. All across the country, SCORE is helping clients navigate the credit crunch. SCORE can mentor an aspiring entrepreneur through the business plan process to get them through the start-up phase. For in-business clients, SCORE can provide advice on handling cash flow problems and marketing to drive leads and sales. Many SCORE chapters offer team counseling, where a group of volunteers examine various aspects of the client’s business and make recommendations.⁷⁰

The SBA Office of Entrepreneurial Development includes SCORE in its multi-year time series study to assess its programs’ effectiveness. The firm administering the 2012 survey of SBA

(...continued)

VISTA (Volunteers in Service to America); and SCORE. P.L. 103-82, the National and Community Service Trust Act of 1993, directed that ACTION be merged with the Commission on National and Community Service to form the Corporation for National and Community Service, which became operational in 1994. See Corporation for National and Community Service, “National Service Timeline,” Washington, DC, at http://www.nationalservice.gov/about/role_impact/history_timeline.asp.

⁶⁵ U.S. Small Business Administration, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” p. 45, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

⁶⁶ SCORE (Service Corps of Retired Executives), “About SCORE,” Washington, DC, at <http://www.score.org/about-score>.

⁶⁷ U.S. Small Business Administration, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” p. 46, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

⁶⁸ Ibid.

⁶⁹ H.Rept. 111-366, the Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act, 2010; P.L. 111-117, the Consolidated Appropriations Act, 2010; P.L. 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011; H.Rept. 112-331, the Consolidated Appropriations Act, 2012; and P.L. 112-175, the Continuing Appropriations Resolution, 2013.

⁷⁰ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on Legislation to Reauthorize and Modernize SBA’s Entrepreneurial Development Programs*, 111th Cong., 1st sess., May 6, 2009 (Washington: GPO, 2009), p. 53.

management and training clients contacted 45,339 SCORE clients and received 7,217 completed surveys (15.9% return rate).⁷¹ The survey indicated that

- 67% of SCORE nascent clients (individuals who have taken one or more steps to start a business), 72% of SCORE start-up clients (individuals who have been in business one year or less), and 71% of SCORE in-business clients (individuals who have been in business more than one year and are classified as small by the SBA) reported their counseling was useful or very useful. Overall, 76% of SCORE clients reported that the information they received from counselors was useful or very useful.⁷²
- 57% of SCORE start-up clients and 61% of SCORE in-business clients reported that they changed their management practices/strategies as a result of the assistance they received;⁷³
- 24% of SCORE start-up clients and 28% of SCORE in-business clients reported that the counseling they received had a positive impact on their profit margin; 11% of SCORE start-up clients and 19% of SCORE in-business clients reported that the counseling they received had a positive impact on their ability to retain current staff, 10% of SCORE start-up clients and 16% of SCORE in-business clients reported that the counseling they received had a positive impact on their ability to hire new staff; and 28% of SCORE start-up clients and 32% of SCORE in-business clients reported that the counseling they received had a positive impact on their sales;⁷⁴ and
- SCORE clients who received more than three hours of counseling perceived greater impact of SCORE assistance on profits, retaining and hiring staff, and sales than SCORE clients who received less than three hours of counseling.⁷⁵

Program for Investment in Micro-entrepreneurs

P.L. 106-102, the Gramm-Leach-Bliley Act (of 1999) (Subtitle C—Microenterprise Technical Assistance and Capacity Building Program) amended P.L. 103-325, the Riegle Community Development and Regulatory Improvement Act of 1994, to authorize the SBA to “establish a microenterprise technical assistance and capacity building grant program.”⁷⁶ The program was to “provide assistance from the Administration in the form of grants” to

nonprofit microenterprise development organizations or programs (or a group or collaborative thereof) that has a demonstrated record of delivering microenterprise services to disadvantaged entrepreneurs; an intermediary; a microenterprise development organization or program that is accountable to a local community, working in conjunction with a state or local government or Indian tribe; or an Indian tribe acting on its own, if the

⁷¹ U.S. Small Business Administration, Office of Entrepreneurial Development, “Impact Study of Entrepreneurial Dynamics: Office of Entrepreneurial Development Resource Partners’ Face-to-Face Counseling,” September 2012, p. 9, at http://www.sba.gov/sites/default/files/files/SBA_Converted_2012_d.pdf.

⁷² *Ibid.*, p. 50.

⁷³ *Ibid.*, p. 52.

⁷⁴ *Ibid.*, p. 54.

⁷⁵ *Ibid.*, p. 55.

⁷⁶ P.L. 106-102, the Gramm-Leach-Bliley Act, Section 173. Establishment of Program.

Indian tribe can certify that no private organization or program referred to in this paragraph exists within its jurisdiction.”⁷⁷

The SBA was directed “to ensure that not less than 50% of the grants . . . are used to benefit very low-income persons, including those residing on Indian reservations.”⁷⁸ It was also directed to

(1) provide training and technical assistance to disadvantaged entrepreneurs; (2) provide training and capacity building services to microenterprise development organizations and programs and groups of such organizations to assist such organizations and programs in developing microenterprise training and services; (3) aid in researching and developing the best practices in the field of microenterprise and technical assistance programs for disadvantaged entrepreneurs; and (4) for such other activities as the Administrator determines are consistent with the purposes of this subtitle.⁷⁹

The SBA’s Program for Investment in Micro-entrepreneurs (PRIME) was designed to meet these legislative requirements by providing “assistance to organizations that help low-income entrepreneurs who lack sufficient training and education to gain access to capital to establish and expand their small businesses.”⁸⁰ The program offers four types of grants:

- Technical Assistance Grants support training and technical assistance to disadvantaged micro-entrepreneurs,
- Capacity Building Grants support training and capacity building services to micro-enterprise development organizations and programs to assist them in developing micro-enterprise training and services,
- Research and Development Grants support the development and sharing of best practices in the field of micro-enterprise development and technical assistance programs for disadvantaged micro-entrepreneurs, and
- Discretionary Grants support other activities determined to be consistent with these purposes.⁸¹

Grants are awarded on an annual basis. Applicants may be approved for option year funding for up to four subsequent years. Award amounts vary depending on the availability of funds. However, no single grantee may receive more than \$250,000 or 10% of the total funds made available for the program in a single fiscal year, whichever is less.⁸²

Recipients must match 50% of the funding from non-federal sources. Revenue from fees, grants, and gifts; income from loan sources; and in-kind resources from non-federal public or private

⁷⁷ P.L. 106-102, the Gramm-Leach-Bliley Act, Section 173. Establishment of Program and Section 175. Qualified Organizations.

⁷⁸ P.L. 106-102, the Gramm-Leach-Bliley Act, Section 176. Allocation of Assistance; Subgrants.

⁷⁹ P.L. 106-102, the Gramm-Leach-Bliley Act, Section 174. Uses of Assistance.

⁸⁰ U.S. Small Business Administration, “PRIME Program,” at <http://www.sba.gov/content/prime-program-0>.

⁸¹ Ibid.

⁸² U.S. Small Business Administration, Office of Financial Assistance, “Program for Investment in Microentrepreneurs Act (“PRIME”): Microenterprise and Technical Assistance Programs to Disadvantaged Entrepreneurs, Fiscal Year 2010,” June 2010, p. 2, at http://archive.sba.gov/idc/groups/public/documents/sba_homepage/serv_fa_2010_primetrack123.pdf.

sources may be used to comply with the matching requirement.⁸³ SBA regulations indicate that “applicants or grantees with severe constraints on available sources of matching funds may request that the Administrator or designee reduce or eliminate the matching requirements.”⁸⁴ Any reductions or eliminations must not exceed 10% of the aggregate of all PRIME grant funds made available by SBA in any fiscal year.⁸⁵

The SBA awarded 67 PRIME grants amounting to just over \$3.07 million to management and technical assistance service providers in FY2012, ranging from \$20,200 to \$227,000.⁸⁶ The number of clients served by this program is unavailable. The PRIME program received an \$8.0 million appropriation for FY2010, \$8.0 million for FY2011, \$3.5 million for FY2012, and a projected appropriation of \$3.52 million for FY2013.⁸⁷ As mentioned previously, the Obama Administration recommended in its FY2012 and FY2013 budget requests that funding for the PRIME program be eliminated, arguing that it overlaps and duplicates the SBA’s Microloan Technical Assistance Program.⁸⁸

Veterans Business Development Programs

The SBA has supported management and technical assistance training for veteran-owned small businesses since its formation as an agency. However, during the 1990s, some in Congress noted that a direct loan program for veterans was eliminated by the SBA in 1995 and that the “training and counseling for veterans dropped from 38,775 total counseling sessions for veterans in 1993 to 29,821 sessions in 1998.”⁸⁹ Concerned that “the needs of veterans have been diminished systematically at the SBA,” Congress adopted P.L. 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999.⁹⁰ It authorized the establishment of the National Veterans Business Development Corporation (now also known as The Veterans Corporation)⁹¹ to

- (1) expand the provision of and improve access to technical assistance regarding entrepreneurship for the Nation’s veterans; and
- (2) to assist veterans, including service-disabled veterans, with the formation and expansion of small business concerns by working

⁸³ Ibid., pp. 2, 8.

⁸⁴ 13 C.F.R §119.8.

⁸⁵ Ibid.

⁸⁶ USASpending.gov, search terms: CFDA number 59.050 and FY2012.

⁸⁷ H.Rept. 111-366, the Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act, 2010; P.L. 111-117, the Consolidated Appropriations Act, 2010; P.L. 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011; H.Rept. 112-331, the Consolidated Appropriations Act, 2012; and P.L. 112-175, the Continuing Appropriations Resolution, 2013.

⁸⁸ U.S. Small Business Administration, “FY2012 Congressional Budget Justification and FY2010 Annual Performance Report,” p. 4, at <http://www.sba.gov/content/fy-2012-congressional-budget-justification-and-fy-2010-annual-performance-report>; and U.S. Small Business Administration, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” pp. 8, 15, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

⁸⁹ U.S. Congress, House Committee on Small Business, *Veterans Entrepreneurship and Small Business Development Act of 1999*, report to accompany H.R. 1568, 106th Cong., 1st sess., June 29, 1999, H.Rept. 106-206 (Washington: GPO, 1999), pp. 14, 15.

⁹⁰ Ibid.

⁹¹ The National Veterans Business Development Corporation was initially provided a federal charter. The organization’s federal charter was statutorily removed by P.L. 112-239, the National Defense Authorization Act for Fiscal Year 2013.

with and organizing public and private resources, including those of the Small Business Administration, the Department of Veterans Affairs, the Department of Labor, the Department of Commerce, the Department of Defense, the Service Corps of Retired Executives . . . , the Small Business Development Centers . . . , and the business development staffs of each department and agency of the United States.⁹²

The act re-emphasized the SBA's responsibility "to reach out to and include veterans in its programs providing financial and technical assistance."⁹³ It also included veterans as a target group for the SBA's 7(a), 504/CDC, and Microloan programs. It also required the SBA to enter into a memorandum of understanding with SCORE to, among other things, establish "a program to coordinate counseling and training regarding entrepreneurship to veterans through the chapters of SCORE throughout the United States."⁹⁴ It also directed the SBA to enter into a memorandum of understanding with small business development centers, the Department of Veteran Affairs, and the National Veterans Business Development Corporation "with respect to entrepreneurial assistance to veterans, including service-disabled veterans."⁹⁵ The act specified that the following services were to be provided:

- (1) Conducting of studies and research, and the distribution of information generated by such studies and research, on the formation, management, financing, marketing, and operation of small business concerns by veterans.
- (2) Provision of training and counseling to veterans concerning the formation, management, financing, marketing, and operation of small business concerns.
- (3) Provision of management and technical assistance to the owners and operators of small business concerns regarding international markets, the promotion of exports, and the transfer of technology.
- (4) Provision of assistance and information to veterans regarding procurement opportunities with Federal, State, and local agencies, especially such agencies funded in whole or in part with Federal funds.
- (5) Establishment of an information clearinghouse to collect and distribute information, including by electronic means, on the assistance programs of Federal, State, and local governments, and of the private sector, including information on office locations, key personnel, telephone numbers, mail and electronic addresses, and contracting and subcontracting opportunities.
- (6) Provision of Internet or other distance learning academic instruction for veterans in business subjects, including accounting, marketing, and business fundamentals.
- (7) Compilation of a list of small business concerns owned and controlled by service-disabled veterans that provide products or services that could be procured by the United

⁹² P.L. 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999, Section 33. National Veterans Business Development Corporation.

⁹³ U.S. Congress, House Committee on Small Business, *Veterans Entrepreneurship and Small Business Development Act of 1999*, report to accompany H.R. 1568, 106th Cong., 1st sess., June 29, 1999, H.Rept. 106-206 (Washington: GPO, 1999), p. 14.

⁹⁴ P.L. 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999, Section 301. Score Program.

⁹⁵ *Ibid.*, Section 302. Entrepreneurial Assistance.

States and delivery of such list to each department and agency of the United States. Such list shall be delivered in hard copy and electronic form and shall include the name and address of each such small business concern and the products or services that it provides.⁹⁶

The SBA's Office of Veterans Business Development (OVBD) was established to address these statutory requirements by promoting "veterans' small business ownership by conducting comprehensive outreach, through program and policy development and implementation, ombudsman support, coordinated Agency initiatives, and direct assistance to veterans, service-disabled veterans, Reserve and National Guard members, and discharging active duty service members and their families."⁹⁷

The OVBD provided, or supported third-parties to provide, management and technical assistance training services to 137,011 veterans during FY2011. These services were provided "through funded SBA district office outreach; OVBD-developed and distributed materials; websites; partnering with DOD [Department of Defense], DOL [Department of Labor] and universities; agreements with regional veterans business outreach centers; direct guidance, training and assistance to Agency veteran customers; and through enhancements to intra-agency programs used by the military and veteran communities."⁹⁸

In FY2012, the OVBD launched the "Operation Boots to Business: From Service to Startup" initiative, "a comprehensive veteran entrepreneurship initiative for transitioning service members."⁹⁹ It also plans to continue its efforts to strengthen its outreach to women veterans and veterans with disabilities.¹⁰⁰

The SBA received an appropriation of \$2.5 million for FY2010, \$2.5 million for FY2011, \$2.5 million for FY2012, and a projected appropriation of \$2.51 million for FY2013 to support veteran management and training activities.¹⁰¹ The Obama Administration also recommended in its FY2013 budget request an additional appropriation of \$7.0 million for the National Veterans Entrepreneurial Training (VET) Program initiative, Operation Boots to Business: From Service to Startup, "with the goal of ensuring robust, coordinated, and focused assistance for transitioning military members who are interested in pursuing entrepreneurship and/or business ownership."¹⁰²

The OVBD's Veterans Business Outreach Centers Program is one of its larger and better known third-party provider management and technical assistance training programs. It was established by the SBA under the authority in Section 8(b)(17) of the Small Business Act. It is to "provide

⁹⁶ Ibid.

⁹⁷ U.S. Small Business Administration, "FY2013 Congressional Budget Justification and FY2011 Annual Performance Report," p. 62, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

⁹⁸ Ibid.

⁹⁹ Ibid., p. 62; and U.S. Small Business Administration, "Operation Boots to Business: From Service to Startup," at <http://www.sba.gov/bootstobusiness>.

¹⁰⁰ U.S. Small Business Administration, "FY2013 Congressional Budget Justification and FY2011 Annual Performance Report," pp. 62, 63, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

¹⁰¹ H.Rept. 111-366, the Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act, 2010; P.L. 111-117, the Consolidated Appropriations Act, 2010; P.L. 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011; H.Rept. 112-331, the Consolidated Appropriations Act, 2012; and P.L. 112-175, the Continuing Appropriations Resolution, 2013.

¹⁰² U.S. Small Business Administration, "FY2013 Congressional Budget Justification and FY2011 Annual Performance Report," pp. 3, 15, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

outreach, assessment, long term counseling, training, coordinated service delivery referrals, mentoring and network building, procurement assistance and E-based assistance to benefit Small Business concerns and potential concerns owned and controlled by Veterans, Service Disabled Veterans and Members of Reserve Components of the U.S. Military.”¹⁰³

There are currently 15 Veterans Business Outreach Centers.¹⁰⁴ Each center is funded on an annual basis, with funding not to exceed \$150,000 each year. Awards “may vary, depending upon location, staff size, project objectives, performance and agency priorities, and additional special initiatives initiated by the Office of Veterans Business Development.”¹⁰⁵ Existing centers may receive additional funding for special outreach or other initiatives. The initial grant award is for 12 months, with the possibility of four additional (option) years.

In FY2011, the Veterans Business Outreach Centers Program conducted its seventh annual “Customer Satisfaction Survey.” The FY2011 survey found that 91% of the clients using the centers were satisfied or highly satisfied with the quality, relevance, and timeliness of the assistance provided.¹⁰⁶

7(j) Management and Technical Assistance Program

Utilizing what it viewed as broad statutory powers granted under Section 8(a) of the Small Business Act of 1958, as amended, the SBA issued regulations in 1970 creating the 8(a) contracting program to “assist small concerns owned by disadvantaged persons to become self-sufficient, viable businesses capable of competing effectively in the market place.”¹⁰⁷ Utilizing its statutory authority under Section 7(j) of the Small Business Act to provide management and technical assistance through contracts, grants, and cooperative agreement to qualified service providers, the regulations specified that “the SBA may provide technical and management assistance to assist in the performance of the subcontracts.”¹⁰⁸

On October 24, 1978, P.L. 95-507, to amend the Small Business Act and the Small Business Investment Act of 1958, provided the SBA explicit statutory authority to extend financial, management, technical, and other services to socially and economically disadvantaged small businesses. The SBA’s current regulations indicate that the 7(j) Management and Technical Assistance Program, named after the section of the Small Business Act of 1958, as amended,

¹⁰³ U.S. Small Business Administration, Office of Veterans Business Development, “Special Program Announcement: Veterans Business Outreach Center Program,” April 2010, p. 1, at http://archive.sba.gov/idc/groups/public/documents/sba_program_office/ovbd_vboc_prgm_announce2010.pdf.

¹⁰⁴ U.S. Small Business Administration, “Veterans Business Outreach Centers,” at <http://www.sba.gov/content/veterans-business-outreach-centers>. There were 8 veterans business outreach centers in FY2009 and 16 in FY2012.

¹⁰⁵ U.S. Small Business Administration, Office of Veterans Business Development, “Special Program Announcement: Veterans Business Outreach Center Program,” April 2010, p. 2, at http://archive.sba.gov/idc/groups/public/documents/sba_program_office/ovbd_vboc_prgm_announce2010.pdf.

¹⁰⁶ U.S. Small Business Administration, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” p. 62, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

¹⁰⁷ 13 C.F.R. §124.8-1(b) (1970); and Notes, “Minority Enterprise, Federal Contracting, and the SBA’s 8(a) Program: A New Approach to an Old Problem,” *Michigan Law Review*, vol. 71, no. 2 (December 1972), pp. 377, 378. For further analysis of the Minority Small Business and Capital Ownership Development Program, also known as the 8(a) program, see CRS Report R40744, *The “8(a) Program” for Small Businesses Owned and Controlled by the Socially and Economically Disadvantaged: Legal Requirements and Issues*, by Kate M. Manuel and John R. Luckey.

¹⁰⁸ 13 C.F.R. §124.8-1(d) (1970).

authorizing the SBA to provide management and technical assistance training, will, “through its private sector service providers” deliver “a wide variety of management and technical assistance to eligible individuals or concerns to meet their specific needs, including: (a) counseling and training in the areas of financing, management, accounting, bookkeeping, marketing, and operation of small business concerns; and (b) the identification and development of new business opportunities.”¹⁰⁹ Eligible individuals and businesses include “8(a) certified firms, small disadvantaged businesses, businesses operating in areas of high unemployment, or low income or firms owned by low income individuals.”¹¹⁰

In FY2012, the 7(j) Management and Technical Assistance Program awarded 17 contracts to 15 service providers totaling just over \$4.0 million, ranging from \$99,788 to \$787,500.¹¹¹ The 7(j) program assisted 3,550 small business owners in FY2011.¹¹² It received a \$3.4 million appropriation for FY2010, \$3.4 million for FY2011, \$3.1 million for FY2012, and a projected appropriation of \$3.1 million for FY2013.¹¹³

Native American Outreach Program

The SBA established the Office of Native American Affairs in 1994 to “address the unique needs of America’s First people.”¹¹⁴ It oversees the Native American Outreach Program, which provides management and technical educational assistance to American Indians, Alaska Natives, Native Hawaiians, and “the indigenous people of Guam and American Samoa ... to promote entity-owned and individual 8(a) certification, government contracting, entrepreneurial education, and capital access.”¹¹⁵ The program’s management and technical assistance services are available to members of these groups living in most areas of the nation.¹¹⁶ However, “for Native Americans living in much of Indian Country, actual reservations communities where the land is held in trust by the U.S. federal government, SBA loan guaranties and technical assistance services are not available.”¹¹⁷

¹⁰⁹ 13 C.F.R. §124.702.

¹¹⁰ U.S. Small Business Administration, “FY2012 Congressional Budget Justification and FY2010 Annual Performance Report,” p. 75, at <http://www.sba.gov/content/fy-2012-congressional-budget-justification-and-fy-2010-annual-performance-report>.

¹¹¹ USASpending.gov, search terms: CFDA number 59.007 and FY2012.

¹¹² U.S. Small Business Administration, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” p. 69, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBI%20FY%202011%20APR.pdf>.

¹¹³ H.Rept. 111-366, the Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act, 2010; P.L. 111-117, the Consolidated Appropriations Act, 2010; P.L. 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011; H.Rept. 112-331, the Consolidated Appropriations Act, 2012; and P.L. 112-175, the Continuing Appropriations Resolution, 2013.

¹¹⁴ U.S. Congress, House Committee on Small Business, Subcommittee on Workforce, Empowerment, and Government Programs, *Oversight of the Small Business Administration’s Entrepreneurial Development Programs*, 109th Cong., 2nd sess., March 2, 2006, Serial No. 109-40 (Washington: GPO, 2006), pp. 5, 37. H.R. 2352, the Job Creation Through Entrepreneurship Act of 2009, would provide statutory authorization for the Office of Native American Affairs. It was passed by the House on May 20, 2009.

¹¹⁵ U.S. Small Business Administration, “FY2011 Congressional Budget Justification and FY2009 Annual Performance Report,” p. 65, at http://www.sba.gov/sites/default/files/Congressional_Budget_Justification.pdf.

¹¹⁶ *Ibid.*

¹¹⁷ *Ibid.*

The SBA's Office of Native American Affairs has four goals:

- to increase financial literacy across a broad section of the community and to educate internally on the roles of tribal governments;
- to formulate an SBA-specific tribal consultation policy to engage with tribally run economic development branches;
- to conduct a Native American veterans' outreach initiative to increase the utilization of the SBA's counseling services and the Patriot Express loan guaranty program; and
- to conduct an in-depth market research analysis to fine tune marketing efforts ending in a comprehensive communications plan to reach the target market with the end goal being a measurable increase in the use of all SBA tools with particular emphasis on loans and contracting.¹¹⁸

The Native American Outreach Program assisted 3,116 small businesses in FY2010.¹¹⁹ It received a \$1.25 million appropriation for FY2010, \$1.25 million for FY2011, \$1.25 million for FY2012, and a projected appropriation of \$1.258 million for FY2013.¹²⁰

Department of Commerce Small Business Management and Technical Assistance Training Programs

As mentioned previously, the Department of Commerce's Minority Business Development Agency provides training to minority business owners to assist them in obtaining contracts and financial awards.¹²¹ In addition, the Department of Commerce's Economic Development Administration's Local Technical Assistance Program promotes efforts to build and expand local organizational capacity in distressed areas. As part of that effort, it funds projects that focus on technical or market feasibility studies of economic development projects or programs, which often include consultation with small businesses.¹²²

¹¹⁸ Ibid.

¹¹⁹ U.S. Small Business Administration, "FY2012 Congressional Budget Justification and FY2010 Annual Performance Report," p. 69, at <http://www.sba.gov/content/fy-2012-congressional-budget-justification-and-fy-2010-annual-performance-report>.

¹²⁰ H.Rept. 111-366, The Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act, 2010; P.L. 111-117, the Consolidated Appropriations Act, 2010; P.L. 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011; and H.Rept. 112-331, the Consolidated Appropriations Act, 2012.

¹²¹ U.S. Department of Commerce, Minority Business Development Agency, "Annual Performance Report, Fiscal Year 2011; America: Built to Last," p. 76, at <http://www.mbda.gov/sites/default/files/APR2011.pdf>.

¹²² 13 C.F.R. §306.

The Minority Business Development Agency

The Minority Business Development Agency (MBDA) was established by President Richard M. Nixon by Executive Order 11625, issued on October 13, 1971, and published in the *Federal Register* the next day. It clarified the authority of the Secretary of Commerce to

- implement federal policy in support of the minority business enterprise program,
- provide additional technical and management assistance to disadvantaged businesses,
- assist in demonstration projects, and
- coordinate the participation of all federal departments and agencies in an increased minority enterprise effort.¹²³

The MBDA received an appropriation of \$31.5 million for FY2010, \$30.4 million for FY2011, \$30.3 million for FY2012, and a projected appropriation of \$30.5 million for FY2013.¹²⁴

As part of its mission, the MBDA seeks to train minority business owners to become first- or second-tier suppliers to private corporations and the federal government. Progress is measured in the business's increased gross receipts, number of employees, and size and scale of the firms associated with minority business enterprises.

The MBDA reported that in FY2011 it “created 5,787 new jobs across America by helping minority-owned and operated businesses obtain 777 contracts, totaling \$2.14 billion, and 331 financial awards totaling \$1.82 billion.”¹²⁵

The EDA Local Technical Assistance Program

P.L. 89-186, the Public Works and Economic Development Act of 1965, authorized the Department of Commerce's Economic Development Administration (EDA) to provide financial assistance to economically distressed areas in the United States that are characterized by high levels of unemployment and low per-capita income. The EDA currently administers seven Economic Development Assistance Programs (EDAPs) that award matching grants for public works, economic adjustment, planning, technical assistance, research and evaluation, trade adjustment assistance, and global climate change mitigation.¹²⁶

¹²³ The Executive Office of the President, “Executive Order 11625,” 36 *Federal Register* 11625, October 14, 1971; and 3 C.F.R., 1971-1975 Comp. 9. 616. The MBDA superseded the Office of Minority Business Enterprise, which was established by Executive Order 11458 signed by President Richard Nixon on March 5, 1969.

¹²⁴ P.L. 111-117, the Consolidated Appropriations Act, 2010; P.L. 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011; P.L. 112-55, the Consolidated and Further Continuing Appropriations Act, 2012; and P.L. 112-175, Continuing Appropriations Resolution, 2013.

¹²⁵ U.S. Department of Commerce, Minority Business Development Agency, “Annual Performance Report, Fiscal Year 2011; America: Built to Last,” p. 17, at <http://www.mbda.gov/sites/default/files/APR2011.pdf>.

¹²⁶ In addition, since 1970, Congress has periodically allocated supplemental funds for EDA to assist with disaster mitigation and economic recovery. Also, EDA grant applicants must be designated by EDA as part of an EDD—a multijurisdictional consortium of county and local governments—to be eligible for EDA funding and grants. To be designated as an EDD, an area must meet the definition of economic distress, under 13 C.F.R 303.3: (i) An unemployment rate that is, for the most recent twenty-four (24) month period for which data are available, at least one (continued...)

Grants awarded under the EDA's Local Technical Assistance Program are designed to help solve specific economic development problems, respond to development opportunities, and build and expand local organizational capacity in distressed areas.¹²⁷ The majority of local technical assistance projects focus on technical or market feasibility studies of economic development projects or programs, including consultation with small businesses. The EDA's Local Technical Assistance Program received a \$9.8 million appropriation for both FY2010 and FY2011, \$12.0 million for FY2012, and a projected appropriation of \$12.1 million for FY2013.¹²⁸

Congressional Issues

For many years, a recurring theme at congressional hearings concerning the SBA's management and technical assistance training programs has been the perceived need to improve program efficiency by eliminating duplication of services and increasing cooperation and coordination both within and among SCORE, WBCs, and SBDCs.¹²⁹ As mentioned previously, the Obama Administration has recommended that the PRIME program be eliminated, arguing that it overlaps and duplicates the SBA's Microloan Technical Assistance Program.¹³⁰ Also, the House Committee on Small Business has argued that the SBA's various management and technical assistance training programs should be "folded into the mission of the SBDC program or their responsibilities should be taken over by other agencies" because they "overlap each other and duplicate the educational services provided by other agencies."¹³¹ In recent years, Congress has also explored ways to improve the SBA's measurement of these programs' effectiveness.

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(1) percentage point greater than the national average unemployment rate; (ii) Per capita income that is, for the most recent period for which data are available, eighty (80) percent or less of the national average per capita income; or (iii) A Special Need, as determined by Economic Development Administration (EDA).

¹²⁷ 13 C.F.R. §306.

¹²⁸ U.S. Department of Commerce, Economic Development Administration, "FY2012 Congressional Budget Request," p. 33, at http://www.osec.doc.gov/bmi/budget/12CJ/EDA_FY_2012_Congressional_Submission.pdf; P.L. 111-117, the Consolidated Appropriations Act, 2010; P.L. 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011; H.Rept. 112-284, Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Programs for the Fiscal Year Ending September 30, 2012, and for other purposes; and P.L. 112-175, the Continuing Appropriations Resolution, 2013.

¹²⁹ U.S. Congress, House Committee on Small Business, *Full Committee Markup of H.R. 2352 The Job Creation Through Entrepreneurship Act of 2009*, 111th Cong., 1st sess., May 13, 2009, Doc. No. 111-022 (Washington: GPO, 2009), pp. 2, 14; U.S. Congress, Senate Committee on Small Business, *SBA's Management and Assistance Programs*, Roundtable before the Committee on Small Business United States Senate, 106th Cong., 1st sess., May 20, 1999, S. Hrg. 106-337 (Washington: GPO, 1999), pp. 69, 74, 82, 92; U.S. Congress, House Committee on Small Business, *To Investigate the Legislation That Would Increase the Extent and Scope of the Services Provided By Small Business Development Centers*, 107th Cong., 1st sess., July 19, 2001, Serial No. 107-20 (Washington: GPO, 2001), pp. 13, 59, 60; and U.S. Congress, Senate Committee on Small Business, *Oversight on the Small Business Administration's Small Business Development Center Program*, 100th Cong., 1st sess., October 15, 1987, S. Hrg. 100-339 (Washington: GPO, 1987), pp. 6, 165, 168, 230.

¹³⁰ U.S. Small Business Administration, "FY2012 Congressional Budget Justification and FY2010 Annual Performance Report," p. 4, at <http://www.sba.gov/content/fy-2012-congressional-budget-justification-and-fy-2010-annual-performance-report>; and U.S. Small Business Administration, "FY2013 Congressional Budget Justification and FY2011 Annual Performance Report," pp. 8, 15, at <http://www.sba.gov/sites/default/files/files/FY%202013%20CBJ%20FY%202011%20APR.pdf>.

¹³¹ U.S. Congress, House Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for FY2014," communication to the Chairman, House Committee on the Budget, 113th Cong., 1st sess., February 27, 2013, at <http://smallbusiness.house.gov/> (continued...)

Program Administration

In 2007, the U.S. Government Accountability Office (GAO) was asked to assess the SBA's oversight of WBCs and the coordination and duplication of services among the SBA's management and technical training assistance programs. GAO found that

As described in the terms of the SBA award, WBCs are required to coordinate with local SBDCs and SCORE chapters. In addition, SBA officials told us that they expected district offices to ensure that the programs did not duplicate each other. However, based on our review, WBCs lacked guidance and information from SBA on how to successfully carry out their coordination efforts. Most of the WBCs that we spoke with explained that in some situations they referred clients to an SBDC or SCORE counselor, and some WBCs also took steps to more actively coordinate with local SBDCs and SCORE chapters to avoid duplication and leverage resources. We learned that WBCs used a variety of approaches to facilitate coordination, such as memorandums of understanding, information-sharing meetings, and co-locating staff and services. However, some WBCs told us that they faced challenges in coordinating services with SBDC and SCORE, in part because the programs have similar performance measures, and this could result in competition among the service providers in some locations. We also found that on some occasions SBA encouraged WBCs to provide services that were similar to services already provided by SBDCs in their district. Such challenges thwart coordination efforts and could increase the risk of duplication in some geographic areas.¹³²

Some organizations have argued that the SBA's management and technical assistance training programs should be merged. For example, the U.S. Women's Chamber of Commerce has argued that

over the last 50 years, the SBA entrepreneurial development system has grown into a fragmented array of programs, which has resulted in a disorganized, overlapping, and [in] efficient delivery of service through a system that is ill-prepared to effectively address the challenges of our economy....

if we are to serve the needs of American entrepreneurs, we must commit to a top to bottom restructuring of the delivery of the entrepreneurial services of the SBA. The myriad of entrepreneurial development programs should be unified into one centrally managed organization that has the flexibility to provide services when and where they are needed.¹³³

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uploadedfiles/revise_2014_views_and_estimates_document.pdf. Previously, the House Committee on Small Business had recommended that funding for Women Business Centers, PRIME technical assistance, HUBZone outreach, and the Offices of Native American Affairs and International Trade be eliminated; and funding for 7(j) technical assistance, Microloan technical assistance, and the National Women's Business Council be reduced. See U.S. Congress, House Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for FY2013," communication to the Chairman, House Committee on the Budget, 112th Cong., 2nd sess., March 7, 2012, at http://smallbusiness.house.gov/uploadedfiles/views_and_estimates_fy_2013.pdf.

¹³² U.S. Government Accountability Office, *Small Business Administration: Opportunities Exist to Improve Oversight of Women's Business Centers and Coordination among SBA's Business Assistance Programs*, GAO-08-49, November 2007, pp. 6, 24-31, at <http://www.gao.gov/new.items/d0849.pdf>.

¹³³ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Comm. Doc. No. 111-005 (Washington: GPO, 2009), p. 4.

These organizations argue that merging the SBA's management and technical assistance training programs would provide greater coordination of services and "one clear channel for assistance" that "is paramount to the average business owner seeking help."¹³⁴ Advocates of merging the SBA's management and technical assistance training programs often mention merging them into the SBDC Program because, in their view, it has the advantage of having a broader connection to mainstream resources and its locations are "greater and more diverse" than other SBA management and technical assistance training programs.¹³⁵

Others argue that providing separate management and training assistance programs for specific groups is the best means to ensure that those group's unique challenges are recognized and their unique needs are met.¹³⁶ For example, when asked at a congressional hearing about the rationale for having separate management and technical assistance training programs for specific groups, a representative of the Association of Women's Business Centers stated:

I think that there is tremendous rationale for having different programs.... The women's business center programs really target a very different kind of population than the SBDCs.... We serve very different clientele.... We create a very different culture at the women's business center. We really have made it a welcoming place where ... they feel comfortable.... And it's very important to me that the woman have a place where they feel comfortable ... and where they see other women like themselves who are aspiring to reach their dreams.¹³⁷

At another congressional hearing, the Association of Women's Business Centers' executive director argued that "the new three-year funding arrangement" for WBCs had enabled them to "concentrate on better serving their clients and growing their programs" and that WBCs should be provided continued and expanded funding because they provide effective services:

We know that when our program performance is measured against any other enterprise assistance program, we will meet or exceed any performance measures. Indeed, the SBA's own client-based performance reviews have shown our clients to be just as satisfied or in some cases more satisfied with the services they have received compared to the SBA's other entrepreneurial development efforts.¹³⁸

Instead of merging programs, some argue that improved communication among the SBA's management and technical assistance training resource partners and enhanced SBA program oversight is needed. For example, during the 111th Congress, the House passed H.R. 2352, the Job

¹³⁴ U.S. Congress, House Committee on Small Business, Subcommittee on Rural Development, Entrepreneurship, and Trade, *Subcommittee Hearing on Legislative Initiatives to Modernize SBA's Entrepreneurial Development Programs*, 111th Cong., 1st sess., April 2, 2009 (Washington: GPO, 2009), p. 29.

¹³⁵ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Committee Doc. No. 111-005 (Washington: GPO, 2009), p. 26.

¹³⁶ *Ibid.*, pp. 15, 17, 26, 29, 58-65, 72; and U.S. Congress, House Committee on Small Business, *Women's Business Ownership Act of 1988*, report to accompany H.R. 5050, 100th Cong., 2nd sess., September 22, 1988, H.Rept. 100-955 (Washington: GPO, 1988), pp. 9, 10, 13, 14.

¹³⁷ U.S. Congress, House Committee on Small Business, *Full Committee Legislative Hearing on Energy, Veterans Entrepreneurship, and the SBA's Entrepreneurial Development Programs*, 110th Cong., 1st sess., May 16, 2007, Serial Number 110-22 (Washington: GPO, 2007), p. 20.

¹³⁸ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Committee Doc. No. 111-005 (Washington: GPO, 2009), p. 45, 47.

Creation Through Entrepreneurship Act of 2009, on May 20, 2009, by a vote of 406–15. The Senate did not take action on the bill. In its committee report accompanying the bill, the House Committee on Small Business concluded that

Each ED [Entrepreneurial Development] program has a unique mandate and service delivery approach that is customized to its particular clients. However, as a network, the programs have established local connections and resources that benefit entrepreneurs within a region. Enhanced coordination among this network is critical to make the most of scarce resources available for small firms. It can also ensure that best practices are shared amongst providers that have similar goals but work within different contexts.¹³⁹

In an effort to enhance the oversight and coordination of the SBA’s management and technical assistance training programs, the Job Creation Through Entrepreneurship Act of 2009 would have

- required the SBA to create a new online, multilingual distance training and education program that was fully integrated into the SBA’s existing management and technical assistance training programs and “allows entrepreneurs and small business owners the opportunity to exchange technical assistance through the sharing of information.”¹⁴⁰
- required the SBA to coordinate its management and technical assistance training programs “with State and local economic development agencies and other federal agencies as appropriate.”¹⁴¹
- required the SBA to “report annually to Congress, in consultation with other federal departments and agencies as appropriate, on opportunities to foster coordination, limit duplication, and improve program delivery for federal entrepreneurial development activities.”¹⁴²

During the 112th Congress, S. 3442, the SUCCESS Act of 2012, and S. 3572, the Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012, would have addressed the coordination issue by requiring the SBA, in consultation with other federal departments and agencies, to submit an annual report to Congress “describing opportunities to foster coordination of, limit duplication among, and improve program delivery for federal entrepreneurial development programs.”¹⁴³ The SUCCESS Act of 2012 was referred to the Senate Committee on Small Business and Entrepreneurship, which held hearings on the bill.¹⁴⁴ The Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012 was referred to the Senate Committee on Finance.

¹³⁹ U.S. Congress, House Committee on Small Business, *Job Creation Through Entrepreneurship Act of 2009*, report to accompany H.R. 2352, 111th Cong., 1st sess., May 15, 2009, H.Rept. 111-112 (Washington: GPO, 2009), pp. 17, 18.

¹⁴⁰ H.R. 2352, the Job Creation Through Entrepreneurship Act of 2009, Section 201. Educating Entrepreneurs Through Technology; and H.R. 2352, the Job Creation Through Entrepreneurship Act of 2009, Section 601. Expanding Entrepreneurship.

¹⁴¹ H.R. 2352, the Job Creation Through Entrepreneurship Act of 2009, Section 601. Expanding Entrepreneurship.

¹⁴² *Ibid.*

¹⁴³ S. 3442, the SUCCESS Act of 2012, Section 411. Expanding Entrepreneurship; and S. 3572, the Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012, Section 411. Expanding Entrepreneurship.

¹⁴⁴ U.S. Senate, Committee on Small Business and Entrepreneurship, “Creating Jobs and Growing the Economy: Legislative Proposals to Strengthen the Entrepreneurial Ecosystem,” November 29, 2012, at <http://www.sbc.senate.gov/public/index.cfm?p=Hearings>.

There has also been some discussion of merging SBA’s small business management and training programs with business management and training programs offered by other federal agencies, both as a means to improve program performance and to achieve savings. For example, P.L. 111-139, Increasing the Statutory Limit on the Public Debt, requires GAO to “conduct routine investigations to identify programs, agencies, offices, and initiatives with duplicative goals and activities within Departments and governmentwide and report annually to Congress on the findings.”¹⁴⁵ GAO identified 51 programmatic areas in its 2012 annual report on federal duplication “where programs may be able to achieve greater efficiencies or become more effective in providing government services.”¹⁴⁶ GAO identified management and training assistance provided to businesses by the SBA and the Departments of Commerce, Housing and Urban Development, and Agriculture as one of these areas.¹⁴⁷ GAO identified 53 business management and technical assistance programs sponsored by the SBA and these three departments. GAO reported that “the number of programs that support entrepreneurs – 53 – and the overlap among these programs raise questions about whether a fragmented system is the most effective way to support entrepreneurs. By exploring alternatives, agencies may be able to determine whether there are more efficient ways to continue to serve the unique needs of entrepreneurs, including consolidating various programs.”¹⁴⁸

In addition, as mentioned previously, the House Committee on Small Business has argued that “given tight budgetary constraints” the SBA’s various management and technical assistance training programs “should be folded into the mission of the SBDC program or their responsibilities should be taken over by other agencies.”¹⁴⁹

Program Evaluation

GAO noted in its 2007 assessment of the SBA’s management and technical assistance training programs that, in addition to its annual survey of WBC, SBDC, and SCORE participants, the SBA requires WBCs to provide quarterly performance reports that include “the WBCs’ actual accomplishments, compared with their performance goals for the reporting period; actual budget expenditures, compared with an estimated budget; cost of client fees; success stories; and names of WBC personnel and board members.”¹⁵⁰ GAO also noted that WBCs are also required to issue fourth quarter performance reports that “also include a summary of the year’s activities and economic impact data that the WBCs collect from their clients, such as number of business start-

¹⁴⁵ P.L. 111-139, Increasing the statutory limit on the public debt, Section 21. Identification, Consolidation, and Elimination of Duplicative Government Programs.

¹⁴⁶ U.S. Government Accountability Office, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Results*, GAO-12-342SP, February 28, 2012, p. 1, <http://www.gao.gov/assets/590/588818.pdf>

¹⁴⁷ *Ibid.*, pp. 52-61.

¹⁴⁸ *Ibid.*, p. 55.

¹⁴⁹ U.S. Congress, House Committee on Small Business, “Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for FY2014,” communication to the Chairman, House Committee on the Budget, 113th Cong., 1st sess., February 27, 2013, at http://smallbusiness.house.gov/uploadedfiles/revised_2014_views_and_estimates_document.pdf.

¹⁵⁰ U.S. Government Accountability Office, *Small Business Administration: Opportunities Exist to Improve Oversight of Women’s Business Centers and Coordination among SBA’s Business Assistance Programs*, GAO-08-49, November 2007, p. 15, at <http://www.gao.gov/new.items/d0849.pdf>.

ups, number of jobs created, and gross receipts.”¹⁵¹ SBDCs have similar reporting requirements.¹⁵²

In recent years, Congress has considered requiring the SBA to expand its use of outcome-based measures to determine the effectiveness of its management and technical training assistance programs. For example, during the 111th Congress, the previously mentioned Job Creation Through Entrepreneurship Act of 2009 would have required the SBA to create “outcome-based measures of the amount of job creation or economic activity generated in the local community as a result of efforts made and services provided by each women’s business center.”¹⁵³ It would also have required the SBA to “develop and implement a consistent data collection process to cover all entrepreneurial development programs” including “data relating to job creation, performance, and any other data determined appropriate by the Administrator with respect to the Administration’s entrepreneurial development programs.”¹⁵⁴ In addition, during the 112th Congress, the previously mentioned SUCCESS Act of 2012 and Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012 would have required the SBA to “promulgate a rule to develop and implement a consistent data collection process for the entrepreneurial development programs” that included data “relating to job creation and performance and any other data determined appropriate by the Administrator.”¹⁵⁵

Concluding Observations

Congressional interest in the federal government’s small business management and technical assistance training programs has increased in recent years. One of the reasons for the heightened level of interest in these programs is that small business has led job formation and retention during previous economic recoveries.¹⁵⁶ It has been argued that effective small business management and technical assistance training programs are needed if small businesses are to lead job creation and retention during the current economic recovery. As Representative Heath Shuler stated during a congressional hearing,

We often talk about the role that small business plays in the creation of jobs and with good reason. Small firms generate between 60 and 80 percent of new positions. Following the recession in the mid-1990s, they created 3.8 million jobs.... we could use that growth today. But unfortunately, many firms are struggling to make ends meet. Let’s allow them to hire new workers. In the face of historic economic challenges, we should be investing in America’s job creators. SBA’s Entrepreneurial Development Programs, or ED, do just that.

¹⁵¹ Ibid.

¹⁵² U.S. Small Business Administration, “FY/CY 2011, Program Announcement for Renewal of the Cooperative Agreement for Current Recipient Organizations,” pp. 27-38, at <http://ohiosbdcfrp.com/Documents/12%20Program%20Announcement%20FFY2011%20DRAFT%20.pdf>.

¹⁵³ H.R. 2352, the Job Creation Through Entrepreneurship Act of 2009, Section 404. Performance and Planning.

¹⁵⁴ H.R. 2352, the Job Creation Through Entrepreneurship Act of 2009, Section 601. Expanding Entrepreneurship.

¹⁵⁵ S. 3442, the SUCCESS Act of 2012, Section 411. Expanding Entrepreneurship; and S. 3572, the Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012, Section 411. Expanding Entrepreneurship.

¹⁵⁶ U.S. Small Business Administration, Office of Advocacy, *Small Business Economic Indicators for 2003*, August 2004, p. 3; Brian Headd, “Small Businesses Most Likely to Lead Economic Recovery,” *The Small Business Advocate*, vol. 28, no. 6 (July 2009), pp. 1, 2; and U.S. Small Business Administration, “Fiscal Year 2010 Congressional Budget Justification,” p. 1, at <http://www.sba.gov/content/fy-2010-congressional-budget-justification>.

Of all the tools in the small business toolbox, these are some of the most critical. They help small firms do everything from draft business plans to access capital.¹⁵⁷

There is a general consensus that federal management and technical assistance training programs serve an important purpose and, for the most part, are providing needed services that are not available elsewhere. As Karen Mills, SBA Administrator, stated during a press interview:

We find that our counseling operations are equally important as our credit operations because small businesses really need help and advice, and when they get it, they tend to have more sales and more profits and more longevity, and they hire more people. So we have looked forward and said, “How do we get all the tools small businesses need into their hands?” Maybe they want to export. Maybe they want to know how to use broadband. Maybe they are veterans who are coming back and want to start a business or grow their business. Our job is to make sure all that information and opportunity is accessible for small businesses so they can do what they do, which is keep our economy strong.¹⁵⁸

There is also a general consensus that making federal management and technical assistance training programs more effective and responsive to the needs of small business would assist the national economic recovery. However, there are disagreements over how to achieve that goal.

Some advocate increasing funding for existing programs to enable them to provide additional training opportunities for small businesses while, at the same time, maintaining separate training programs for specific demographic groups as a means to ensure that those groups’ specific needs are met; require the SBA to make more extensive use of outcome-based measures to better determine the programs’ effect on small business formation and retention, job creation and retention, and the generation of wealth; and temporarily reduce or eliminate federal matching requirements to enable SBA’s management and technical assistance training resource partners to focus greater attention to service delivery and less to fund raising. Others argue for a merger of existing programs to reduce costs and improve program efficiency, to focus available resources on augmenting the capacity of SBDCs to meet the needs of all small business groups, and require the SBA to make more extensive use of outcome-based performance measures to determine program effectiveness.

There are no case studies or empirical data available concerning the efficiencies that might be gained by merging the SBA’s management and technical assistance training programs. Advocates argue that merging the programs would improve communications, reduce confusion by business owners seeking assistance by ensuring that all small business management and technical assistance training centers serve all small business owners and aspiring entrepreneurs, lead to more sustainable and predictable funding for the programs from non-federal sources, and result in more consistent and standard operating procedures throughout the country.¹⁵⁹ Opponents argue

¹⁵⁷ U.S. Congress, House Committee on Small Business, Subcommittee on Rural Development, Entrepreneurship and Trade, *Subcommittee On Rural Development, Entrepreneurship And Trade Markup On Entrepreneurial Development Programs Legislation*, 111th Cong., 1st sess., April 30, 2009, Small Business Committee Document No. 111-118 [ERRATA – printing error, should be 111-018] (Washington: GPO, 2009), p. 1.

¹⁵⁸ David Port, “But Where Is the Money?” *Entrepreneur Magazine*, August 2010, at <http://www.entrepreneur.com/magazine/entrepreneur/2010/august/207500.html>.

¹⁵⁹ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA’s Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Committee Doc. No. 111-005 (Washington: GPO, 2009), pp. 3-5, 24-27, 29; and U.S. Congress, House Committee on Small Business, *Full Committee Hearing on Legislation to Reauthorize and Modernize SBA’s Entrepreneurial Development Programs*, 111th Cong., 1st sess., May 6, 2009 (Washington: GPO, (continued...))

that any gains in program efficiency that might be realized would be more than offset by the loss of targeted services for constituencies that often require different information and training to meet their unique challenges and needs.¹⁶⁰

(...continued)

2009), pp. 3-5, 15, 27-34.

¹⁶⁰ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Committee Doc. No. 111-005 (Washington: GPO, 2009), pp. 44-49; U.S. Congress, House Committee on Small Business, *Job Creation Through Entrepreneurship Act of 2009*, report to accompany H.R. 2352, 111th Cong., 1st sess., May 15, 2009, H.Rept. 111-112 (Washington: GPO, 2009), pp. 16-31; and U.S. Congress, House Committee on Small Business, *Women's Business Ownership Act of 1988*, report to accompany H.R. 5050, 100th Cong., 2nd sess., September 22, 1988, H.Rept. 100-955 (Washington: GPO, 1988), pp. 9, 10, 13, 14.

Appendix. Brief Descriptions of SBA Management and Technical Assistance Training Programs

Table A-1. Brief Descriptions of SBA Management and Technical Assistance Training Programs

Program Name	Authority	Brief Description	Number	Federal Matching Requirement
Small Business Development Center Grant Program	P.L. 96-302, 1980	Provides management and technical assistance training to small businesses through centers located in leading universities, colleges, and state economic development agencies.	63 lead centers and 900+ local centers	50% match from non-federal sources comprised of not less than 50% cash and not more than 50% of indirect costs.
Women Business Center Grant Program	P.L. 100-533, 1988	Provides long-term training, counseling, networking, and mentoring to women entrepreneurs, especially those who are socially and economically disadvantaged.	101	50% match from non-federal sources; not more than one-half of the non-federal matching assistance may be in the form of in-kind contributions, including office equipment and office space.
SCORE ((Service Corps of Retired Executives)	Section 8(b) of the Small Business Act; P.L. 89-754, 1966	Provides technical, managerial, and informational assistance to small business concerns through in-person mentoring by volunteer counselors who are working or, in most instances, retired business owners.	368 chapters and 800+ branch offices	none

Program Name	Authority	Brief Description	Number	Federal Matching Requirement
7(j) Technical Assistance Program	Section 7(j) of the Small Business Act; Section 8(a) of the Small Business Act; P.L. 95-507, 1978	Provides management and technical assistance training to 8(a) certified firms, small disadvantaged businesses, businesses operating in areas of high unemployment or low-income and firms owned by low-income individuals.	15 service providers	none
Microloan Technical Assistance Program	P.L. 102-140, 1992	Provides management and technical assistance training to Microloan borrowers and, within specified limits, to prospective Microloan borrowers.	180 intermediaries	25% from non-federal sources; no matching requirement if the intermediary makes at least 50% of its loans in an Economically Distressed Area.
Native American Outreach Program	Section 7(j) of the Small Business Act; SBA regulations, 1994	Provides management and technical assistance training to American Indians, Alaska Natives, Native Hawaiians and “the indigenous people of Guam and American Samoa ... to promote entity-owned and individual 8(a) certification, government contracting, entrepreneurial education, and capital access.”	NA	none
PRIME Technical Assistance Program	P.L. 106-102, 1999	Provides assistance in the form of grants to nonprofit microenterprise development organizations or programs that has a demonstrated record of delivering microenterprise services to disadvantaged entrepreneurs.	67 service providers	50% from non-federal sources; sources such as fees, grants, gifts, income from loan sources, and in-kind resources from non-federal public or private sources may be used to comply with the matching funds requirement

Program Name	Authority	Brief Description	Number	Federal Matching Requirement
Veterans Business Development Programs	P.L. 106-50, 1999	The mission of the SBA's Office of Veterans Business Development is to (1) expand the provision of and improve access to technical assistance regarding entrepreneurship for the Nation's veterans; and (2) to assist veterans, including service-disabled veterans, with the formation and expansion of small business concerns by working with and organizing public and private resources, including those of the SBA.	NA	none

Source: Federal statutes, cited in table.

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