

SBA MANAGEMENT REVIEW: OVERSIGHT OF SBA'S ENTREPRENEURIAL DEVELOPMENT OFFICES

HEARING

BEFORE THE

SUBCOMMITTEE ON ECONOMIC GROWTH, TAX AND
CAPITAL ACCESS

OF THE

COMMITTEE ON SMALL BUSINESS
UNITED STATES

HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

HEARING HELD
FEBRUARY 2, 2016



Small Business Committee Document Number 114-039
Available via the GPO Website: www.fdsys.gov

U.S. GOVERNMENT PUBLISHING OFFICE

99-714

WASHINGTON : 2016

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

HOUSE COMMITTEE ON SMALL BUSINESS

STEVE CHABOT, Ohio, *Chairman*
STEVE KING, Iowa
BLAINE LUTKEMEYER, Missouri
RICHARD HANNA, New York
TIM HUELSKAMP, Kansas
CHRIS GIBSON, New York
DAVE BRAT, Virginia
AUMUA AMATA COLEMAN RADEWAGEN, American Samoa
STEVE KNIGHT, California
CARLOS CURBELO, Florida
MIKE BOST, Illinois
CRESENT HARDY, Nevada
NYDIA VELAZQUEZ, New York, *Ranking Member*
YVETTE CLARK, New York
JUDY CHU, California
JANICE HAHN, California
DONALD PAYNE, JR., New Jersey
GRACE MENG, New York
BRENDA LAWRENCE, Michigan
ALMA ADAMS, North Carolina
SETH MOULTON, Massachusetts
MARK TAKAI, Hawaii

KEVIN FITZPATRICK, *Staff Director*
EMILY MURPHY, *Deputy Staff Director for Policy*
JAN OLIVER, *Deputy Staff Director for Operation*
BARRY PINELES, *Chief Counsel*
MICHAEL DAY, *Minority Staff Director*

CONTENTS

OPENING STATEMENTS

Hon. Tim Huelskamp	Page 1
Hon. Judy Chu	2

WITNESSES

Ms. Tameka Montgomery, Associate Administrator, Office of Entrepreneurial Development, Small Business Administration, Washington, DC	3
Ms. Barb Carson, Associate Administrator, Office of Veterans Business Development, Small Business Administration, Washington, DC	5

APPENDIX

Prepared Statements:	
Ms. Tameka Montgomery, Associate Administrator, Office of Entrepreneurial Development, Small Business Administration, Washington, DC	20
Ms. Barb Carson, Associate Administrator, Office of Veterans Business Development, Small Business Administration, Washington, DC	25
Questions for the Record:	
None.	
Answers for the Record:	
None.	
Additional Material for the Record:	
Ken Yancey, Chief Executive Officer, SCORE Association	28

SBA MANAGEMENT REVIEW: OVERSIGHT OF SBA'S ENTREPRENEURIAL DEVELOPMENT OFFICES

TUESDAY, FEBRUARY 2, 2016

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON ECONOMIC GROWTH, TAX AND
CAPITAL ACCESS,
Washington, DC.

The subcommittee met, pursuant to call, at 11:00 a.m., in Room 2360, Rayburn House Office Building. Hon. Tim Huelskamp [chairman of the subcommittee] presiding.

Present: Representatives Huelskamp, Brat, Radewagen, Kelly, Chu, Hahn, Payne, and Clarke.

Chairman HUELSKAMP. Good morning. Thank you all for being with us today. I call this hearing to order.

On this Subcommittee, we understand that small businesses are instrumental in strengthening our economy and restoring economic prosperity. Given the importance of small businesses, the Small Business Administration has been given the noble mission of aiding and counseling our entrepreneurs as they seek to start or grow their company. Because small businesses are the lifeblood of the local economy and my home district, Kansas's "Big First," I want to stress how important this mission is and note as chairman of this Subcommittee, I look forward to working with my colleagues on both sides of the aisle and the SBA moving forward.

Last month, we began a series of hearings to examine the SBA's management deficiencies within various offices, and today's hearing will focus on the Office of Entrepreneurial Development and the Office of Veterans' Business Development. Together, these two offices are primarily responsible for the entrepreneurial development programs meant to propel our small businesses. These efforts include statutorily authorized programs, such as Small Business Development Centers. I believe we have some representatives here from those entities, SCORE, Women's Business Centers, and Veterans' Business Outreach Centers. In addition, these offices also oversee a plethora of SBA-created initiatives, including regional clusters, Boots to Business, and entrepreneurial education.

The necessity of unauthorized SBA-created initiatives has frequently been questioned on a bipartisan basis by this Committee. In the wake of the recent GAO report detailing SBA's management challenges, I am concerned that SBA is continuing to prioritize its

wish list rather than ensuring taxpayer dollars are carefully spent on programs with proven performance records.

Today we will hear from both the associated administrators of both these offices as they outline their resource management. This will allow us to examine how changes within these offices can ensure the SBA is effective in helping small firms without wasting Federal funds on duplicative programs.

Thank you ladies for both being here, and I will now yield to the ranking member for her opening remarks.

Ms. CHU. Thank you, Mr. Chair.

One of the most vital roles performed by Small Business Administration offices is providing aspiring entrepreneurs and existing businesses with valuable counseling and other technical assistance. The agency's portfolio of entrepreneurial development can provide critical resources to entrepreneurs in this regard. Whether it is creating a business plan, advice for navigating the procurement process, help marketing a new product, assistance with international trade or any other myriad of topics, the SBA's entrepreneurial development programs can be invaluable for many small firms. It is so important these initiatives are functioning at their best to provide the highest quality of resources and services to small businesses across the country. The cornerstone of these programs is the agency's network of Small Business Development Centers, or SBDCs, spread throughout the nation. SBDCs offer small businesses with a broad range of entrepreneurial development services. Sixty-three lead centers manage 900 outreach locations throughout the country. SBDCs are located at colleges, universities, chambers of commerce, and local economic development corporations, allowing them to harness local community resources.

In a single year, small business development centers have helped 13,400 entrepreneurs launch new businesses, an average of 36 new businesses per day. 194,000 businesses received advice from SBDC, while 290,000 participants attended training sessions. In my district, we are fortunate enough to have two of these amazing centers servicing the San Gabriel Valley of Southern California. Clearly, SBDCs are leaving their mark as a vital part of our nation's entrepreneurial ecosystem.

The SBA has also established efforts to connect young entrepreneurs with more experienced business men and women. The Service Corps of Retired Executives program, or SCORE, uses a network of volunteers to provide time, mentoring, and expertise as business counselors. Traditionally, retired former executives have provided most volunteer counseling services, but there has been a recent trend towards diversification within this program. Lately, involvement from young business owners has greatly increased, and I am hopeful that this trend strengthens the program for the future.

Small businesses are diverse as the makeup of our nation. As such, many of the SBA's counseling initiatives are targeted toward specific demographic groups in our entrepreneurial community. For instance, there are over 100 women business centers spread throughout the country. In 2014, the centers reached 130,000 clients and helped 700 new businesses get up and running. It is critical that this program remains robust and continues to flourish.

Even though female entrepreneurship is on the rise, there remains significant gaps between men and women-owned businesses. One recent study found businesses owned by men averaged 726,000 in receipts, versus 239,000 for women-owned firms. As more women turn to entrepreneurship as a career path, it is critical that this initiative remains in place to close gaps like this.

Similarly, there are a number of SBA programs targeted to veterans. Most notably, the Veterans' Business Outreach Centers. 78,000 of our veterans tapped into this initiative in a single year. As our brave service members separate from service and look to launch new enterprises, the VBOC, along with Boots to Business and other veteran-oriented initiatives, can provide an important boost. With all of these programs, it is vital that taxpayer resources are being used to their maximum effect for our entrepreneurs.

In its recent management review, the Government Accountability Office had recommendations for process improvements at the SBA, including with the entrepreneurial development initiatives. I hope to hear today how SBA is making progress in that regard.

I look forward to learning about the work SBA is doing to ensure all of these programs can be most impactful in connecting businesses in our communities with valuable resources. Entrepreneurs deserve all the help that they can get at SBA, and it can be instrumental in meeting that need.

I would like to thank the witnesses for being here and offering their insight, and I yield back.

Chairman HUELSKAMP. Thank you, Ranking Member Chu, for your opening statement.

If Committee members have an opening statement prepared, I ask that they be submitted for the record.

And for our witnesses, I would like to take a moment to explain the timing lights for you. You will each have 5 minutes to deliver your testimony. The light will start out as green. When you have 1 minute remaining, the light will turn yellow. Finally, at the end of your 5 minutes, it will turn red. Please try to adhere to that limit.

And so with that, our first witness is Tameka Montgomery. Thank you for being here. The associate administrator for Entrepreneur Development within the Office of Entrepreneurial Development at the SBA. In this capacity, Ms. Montgomery is responsible for overseeing SBA's counseling and training programs for entrepreneurs. I appreciate you being with us today, and you may begin.

STATEMENTS OF TAMEKA MONTGOMERY, ASSOCIATE ADMINISTRATOR, OFFICE OF ENTREPRENEURIAL DEVELOPMENT, SMALL BUSINESS ADMINISTRATION; BARB CARSON, ASSOCIATE ADMINISTRATOR, OFFICE OF VETERANS' BUSINESS DEVELOPMENT, SMALL BUSINESS ADMINISTRATION

STATEMENT OF TAMEKA MONTGOMERY

Ms. MONTGOMERY. Thank you, Chairman Huelskamp, Ranking Member Chu, and members of the Subcommittee. Thank you for inviting me to testify before you today. I am excited to share with you the important work of the Office of Entrepreneurial Development, which is responsible for programmatic oversight of the

Small Business Development Centers, Women's Business Centers, SCORE program, as well as other targeted initiatives, such as Emerging Leaders, Regional Innovation Clusters, the Learning Center, and Scale Up America.

As a former SBDC center director, I would counsel my clients that they could not be all things to all people. However, in OED, we must meet the varying needs of America's entrepreneurial community. The diversity of our programs is reflective of this aim. Each program has a unique value and plays a key role in the entrepreneurial ecosystem.

America's business landscape is changing. Women-owned businesses have grown at a rate of four times that of male-owned; however, 90 percent of their companies do not have a single paid employee and their average annual gross receipts are \$144,000, compared to businesses owned by men which generate \$638,000. More concerning is that businesses owned by black and Hispanic women generate on average \$28,000 and \$53,000, respectively.

Our Women's Business Centers serve a unique purpose by providing services that address the challenges of women entrepreneurs. Unlike any of our other programs, the WBC's core mission includes empowering low to moderate income women to become entrepreneurs. Currently, SBA manages 108,000 Women's Business Centers that train and counsel over 140,000 clients annually.

SCORE, our office's longest standing program, has been providing mentorship to business owners for more than 50 years. SCORE is powered by a core of 11,000 volunteer mentors who play a critical role in helping to fill knowledge gaps that entrepreneurs encounter as they start and grow their businesses. SCORE volunteers offered more than 2 million hours to 349,000 clients last year.

The SBDC program is our largest program with a footprint of more than 900 centers across the nation. SBDCs are uniquely suited to deliver long-term advising through ongoing one-on-one business services tailored to the needs of the business owner. SBDC's business advisors helped clients start more than 13,000 new businesses and provided training and advising to more than 450,000 entrepreneurs. SBDCs are also helping to advance the nation's trade agenda by helping small businesses access the global market.

Observing a need to help underserved and underrepresented entrepreneurs scale up their businesses, we launched Scale Up America, to fill a gap of business assistance to smaller growth-oriented entrepreneurs. Although women and minorities represent the fastest growing segment of new entrepreneurs, their ventures are experiencing far less success. Data from the Census Bureau shows that minority-owned businesses generate on average \$174,000 in gross receipts, compared to nonminority-owned firms, which generate \$552,000 in average gross receipts. The goal of Scale Up America is to equip more high-potential, growth-oriented entrepreneurs with the right tools to overcome barriers to growth.

Small businesses drive innovation and play a critical role in local economic development. Our Regional Innovation Clusters connect businesses, suppliers, service providers and related institutions within a defined cluster. Currently, we fund 14 clusters, such as an

autonomous and unmanned systems cluster, a bioscience and technology cluster, and a smart grid cluster.

While it is important that we are responsive to the changing needs of entrepreneurs, we also want to make sure that our programs are producing their intended outcomes. We have worked closely with our partners, the SBDCs, WBCs, and SCORE, to implement a collaborative evaluation methodology. Our office also consulted with the Association of Women's Business Centers to develop the first-ever survey to capture the outcomes of all WBC services. The insights gained from this survey will guide OED in our management and oversight of the WBC program.

Additionally, we have embarked on the agency's first-ever economic impact evaluation piloted with the Scale Up initiative. The findings will be used to improve the effectiveness of this initiative, as well as provide us with a model that we will evaluate other programs.

Thank you for the opportunity to testify before you today. I look forward to answering any questions.

Chairman HUELSKAMP. Thank you, Ms. Montgomery. I appreciate your testimony.

Our final witness is Barb Carson, the associate administrator for the Office of Veterans' Business Development within the SBA. In this capacity, Ms. Carson is responsible for all programs and policies related to veteran entrepreneurs. She is also currently a colonel in the U.S. Air Force Reserve. Thank you for your service. And thank you for being here today, and you may begin.

STATEMENT OF BARB CARSON

Ms. CARSON. Good morning, Chairman Huelskamp, Ranking Member Chu, and distinguished members of the Subcommittee. Thank you very much for the opportunity to testify today on the U.S. Small Business Administration's continuing efforts to empower veteran entrepreneurship and small business ownership through programs and policies that maximize the availability of SBA services for veterans, service members, and their spouses. Our programs and policies target our nation's heroes and job creators. We are grateful for the continued support of the House Small Business Committee and this Subcommittee. We look forward to sharing our successes with you and addressing your questions.

As small business owners, veterans continue to serve our country by creating critical employment opportunities and driving economic growth. They possess the skills, discipline, and leadership to start and operate successful businesses in their communities. Nearly 1 in 10 small businesses is currently veteran owned. Remarkably, although the overall number of veterans declined significantly between 2007 and 2012, the participation of veterans in business ownership was persistent. This is according to the 2012 census survey of business owners. During that period, the overall number of veteran-owned firms increased at a faster rate than nonveteran-owned firms. We also note that between 2007 and 2012, the number of women veteran-owned firms increased by nearly 300 percent. All of this data may indicate strong entrepreneurial activity among post-9/11 era veterans.

My office is strongly encouraged by these trends in veteran entrepreneurship and is fully engaged in supporting them with quality programs and thoughtful policy initiatives that all cover SBA's primary missionaries of counseling and training, access to capital, and access to contracting opportunities.

In Fiscal Year 2015, over 60,000 veterans received training and counseling from SBA's 15 Veterans' Business Outreach Centers. A prominent and enduring focus of the VBOC program is providing transition assistance services via SBA's administration of the entrepreneurship track of the Department of Defense Transition Assistance Program (TAP), which we call Boots to Business. Working through the interagency governance of TAP, and with our partner support, we were able to deliver Boots to Business to over 14,000 service members and their spouses in Fiscal Year 2015, and over 35,000 have been trained since the program's launch in January of 2013. Through an efficient and effective cooperative agreement with the Institute for Veterans and Military Families at Syracuse University, we provide these services to those service members who are disadvantaged by having to transition from an overseas installation.

This year we reached several program milestones. First, we increased the percentage of modules being taught by VBOCs. Second, we implemented a Boots to Business specific outcomes assessment survey to determine the number and rate of business formation among the participants and get their feedback on the quality and future service needs. And third, we implemented an outreach campaign to increase the awareness and participation of military spouses as well as service members who seek to prepare for transition earlier in their careers as part of the Military Lifecycle Model. Working with Congress and our partners, we are proud now to offer Boots to Business to veterans of any era and their families with a program extension that we call Boots to Business Reboot.

SBA also supports comprehensive entrepreneurial development programs specifically designed for women, veterans, and for service-disabled veterans. Over 65 percent of the graduates of these programs have started their own businesses.

In Fiscal Year 2015, SBA will sustain the SBA Veterans' Advantage program and waive fees for veterans and their families who qualify for SBA Express 7(a) guaranteed loans of \$350,000 and below, and reduce fees by half for SBA 7(a) guaranteed loans between \$150,000 and \$5 million.

In 2015, lenders utilized SBA's 7(a) and 504 loan programs to make over 3,300 loans, totaling more than \$1.38 billion to veteran-owned businesses. That is an 80 percent increase over 2014. In the area of Federal contracting, the Federal Government in 2014 again exceeded a 3 percent goal for contracting with service-disabled veteran-owned small businesses. This was the third straight year. In 2016, my office is expanding its engagement strategy to Federal agency offices of small and disadvantaged business utilization to ensure that service-disabled veteran small business opportunities continue to grow.

My office empowers veteran entrepreneurs who seek Federal procurement opportunities by building their capacity to compete and win contracts. SBA, through a cooperative agreement with the

Montgomery County Chamber of Commerce Foundation, Veteran Institute for Procurement (VIP) is how we do this. VIP is an accelerator-like, in-residence, educational training program for veteran-owned businesses, which is instructed by private sector experts, government officials, and agency representatives.

I thank you very much for the opportunity to testify before your Committee today. By supporting our work, you are mandating that the U.S. Government does all it should to provide American dream of business ownership to those who have fought and continue to fight every day to protect it. Thank you.

Chairman HUELSKAMP. Thank you, Ms. Carson, for your testimony, and Ms. Montgomery. And we will begin questions. I first yield myself 5 minutes, and I have a number of questions.

In your testimony, both of you have identified a number of data points, certainly plenty of numbers, and performance metrics are obviously important for Congress and agencies to evaluate programs, oftentimes competing programs in the same agency. It is my understanding that the Entrepreneurial Development Management Information System (EDMIS) is the performance database used by the SBA, but the recent upgrade has been essentially a failure. This is very troubling to me. First, who is responsible for overseeing this contract and getting the system updated? And second, what is the current status of EDMIS and what are the plans to update this system? And third, what conversations have you had with your resource partners about EDMIS?

And with that, we will start, I guess, with Ms. Montgomery. If you can answer all of the above questions, or whatever you can answer. Then, we will see what Ms. Carson thinks about that. So with that, please answer the question.

Ms. MONTGOMERY. Thank you for your question.

Yes, EDMIS is our system in which we capture data. Really, it is output data from our partners. And so what that means is we capture the number of clients that our clients or our resource partners serve. We recognize that EDMIS needs an upgrade. Currently, there is not a contract. To answer your second question, currently, there is not an existing contract. Previously, there was an existing contract, and we recognize that the system that was being developed was not meeting the needs of our agency. And so now what we are doing moving forward is that we have brought on someone on our team who is solely committed to EDMIS, understanding what the challenges are, and then also helping us to identify what the correct path forward will be to improve the system and make sure that it is a system that is not only effective for SBA in capturing the data that we need, but then also for our resource partners inputting their data.

Chairman HUELSKAMP. So the upgrade that I discussed that had already happened, you abandoned that and are looking at another upgrade, or are trying to actually finish the upgrade; is that correct?

Ms. MONTGOMERY. Correct. Last year is when that particular upgrade had ceased.

Chairman HUELSKAMP. And who was in charge of making the upgrade?

Ms. MONTGOMERY. I was. I was.

Chairman HUELSKAMP. And now you have filled a management position that will be directly responsible for this upgrade. And how much did you spend on the failed upgrade, and what are you anticipating to ask for Congress, how many dollars to do the upgrade right this time?

Ms. MONTGOMERY. Yes. So one of the things that the contract, the initial contract, was about a million dollars for the initial upgrade. That contract had been moving forward prior to my moving into the role. However, it was clear that, as I said before, the system that was being developed was not going to be effective, and so we stopped it so as not to continue to waste government resources. As for how it will look moving forward, our tea member is looking at the existing system and will offer recommendations on whether or not does it require an upgrade to the existing system? Do we look to an off-the-shelf system? Do we create a new system? Or could it be a combination of those? We do not know yet but we have a person on the team who is working on identifying what the correct path forward is on EDMIS.

Chairman HUELSKAMP. And if the upgrade failed, how do you compare the performance between obviously the statutorily authorized programs and these other initiatives that have not been approved by Congress, how are you able to say which ones are actually working?

Ms. MONTGOMERY. Yes. So as I said earlier, EDMIS is a system that captures outputs. It is not an effective system to develop or to identify performance metrics or to, excuse me, to evaluate the effectiveness of programs. And so what we have done is we have been working with a third-party evaluator, and as I mentioned, our third-party evaluator has worked with our resource partners to come up with common performance metrics. We use the third-party evaluator to evaluate our Regional Innovation Clusters programs as well.

Chairman HUELSKAMP. Ms. Montgomery, I am confused.

Ms. MONTGOMERY. Yes.

Chairman HUELSKAMP. So you have performance metrics outside the performance metric database, and you use that to evaluate the effectiveness of these programs? I am a little confused. So what is the purpose of the database?

Ms. MONTGOMERY. As I said, the database is an effective tool. It captures data. So it captures the numbers of clients served, client demographics.

Chairman HUELSKAMP. Well, I understand that. That is the data. The upgrade failed.

Ms. MONTGOMERY. Yes.

Chairman HUELSKAMP. You are not apparently capturing the data, so how do you evaluate the program if you do not have performance data that you have captured because the upgrade has failed?

Ms. MONTGOMERY. So I think what I have not explained clearly is that we currently have EDMIS and the existing system currently collects that particular data as I mentioned before. What I was expressing is that as we look to move forward with EDMIS, one of the things that we have to evaluate and determine is that how do we look at gathering outcome measures and not just output

measures? And so that is where the two things that we are working on. And so we recognize that EDMIS is effective for capturing outputs, but it is not the best system as it stands now to capture outcomes. And so in the meantime, what we have done is that we have worked with our partners and a third-party evaluator to capture more detailed, evaluative impact information from the clients of our resource partners so that we can really understand and evaluate the outcomes of those clients after they have received services.

Chairman HUELSKAMP. Thank you, Ms. Montgomery. I am out of time, but if you would provide the Subcommittee an explanation of what the upgrade is for, the data you are missing now, and how that will improve your evaluations, because it looks like you wasted a million dollars. I think I am still confused what exactly you were trying to do, and again, we do have a number of statutory authorized programs that have a long history of working and then you have these other initiatives which you spent most of your time talking about that I do not see that we had the data to compare those.

So with that, I will yield 5 minutes for the ranking member for her questions. Thank you.

Ms. CHU. Thank you.

Ms. Montgomery, SBA resource partners, like the SCORE program, the Veterans' Outreach Center, and the Women's Business Center, provide a variety of services and counseling to small businesses on not only starting a small business but also the SBA programs that are available to them. And while these programs are constantly changing, SBA must also provide outreach about programmatic changes. In testimony, this Committee has learned that SBA has a way to go to successfully communicate with these partners. What steps is your office taking to increase the communication with SBA's resource partners?

Ms. MONTGOMERY. Well, our resource partners are our direct grantees, and so as such, our program offices are in constant communications with our grantees, whether they are weekly regular calls, for example, on the SBDC side with the state directors, or with our WBCs. We also host with all of our resource partners, collaboratively we host quarterly resource partner calls in which we bring on the administrator to talk about what things are happening within the agency from a more broader level perspective, and we bring in some of the other offices that also come in and speak to our resource partners.

Ms. CHU. Okay. Ms. Montgomery, SBA operates various pilot initiative programs, such as the regional clusters and the entrepreneurial education programs that provide training to businesses. Of course, we have our statutory programs that were established by Congress. But can you tell me what the merits are of the programs that are the initiatives not found through the statutory programs?

Ms. MONTGOMERY. So as you mention, our Regional Innovation Clusters is one such program that we have been providing since about 2010, and one of the things that we have found is that the businesses that participate and receive assistance in the cluster, that we have seen them secure more patents, that they have received the targeted assistance to do commercialization on key

products and services. We have seen a higher level of small businesses engage in their local economic clusters in their communities. And so additionally, we have a number of our clusters that collaborate with our resource partners to provide potential clients or even to assist in sharing assistance, providing technical assistance in other ways.

Ms. CHU. Okay. Ms. Carson, I am a fan of the Boots to Business program because I think it provides resources to our veterans at a very critical time in their lives. And I know before that there was not that on-hands training before soldiers left their assignments and went out into the world, but the Boots to Business really corrects that, and they get that training before they leave.

Now, I understand that this program is funded separately from the Veterans' Business Outreach Centers and is administered by various resource partners. With VBOCs having the specific mission of aiding our veterans with business training, has your office considered moving the program over to the centers fully?

Ms. CARSON. Thank you for your question. Through Fiscal Year 2015, you are correct. The appropriation was in two separate categories—Veterans' Business Outreach Center and Boots to Business. In Fiscal Year 2016 that will no longer be the case, and so we can properly resource as needed. However, there are only 15 Veterans' Business Outreach Centers at this time, not nearly enough to serve the 160-plus military installations that we are serving with Boots to Business around the world, though we are focused, as I said in testimony, that VBOCs need to increase their participation in Boots to Business delivery, as that is by statute their primary responsibility to serve the transitioning service member.

Ms. CHU. So what does that mean if you have only 15 VBOCs?

Ms. CARSON. It means that my goal is to expand the Veterans' Business Outreach Center Program so that they can take a larger role across the United States. With the number of installations we have, which is over 150, I cannot possibly serve them solely with Veterans' Business Outreach Centers, which is why I am very proud that we have grant relationships with SBDC, SCORE, and Women's Business Centers, because of the diversity of that delivery model of Boots to Business at installations introduces service members to all the resources that they have in their community.

Ms. CHU. Do you think it would be more efficient for VBOCs to administer the program or would it be more difficult to do so considering the number of installations that there are around the world?

Ms. CARSON. As you said, the number of them within the United States makes it impossible at this time to serve solely with Veterans' Business Outreach Centers. And I think there are benefits to the diversity of the delivery among all resource partners. That is SBA, and they get an introduction to our full community.

Ms. CHU. Thank you, and I yield back.

Chairman HUELSKAMP. Thank you, ranking member.

Next, I will recognize Representative Kelly for 5 minutes.

Mr. KELLY. First of all, Ms. Carson, Colonel Carson, thank you for your service. I think that citizen soldiers are the backbone of

this nation and have been since predating 1776, so thank you for your service.

In August, I had the privilege of attending and operating the VBOC at Mississippi State University. At Mississippi University, Mississippi State University VBOC website, there are two main training programs being advertised—Boots to Business and Veteran Institute for Procurement (VIP). While Boots to Business is administered locally, VIP is administered at a centralized location. Mississippi State University currently administers veteran entrepreneurial services to Tennessee, Mississippi, Alabama, and Louisiana. Getting our veteran entrepreneurs from Region 4 to the Potomac, Maryland, where the VIP is held is cost prohibitive to many of my veterans.

Ms. Carson, is your office working on a way to bring the VIP program to other places besides Maryland?

Ms. CARSON. Thank you, sir, for your question. I have explored that possibility with the Veteran Institute for Procurement, and they have tested it once prior to their cooperative agreement with the Small Business Administration. And what they found is that most procurement decisions are made here in the Washington area, and they found that they could get the greatest participation from prime contractors, government officials here in this location. However, I have not closed the door to the idea that we do have some other central locations around the United States where we could replicate this program, perhaps in a different scale, but it could be done. So I have not given up on that opportunity, sir.

Mr. KELLY. And Ms. Carson, you note in your testimony that in Fiscal Year 2015, 60,000 veterans received training and counseling from SBA's 15 VBOC centers. You go on to note that working through interagency governments of TAP and with our partner support, you are able to deliver Boots to Business to over 14,000 transitioning service members and military spouses in Fiscal Year 2015 and over 35,000 since the program's launch on January 1, 2013. However, I notice that there is nothing about the success of those veteran service members or military spouses after they participate in your program. This Committee and the GAO have noted the absence of performance metrics which are very important. Measuring the right performance metrics is the only way that you identify the right solutions and the right problems to get the solution to. And so why is SBA not tracking outcomes like business survivability or sales growth instead of what they are tracking now?

Ms. CARSON. Sir, I will speak specifically to the Boots to Business. I am very proud that over the last 18 months, we have established finally a system of record at SBA so that we can collect veteran data to begin to get that. And also, as I noted in testimony, that I have also just been approved to launch an assessment survey for Boots to Business participants to understand what their business formation rate is. As you know, this is a new program with its first appropriation in 2014, although we did begin to test what would be the best practice in 2013. So it is early days, but I am very certain that we are on the right track, and I will start to get outcomes from that survey next month.

Mr. KELLY. And just as a follow-up to that, what specific data are you looking to track?

Ms. CARSON. First, I would like to know was it of use to them? The quality of the service is the very first indicator. Second, did it help them form a business? Third, I would like to know if they were able to better connect with SBA resources once they had had this course. It is hard to do without a control group, but I would like to say that it makes a difference to know about these resources before you are actually back in your community. This is the biggest difference between having nothing and having a transition when people are making critical decisions about whether they want to go to school, they want to get a job, or they would like to create their own job.

Mr. KELLY. And this is more of a statement than a question, but you understand that the military and the Veterans' Business Outreach group, they are one of the best organizations, period, about not seeing race, color, sex, or anything else. As you and I both know from serving, we see green in the Army and you see blue in the Air Force. That is the only colors we care about, are green and blue. And so these are some of the brightest and smartest and hardworking people, and they understand how to achieve objectives when you give them to them. So I would just say make sure your data reflects that because if we are not getting success out of these folks, we are doing something wrong, because we have the right people to achieve that success, so we have to measure the right data to make sure that we are providing them what they need.

And I yield back, Mr. Chairman.

Chairman HUELSKAMP. Thank you, Representative Kelly.

Next, I recognize Representative Payne for 5 minutes. The floor is yours.

Mr. PAYNE. Thank you, Mr. Chair, and to our ranking member.

Ms. Montgomery, in your testimony, you mentioned that the number of women-owned businesses has grown significantly to bypass the rate of male-owned businesses. However, you note that even though women are starting businesses, 90 percent of their companies do not have a single paid employees. When I speak to my constituents, one of their primary concerns is employment and financial prosperity. So can you give us specifics about the unique barriers or circumstances that women-owned businesses are facing that tend to inhibit them from being able to add employees, and what can we do to assist them in this area?

Ms. MONTGOMERY. Thank you for your question.

Yes. When we look at women-owned businesses, there are a number of challenges that women entrepreneurs have in scaling up and growing their businesses. One of the things that we find is that sometimes women do not believe that they can access the capital that they need to really grow their business, and we know that funding is very important for being able to grow a business. And so making sure that they have the right connections to the appropriate lenders, whether they are microlenders or traditional banks, is something that we work with business owners on.

One of the interesting things we talk about with pay and women, is the ability to negotiate. That same ability to negotiate also con-

tinues as it relates to businesses. And so the great thing about Women's Business Centers and understanding kind of some of those key challenges, their training and their business assistance can really focus around addressing those unique needs of women.

Mr. PAYNE. Thank you.

Ms. Carson, also I would like to thank you for your service to this nation. We respect it and we appreciate it immensely.

In your testimony, you also noted that the uptick in women-owned firms stating that between 2007 and 2012, the number of women veteran-owned firms increased by nearly 300 percent. Can you tell us about any unique barriers that are particular to women veteran-owned firms?

Ms. CARSON. Thank you, sir. It has been a privilege to serve, and I look forward to continuing that service.

I agree with Associate Administrator Montgomery that access to capital continues to be a challenge for all women entrepreneurs. I do, however, think that this population, they recognize that they can negotiate. They have met many challenges head-on, and I think they are going to be strong entrepreneurs. They also happen over index, for example, in the Boots to Business participation. Although the overall service composition for women is in the high teens, we see it is over 20 percent of our courses are women service members who want to take Boots to Business.

Mr. PAYNE. So do you think that their experience in the Armed Services and the discipline and the criteria they have to meet in terms to serve helps them when they go into starting a business?

Ms. CARSON. I could not reference a survey, sir, but from personal experience, I absolutely do think that it is the case.

Mr. PAYNE. Yes. Are there experiences that they have that you could lend to women outside of that military experience that allows them to be able to negotiate and prosper?

Ms. CARSON. I think that is a fantastic idea, and I already work closely with Erin Andrew of the Office of Women's Business Ownership to look for ways that our programs can learn from each other and also collaborate, and that is a perfect way that we could go forward in the future. Thank you.

Mr. PAYNE. I think that is excellent. And I will yield back before the red light comes on.

Chairman HUELSKAMP. Thank you, representative. I appreciate that.

Next, I will yield 5 minutes to Representative Radewagen, and I appreciate keeping on the clock. Thank you. You have 5 minutes.

Ms. RADEWAGEN. Thank you, Mr. Chairman and Ranking Member Chu. I would like to welcome Ms. Montgomery and Colonel Carson as well. And this question is actually for both of you.

In each of your respective areas, if the funding goes to the unauthorized SBA-created initiatives went instead to the authorized programs you oversee, how many more SBDCs, VBOCs, or similar Entrepreneurial Assistance Centers could have been opened or expanded instead?

Ms. MONTGOMERY. Thank you for your question. The programs that I believe you are referring to, for example, our Regional Innovation Clusters, for example, those are programs that we award through a contract because we do not have grant authority

for those programs. And so it is full and open competition, and in fact, we have a Women's Business Center in Alabama that runs a cluster. On our Scale Up initiative, we have a number of Small Business Development Centers that are actually the awardees of that particular program, and so they are delivering that service, as well as we have some WBCs. But all of our programs, all of our resource partners, have the ability or are able to pursue those opportunities with us. There is nothing that prohibits them from going after that funding.

Ms. RADEWAGEN. As a follow-up, could the U.S. territories who are underserved by the SBA have been a possible location?

Ms. MONTGOMERY. Yes. As I mentioned, it is full and open, and so we receive applications or proposals from communities, and it just depends on where they come from, but it is a full and open competition.

Ms. RADEWAGEN. Colonel Carson, any comments?

Ms. CARSON. Yes. I want to make sure that I understand the question that you asked first. But if you are speaking of programs, the unauthorized program perception of Boots to Business, is that the one that you would refer to, ma'am?

Ms. RADEWAGEN. And others, yes.

Ms. CARSON. And others. Okay. In my case then, we do have a statutory responsibility to participate in transition assistance programs with the Department of Defense. We do happen to call it Boots to Business. I believe that we are really efficiently providing that program at minimum cost, that it would still, even with great appropriation, have full and open competition for more veteran outreach centers, but I cannot do it fully in that manner to serve the transitioning service member population. But like Associate Administrator Montgomery, I do have fully open and competitive process for grants for those resource partners.

Ms. RADEWAGEN. Thank you.

Thank you, Mr. Chairman. I yield back.

Chairman HUELSKAMP. I would like to recognize Representative Hahn for your 5 minutes.

Ms. HAHN. Thank you, Mr. Chairman, Ranking Member Chu. Thanks for holding this hearing.

One of the issues that we are grappling with in Los Angeles County is veteran homelessness, and we have at the last count, approximately 4,000 to 5,000 homeless veterans in Los Angeles County. Last week, Secretary McDonald of the VA came out to put his stamp of approval on a new master plan for the West LA VA Center, which will provide housing to get our veterans off the streets, but it is also going to be a place where more resources for the veterans are able to be accessed—health, legal services, addiction treatment. But also, there is a portion of that that they are talking about the idea of helping veterans become entrepreneurs because I think part of the new thinking is it is one thing to get our veterans off the street; it is another thing to prevent further homelessness by helping them start a business. So I think this is the sort of model that makes sense really around the country.

So Colonel Carson, I was going to ask you, SBA has versions of this kind of resource hubs in the form of the 15 Veteran Outreach Centers across the nation, but apparently, the only center in Cali-

ifornia is up in Sacramento, and the majority of veterans live in Southern California, and most of those live in Los Angeles County. So since employment and entrepreneurship are other venues to prevent homelessness, how can you assure me that the veterans in Southern California are getting the training and resources and counseling that you are speaking about in these resource centers and what is the SBA and the Office of Veterans' Business Development doing to reach out to the veterans in Southern California? We are almost like two states in California—Northern California, Southern California. We have the most population in Southern California.

Ms. CARSON. Yes. I recognize that that is a challenge, and in not being able to cover ever state as fully as we would hope is a gap that I must address, and I continue to do so. So it is a full and open competition for Veterans' Business Outreach Centers, and the one in Sacramento was quite competitive. I do share your concern that the veterans in Southern California must get the attention and service that they deserve. So I do count on Veterans' Business Outreach Centers, all of them, not just in California, to be excellent resource integrators, to make sure we know of all the resources that are available to veterans both through the SBA district offices in Southern California, the resource partners there, and I will also say that I am finalizing a plan right now to expand the Veterans' Business Outreach Center network because of an increase in appropriation that is not yet final.

Ms. HAHN. Do you have a sense that the Southern California veterans are accessing the resource center in Sacramento?

Ms. CARSON. Yes, I do, but I know I can do more, and because the Veterans' Business Outreach Center mission is tied really, the focus is on transitioning service members. You also have a high number of military installations there, and now I have better data, since we have been running the Boots to Business program, to understand the demand, to understand the existing veteran population and how we can better serve it. So I look forward to making a lot of progress.

Ms. HAHN. Thank you. And I do think we have a great opportunity here because certainly for all of us, just the humane response is to get veterans and others off the streets, into shelter, but long-term, I think we have a great opportunity, whether it is women in minority-owned businesses, veterans-owned. Women veterans is a huge issue, and I think we have a great opportunity to transition them into the idea of being an entrepreneur and starting their own business, and thus really, you know, dictating the outcome of their own lives. So I think you have a real opportunity, and I would like to see you kind of look into this West Los Angeles VA Center and see if that might not be something that you could partner with.

Ms. CARSON. And I would love to tell you if I have just 10 seconds.

Ms. HAHN. You do. You have 11. Oh, 10 now.

Ms. CARSON. Oh, good. We are testing a program that integrates SBA resource with VA medical centers. I am testing it on the East Coast right now in three different sites to work with the VA Medical Center in their Compensated Benefits Therapy Pro-

gram for Entrepreneurs. Some peer-to-peer veteran mentoring to start and launch small businesses, so I am absolutely happy to look at the West LA and test it there as well.

Ms. HAHN. Great. Thank you.

Ms. CARSON. Thank you.

Chairman HUELSKAMP. Thanks. I represent Representative Brat for 5 minutes.

Mr. BRAT. Thank you, Chairman. Thank you both for being with us today.

I taught economics for 20 years to college kids, and so I am interested in all this entrepreneur stuff and I am all in favor of it. But whenever I see entrepreneur development, I almost get a little nervy because Adam Smith is my hero in the invisible hand, and so entrepreneurs are supposed to be the ones who have that precisability to be able to develop new business, see opportunities, take risk, and all that kind of thing. So now that government is going to come into play and train entrepreneurs, my radar goes up. I am all interested. And so make the best case you can for this. But what I really want to know is the Subcommittee is entrepreneur development with an arrow going toward economic growth. We are not doing so hot. Last quarter was 0.7 percent economic growth. And so I think the nation has more fundamental problems, and this is what I want to get to with you. The folks you are seeing, do you see other gaps that we could do a better job of? And my guess is it is K to 12. Right? I have freshmen coming in to my college classes. They do not know what a business is, for real. I have seniors going out sometimes that do not know what a business is. And then you guys get, and I get, and grad schools get people that want to be entrepreneurs; they do not know what a business is. And in higher ed, 90 percent of faculty think business is evil. That is kind of tongue-in-cheek. Right? But some of my colleagues are not in love with business. And so are you seeing any gaps? If we want to do the best thing for the people that are coming to you to be entrepreneurs, I want them to be entrepreneurs. Right? Business is the only shot that kids have. Right? That is the only shot for success. So we all want to make that happen. Are there major gaps in skills and resumes that we can do a better job of so that when they come to you they are ready to go? And I will just kind of set off with that question for both of you, whoever wants to go first.

Ms. MONTGOMERY. Thank you for your question. I think you speak to something that is really interesting in that how do we cultivate an entrepreneurial mindset much earlier? And I think that that is important, because I think it does. K-12 is a great opportunity and a great time to get young people thinking in that way. And at SBA, we have been working on reaching out to millennials because we know that while millennials are the largest age cohort, they are actually starting businesses at a far lower rate than previous generations. And so I do think we have a great opportunity to inject and introduce entrepreneurship earlier than even the millennials. So there is an opportunity there that could help in the long term spur innovation and entrepreneurship here in our nation.

Ms. CARSON. Sir, the population that I serve obviously is not younger than 18 years old, but there are definitely some benefits to veteran experience, and I would say those are assessing risk, discipline, and responsibility for one's actions, and those are essential to running a successful small business. Where I still see room for growth is a focus on business finance and personal finance as well and recognizing the decisions that one makes as a young adult could have serious complications as they try to start and grow a business.

Mr. BRAT. That is good. In turn, anything curriculum-wise, any missing gaps? I mean, I tell my students, look, if you love plays and the arts and music or whatever, good. Follow your passion. Make sure you have got to do that. Right? But minor in accounting. Right? You have got to do both. Right? And do some Excel spreadsheets and learn about web design or whatever. Right? And you just give them this package. And if they do not have it, they are going to be hurting. Any just obvious shortfalls where we have to, I mean, you gave some skills analyzing risk and courage. Those are great virtues, but they are not sufficient. And so what I am trying to get at, what is the minimum in the schools? What can we really focus on to fill in some of these gaps?

Ms. MONTGOMERY. I know that some of our Women's Business Centers, as well as some of our Small Business Development Centers recognize that gap, and they have been engaging from a high school perspective, taking young people through a curriculum that talks about a more entrepreneurial mindset because the likelihood that that young person who is in high school is going to actually start a business; rather, how do we help that individual have the mindset so that whether or not in the future they choose to start a business or they go work for someone, they have an entrepreneurial approach that helps them to be more effective. And in any situation, and in the future, when they come to the point of wanting to start a business, they can pull on what they have learned. And so I know, like I said, we have WBCs and SBDCs that have already begun to provide that type of service through training to young people across the nation.

Mr. BRAT. That is great. I went over time but I was testing you both, and I can tell you both actually like business. So thank you very much. Very good.

Chairman HUELSKAMP. Next, I will recognize Representative Clarke for 5 minutes.

Ms. CLARKE. Thank you, Mr. Chairman, and I thank our ranking member. I thank our witnesses here today.

Ms. Carson, in your testimony, you mentioned the Veteran Institute for Procurement Program, which you note is instructed by private sector experts and government officials. Could you expand a bit more on this program, and how long it has been in place, and what kinds of successes you have achieved?

Ms. CARSON. Yes, ma'am. Thank you for your questions.

I am very proud of this program, VIP. It is, as you said, a Montgomery County Chamber of Commerce foundation, and it has been funning for a number of years, but SBA has been involved as a cooperative agreement for just—we are on our second year. So the format of the program is it is at no cost to the veteran business.

It is at a facility for three days. It is intensive. It is 27 hours of learning, and 80 percent of the attendees say that they make significant changes to their business practices after they have left the program. And the combination of instruction is they are prime contractors who give of their time to give and tell veteran business owners what would make them more competitive, the things that they are not doing that they could be doing, and what the landscape looks like for procurement, which is why it is central to this area where most of those big decisions are made. The agency officials that we bring in, they can be SBA procurement center representatives. They can be independent procurement decision-makers themselves, and they are also leaders like myself, the 8(a) program. So they get a full rounded perspective of everyone who is in the procurement landscape.

Ms. CLARKE. So since your partnership, have you been able to sort of chart successes in actually obtaining contracts from individuals who have attended these intensive programs?

Ms. CARSON. That is at the 1-year point after going to the program. Those members, those participants are surveyed, and we did just receive one, so I am happy to provide that to you.

Ms. CLARKE. Okay. Very well.

Ms. CARSON. Thank you.

Ms. CLARKE. Ms. Montgomery, can you discuss a bit more detail the initiatives that your office has put in place to expand outreach to entrepreneurs, particularly to minority and women-owned businesses in underserved areas?

Ms. MONTGOMERY. Thank you. I would love to.

One program, and it is not really a program, but it is an initiative that we recently launched, and we partnered with the National Association of Government Guaranteed Lenders, recognizing that there are in underserved communities individuals obviously who want to start a business but do not know where to go and they do not have the relationship necessarily with SBA. They have not been introduced to SBA. And so what we have developed in partnership with NAGGL was, or is, called the Business Smart Toolkit. And basically, it is a downloadable—it is on our website—workshop that provides individuals with the basics around starting a business, how to establish strong banking relationships, and then where to connect with the local resources on the ground. And so this was done through a co-sponsorship with NAGGL, and the way that we have been able to deploy this and get it out into the broader community is by partnering with organizations who have those constituencies. So, for example, one of the organizations that we have partnered with is—the 100 Black Men of America is one of our partners. The National Association of Community Latino Builders is another one of our organizations that we have partnered with. So we have tried to partner with faith-based and nonfaith-based community organizations to make them aware of this resource that they can download to host a workshop, and then on how they can connect with our SBA district offices and how they can connect with a lender to come in and speak to their constituents.

Ms. CLARKE. So that initiative seems to be a one-way initiative. How do you judge whether you have met success in connecting them with the lenders? Because that is the ultimate goal; right?

Ms. MONTGOMERY. Yes. So with that particular effort, I like to say the goal is to educate and connect. And so in the Business Smart Toolkit, we provide them with guidance on how to host a workshop. And what we say is, it is three modules and we say as the host organization, you deliver the first module. And then the second module, which is about banking relationships, we provide them with contact with NAGGL, and we say contact NAGGL and they will identify a lender who will do the second module. And then we connect them with our SBA district offices, who will then deliver the third module. So that is how they are getting directly connected with SBA as well as with a lender.

Ms. CLARKE. Have you been able to get a sense of how much this is being utilized, what kind of feedback you are getting on the ground in terms of the modules, and how that connects to the small business community in those particular areas?

Ms. MONTGOMERY. We recently launched the Business Smart Toolkit in October of this year, and so it is just getting—I am sorry, October of last year. Excuse me. So it is just getting out into the broader community. And so, but the feedback that I have heard has been great. That people really like the information. That those organizations who are downloading it and using it, that they feel like the content is written at the right level. That it really does help them to connect their constituents with our resources, with SBA and with bankers. So we are getting great feedback, but it is still new.

Ms. CLARKE. Still young.

Ms. MONTGOMERY. Yes.

Ms. CLARKE. Okay. Thank you, Mr. Chairman. I yield back.

Chairman HUELSKAMP. Thank you, Subcommittee.

I want to follow up though on one last question. I am trying to understand, Ms. Montgomery, your statement about your authorization for the grants, the competitive grants, and if you provide Committee documentation of your understanding where you have that authority, and I also remind you of the request for your performance metrics and the data that you are using for comparative purposes. But it is evident to me that both this Subcommittee and the SBA want to bolster the growth and development of entrepreneurs. However, our main concern that mismanagement at the SBA is resulting in the prioritization of its own initiatives, rather than ensuring scarce taxpayer dollars are carefully spent on the most effective programs with proven metrics.

I hope that today's hearing will inspire the SBA to reexamine their efforts to truly align with GAO's recommendations and benefit our small businesses.

And last, I ask unanimous consent that members have 5 legislative days to submit statements and supporting materials for the record. Without objection, so ordered. This hearing is now adjourned.

[Whereupon, at 12:02 p.m., the subcommittee was adjourned.]

A P P E N D I X



U.S. Small Business Administration

TESTIMONY of

TAMEKA MONTGOMERY

Associate Administrator, Office of Entrepreneurial Development
U.S. Small Business Administration

House Small Business Committee

Subcommittee on Economic Growth, Tax, and Capital Access

Tuesday, February 2, 2016

Chairman Huelskamp, Ranking Member Chu, and members of the Subcommittee, thank you for inviting me to testify before you about the SBA's Office of Entrepreneurial Development and my oversight of its encompassing programs.

The Office of Entrepreneurial Development represents the third leg of SBA's support to entrepreneurs by ensuring that relevant and effective technical assistance, counseling, mentoring and training is delivered to our nation's small business owners. To accomplish this, my office is responsible for programmatic oversight of the Small Business Development Centers (SBDC), Women's Business Centers (WBC), and SCORE programs as well as other targeted entrepreneurial support initiatives such as Emerging Leaders, Regional Innovation Clusters, The Learning Center, and ScaleUp America. Our aim through the entirety of our programs and initiatives is to ensure that our nation's entrepreneurs find our services responsive and relevant to their needs of starting and growing successful small businesses. Research shows that 70% of small businesses that receive assistance survive more than five years. I applaud the House and Senate Appropriations Committees' recognition of the critical role business assistance programs play in the success of small businesses through their support of SBA's budget.

As a former SBDC center director, I would often counsel my small business clients that they couldn't be all things to all people. However, as stewards of public resources, we understand that we must meet the changing and varying needs of America's dynamic entrepreneurial community of 28 million small businesses. The diversity of our programs is reflective of this aim. Each program has a unique value and plays a key role in ensuring a strong entrepreneurial ecosystem.

As America's economy innovates and evolves, so do the needs of America's entrepreneurs. The most recent data from the Census Bureau tells us that the number of women-owned businesses has grown at a rate four times that of male-owned businesses in recent years, and they now represent 36% of our nation's businesses. However, while more women are starting businesses, 90% of their companies don't have a single paid employee and only 1.7% generate \$1M or more in gross receipts. This is where our Women's Business Centers step in to serve a unique purpose by providing services that speak to the particular needs and challenges of women entrepreneurs. WBCs offer women entrepreneurs a community of support and services that encourages their growth and business success. Currently, SBA manages 108 women's business centers that train and counsel over 140,000 clients annually. Unlike any of our other programs, the WBCs' core mission is to empower low-to-moderate income women to become entrepreneurs. Our WBCs play a critical role in helping to level the playing field for women entrepreneurs who face unique obstacles in the world of business.

In 2015, our Office of Women's Business Ownership launched InnovateHER, a national effort designed to identify and showcase products and services with potential for commercialization that

have a measurable impact on the lives of women and families. This year this effort involved more than 200 organizations that hosted InnovateHER pitch competitions across the nation. Additionally, in 2015 our office partnered with the Association of Women's Business Centers to develop the first ever survey to capture the outcomes of all WBC services. Results from this survey will be published later this year, and the insights gained from the survey will be used to guide OED in our management and oversight of the WBC program.

SCORE, our office's longest-standing program, has been providing mentorship to business owners for more than 50 years. SCORE is powered by a corps of 11,000 volunteer mentors, most of whom have had successful careers in the private sector as executives and business owners. A SCORE mentor plays a critical role in helping to fill the knowledge gaps that entrepreneurs encounter as they start and grow their businesses. SCORE volunteer mentors volunteer more than 2,246,400 hours to 349,539 clients in fiscal year 2015. Starting off in business or even tackling a new business challenge can feel like driving along a road through a dense fog; you can barely see shapes and you're straining to get clarity. Our SCORE mentors come alongside the entrepreneur to help guide them and they clear that fog so that the entrepreneur can see what's ahead.

In 2015, the Small Business Development Centers (SBDCs) placed greater priority on helping long-term clients, who, we have found, achieve the highest business outcomes. SBDCs are uniquely suited to deliver long-term advising through ongoing one-on-one business services tailored to the needs of the individual business owner. The average time spent per client increased by 2.5% in 2015 and business outcomes have also increased. SBDCs' business advisors helped clients start more than 13,000 new businesses and provided training and advising to over 450,000 entrepreneurs of which 61,000 were "long-term" clients who received 5 hours or more of face-to-face time with their advisor. SBDCs across the country continued to focus on programs and services designed to help underserved markets, emphasizing inclusive entrepreneurship along with the already vast array of services provided to their local small business markets.

As I stated previously, the entirety of our programs are designed to meet the changing and diverse needs of entrepreneurs across the lifecycle of a small business.

Since 2007, the Emerging Leaders program has sought to provide executive level training to entrepreneurs who come from underserved and underrepresented communities. Over the eight years that this program has existed, it has graduated more than 3,300 executives providing them with more than 100 hours of training per cycle. In 2015, we focused on expanding the program from 24 to 48 sites. We also focused on expanding outreach to attract a diverse group of participants. This year we will again expand the program to add five more communities. Our recent data shows that 88% of participants maintained or added an average of 3 net new jobs. Additionally, these businesses provided a median annual salary for new employees of \$40,000 and an average salary of \$74,000.

In addition, 39% of participants reported successfully securing financing for the businesses.

Building on the success of Emerging Leaders as a cohort-focused program, we launched ScaleUp America in 2014 to fill a gap of business assistance needs of smaller growth oriented entrepreneurs. These businesses are beyond start up and have a desire to grow but need targeted programming and assistance specifically focused on the unique needs and challenges of scaling a business. Additionally, this initiative has a particular focus on reaching underserved and underrepresented entrepreneurs.

Although women and minorities represent the fastest growing segments of new entrepreneurs nationally, their ventures are generally smaller and experience far less success in terms of revenue and employee size. The most recent data from the Census Bureau shows that the average annual gross receipts of a woman owned business is \$144,000, with businesses owned by Black and Hispanic women generating \$28,000 and \$53,000, respectively. By comparison, businesses owned by men generate an average of \$638,000 in annual gross receipts. To further illustrate this need, minority owned businesses generate on average \$174,000 in gross receipts as compared to non-minority owned firms which generate \$552,000 in average gross receipts. Often these entrepreneurs lack access to growth capital, sufficient business networks, and the necessary management advice and training to increase their chances of success. The goal of ScaleUp America is to equip more high potential, growth oriented entrepreneurs with the right tools to overcome these barriers to growth. To serve this segment of the entrepreneurial marketplace, we have partnered with organizations with a keen commitment and focus on strengthening these entrepreneurs. In 2015 with the initial launch of the initiative, we also embarked on our first ever economic impact evaluation of this initiative. We have secured a third party evaluator that is not only capturing data on ScaleUp participants, but also a group of comparable small businesses that have not received the services of ScaleUp. The findings from this evaluation will be used to improve the effectiveness of this initiative as well as provide us with a model in which we will evaluate other programs that we manage.

Small businesses drive innovation and play a critical role in local economic development. However, as local economic development efforts seek to build on their region's assets by encouraging industry clusters, small businesses face challenges navigating and gaining access to opportunities within the cluster. Our Regional Innovation Clusters (RICs) play a critical role in connecting businesses, suppliers, service providers and related institutions within a defined cluster. They ensure that local clusters are inclusive of small businesses so that they can effectively leverage the cluster's assets to commercialize new technologies and expand into new markets. The portfolio of SBA clusters ranges from smart grid technology in Illinois to flexible electronics in Northeast Ohio to advanced defense technologies in San Diego, California. In 2015, we funded three new clusters, increasing our portfolio from eleven to fourteen, adding an autonomous and unmanned systems cluster in both Southern Kansas and Oklahoma, a bioscience and technology cluster in

St. Louis, Missouri and a wood products cluster in a coal affected community in Appalachian Ohio. While the makeup of our clusters is unique to each industry, they all seek to provide small business participants with services such as technology commercialization assistance, business development support, avenues to access capital, and networking opportunities with other cluster stakeholders.

We take seriously our role as a steward of government resources and we want to ensure that our programs are producing the intended outcomes. Last year, we expanded our unit dedicated specifically to implementing and overseeing our data collection, program evaluation, and compliance efforts. Moreover this past year we worked closely with our partners—the SBDCs, WBCs, and SCORE—to implement a collaborative evaluation methodology. Through this work, all partners agreed upon common measures that are defined and tracked in a consistent and uniform manner which are the basis of all future evaluations. These common measures are jobs created/retained, gross sales revenue, new business starts, capital obtained, customer service, and client demographics. This will provide all partners with a consistent way to communicate results with stakeholders.

I hope I have given you a good picture of our thoughtful approach to program management, development, and evaluation which demonstrates our responsiveness to the diverse needs of today's entrepreneur.

Thank you for the opportunity to testify before you today. I look forward to answering any questions you may have. Thank you.



U.S. Small Business Administration

TESTIMONY of

BARBARA CARSON

Associate Administrator, Office of Veterans Business Development
U.S. Small Business Administration

House Small Business Committee

Subcommittee on Economic Growth, Tax, and Capital Access

Tuesday, February 2, 2016

Chairman Huelskamp, Ranking Member Chu, and distinguished Members of the Subcommittee, thank you for the opportunity to testify today on the U.S. Small Business Administration's (SBA) continuing efforts to empower veteran entrepreneurship and small business ownership through programs and policies that maximize the availability of SBA services for veterans, Service members, and their spouses.

Our program and policies target our nation's heroes and job creators, and we are grateful for the continued support of the House Small Business Committee and this Subcommittee. We look forward to sharing our successes with you and addressing your questions.

As small business owners, veterans continue to serve our country by creating critical employment opportunities and driving economic growth. They possess the skills, discipline, and leadership to start and operate successful businesses in their communities. Nearly one in ten small businesses is veteran-owned.

Remarkably, though the overall number of veterans declined significantly between 2007 and 2012, the participation of veterans in business ownership was persistent according to the 2012 Census Survey of Small Business Ownership. During that period the overall number of veteran owned firms increased at a faster rate than non-veteran owned firms. We also note that between 2007 and 2012 the number of women veteran-owned firms increased by nearly three hundred percent. All of this data may indicate strong entrepreneurial activity among the post 9/11 era of veterans.

My office is strongly encouraged by the trends in veteran entrepreneurship and is fully engaged in supporting them with quality programs and thoughtful policy initiatives covering SBA's primary mission areas of counseling and training, access to capital, and access to contracting opportunities.

Counseling, Training, and Transition Services

In fiscal year 2015 over 60,000 veterans received training and counseling from SBA's fifteen Veterans Business Outreach Centers (VBOC). A prominent and enduring focus of the VBOC program is providing transition services via SBA's administration of the Entrepreneurship Track of the Department of Defense's Transition Assistance Program (TAP)—known as Boots to Business.

Working through the Interagency governance of TAP, and with our partners support, we were able to deliver Boots to Business (B2B) to over 14,000 transitioning service members and military spouses in fiscal year 2015, and over 35,000 since the program's launch January 1, 2013. Through an efficient and effective cooperative agreement with the Institute for Veterans and Military Families at Syracuse University, we provide these services to those service members disadvantaged by having to transition from an overseas installation. This year we reached several program milestones: 1) We increased the percentage of modules being taught by our VBOCs 2) We implemented a B2B-specific outcomes assessment survey to determine the number and rate of business formation

among participants and get their feedback on quality and future service needs; and, 3) We implemented an outreach campaign to increase the awareness and participation of military spouses as well as service members seeking to prepare for transition earlier in their careers as part of the Military Life Cycle model. And, working with the Congress and our partners, we are proud to now offer B2B to veterans of any era and their families; with a program extension we call Boots to Business: Reboot.

SBA also supports comprehensive entrepreneurial development programs specifically designed for women veterans and service disabled veterans. Over 65% of the graduates of these programs have started their own business.

ACCESS TO CAPITAL

In FY 2016, SBA will sustain the SBA Veterans Advantage program and waive fees for veterans and their families qualifying for SBA Express 7(a) guaranteed loans of \$350,000 and below and reduce fees by half for SBA 7(a) guaranteed loans between \$150,001 and \$5 million. In 2015, lenders utilized the SBA's 7(a) & 504 loan programs to make 3,354 loans, totaling over \$1.38 billion to veteran owned businesses—an 80% increase over 2014.

CONTRACTING

And, in the area of Federal Contracting, the Federal Government in 2014 exceeded the 3% goal for contracting with Service Disabled Veteran Owned Small Businesses for the third straight year. In 2016, OVBD is expanding its engagement strategy with Offices of Small and Disadvantaged Business Utilization in our sister agencies to ensure the service disabled veteran small businesses opportunities continue to grow.

OVBD empowers veteran entrepreneurs who seek federal procurement opportunities by building their capacity to compete and win contracts. SBA, through a cooperative agreement with the Montgomery County Chamber of Commerce Foundation, supports the Veterans Institute for Procurement program (VIP). VIP is an accelerator-like in-residence educational training program for veteran-owned businesses, instructed by private sector experts, government officials, and agency representatives.

Thank you for the opportunity to testify before your committee today. By supporting our work you are mandating that the United States Government does all it should to provide the American dream of business ownership to those that fought and continue to fight every day to protect it.

Ken Yancey
Chief Executive Officer
SCORE Association

Statement to the
Small Business Committee
United States House of Representatives
February 10, 2016

Chairman Chabot, Ranking Member Velázquez, and members of the committee: my name is Ken Yancey and I am the CEO of SCORE. Thank you for the opportunity to offer testimony regarding the proposed 2017 budget for the United States Small Business Administration (SBA). Thank you as well to the SBA for your continued support.

First and foremost, I wish to thank you for supporting SCORE's 2016 appropriation of \$10.5 million. We are very grateful for the \$2.5 million increase in funding. This money is immediately impacting the small businesses owners that SCORE volunteers serve in their local communities every day, resulting in business creation and job growth.

Specifically, the increased funding is being used to make the following improvements:

- Client services:
 - Developing and implementing a methodology for recruiting volunteers from within our client base, through the web and other referral partners.
 - Developing new physical and virtual chapters to support underserved markets, such as rural areas, the inner-city, and those markets with diverse races, ethnicities and genders.
 - Developing and implementing new processes for chapters to attract new constituencies and broaden our client base in local markets.
- Volunteer training and education:
 - Developing and implementing client mentoring and training tools to improve client service quality.
 - Building and promoting a comprehensive database of all SCORE mentors' skills and capabilities that is instantly accessible, to better serve clients' unique needs.
 - Expanding SCORE's National Leadership Conference to all SCORE leaders, to improve networking and sharing of best practices for client success.
- Marketing and Communications:
 - Developing and implementing local chapter marketing initiatives, including referral and word-of-mouth campaigns.
 - Forming joint-marketing initiatives with national and local partners.
- Technology and Website:
 - Developing and implementing an electronic mentoring platform to include Skype/Google Hangout mentoring, email mentoring and chat mentoring.
 - Developing "Virtual Centers of Excellence" that support entrepreneurs with specific needs.

- Staffing:
 - Adding one field operations position to support volunteer mentors and chapter operations.

Based on the impact demonstrated below, SCORE respectfully requests level funding at \$10.5 million in fiscal year 2017. SCORE will use funds to continue its efforts to serve more clients, improve mentoring and administrative quality and finally to attract, support and maintain one of the finest volunteer corps ever assembled.

SCORE is a uniquely American organization that synthesizes two historic national ideals: entrepreneurial spirit and volunteerism. Since 1964, SCORE has provided expert volunteer mentoring to more than 10 million entrepreneurs and small business owners. Small businesses account for 99.7 percent of all employer firms and generate more than 50 percent of the non-farm private gross domestic product. They employ more than half of all private sector employees. In this way, these small businesses are the engine of America's job creating economy, the fabric of our local communities, and the embodiment of the American dream.

SCORE's Impact on Small Business and the Economy

In FY2014, SCORE helped its clients to create more than 56,000 new businesses and add 47,000 new jobs to the American economy. SCORE also grew revenue in more than 107,000 existing businesses.

- In FY2015 more than 500,000 clients were served by SCORE's mentoring and educational programming.
 - 157,000 mentoring requests were fulfilled in FY2015. SCORE volunteers provided more than 1.2 million total hours helping entrepreneurs succeed.
 - 225,424 local workshop attendees took advantage of SCORE's educational programming in FY2015.
- Believing in the importance, value and power of diversity, SCORE strives to attract a volunteer corps, staff, board and clients of varied race, gender, ethnicity, geography and experience.
 - 56% of SCORE's FY2014 clients were women; 39% were minorities; 13% were veterans; 10% were people with a self-identified disability.
- Believing that small business owners who are lifetime learners adapt to change more readily, remain relevant and achieve personal satisfaction and growth, SCORE has dedicated a large portion of the www.score.org website to providing educational resources for clients. 2,500,000+ unique visitors accessed the score.org website during FY2015, utilizing 24/7 online mentoring, and thousands of expert resources and business tools.
- The SCORE national office provides ongoing workshops in both live webinar formats and on-demand training housed on the www.score.org website. More than 260 past workshops are recorded on the website and searchable by topic and industry.
- Weekly live webinars (an average of 55 per year) are presented by SCORE Mentors, sponsors and subject matter experts at least once per week. Designed to complement local workshops provided by SCORE chapters, these webinars reach

areas that lack robust workshop programs, as well as audience members who prefer to learn virtually.

- 104,809 people attended SCORE's online workshops in FY2015. Of these attendees, 76,545 people accessed archived versions of the webinar, while 28,264 watched live. On average, 28% of those attendees then request mentoring services from SCORE.

SCORE remains the most efficient and effective business formation and job creation engine funded by the Federal Government. Our cost to create a job is estimated at \$148, while the cost to create a business is just \$125. This efficiency in creating jobs and businesses provides a tremendous return on all federal dollars invested, and, in fact, makes money for the American taxpayer.

- In FY2014 alone, SCORE clients returned an estimated \$60 in new tax revenue to the federal treasury for every \$1 appropriated to SCORE. This efficiency far exceeds the return on investment generated by any other job creation initiative or business creation initiative funded by the federal government.
- SCORE maximizes every dollar received from the federal government, because our 11,000+ mentors and field managers are all volunteers. Many of them small business owners themselves, these volunteer mentors operate 305 chapters across the United States.

Client Satisfaction

Throughout SCORE's 52 years of operations, the central guiding principle of client satisfaction has remained unchanged. The client experience is considered the truest measure of our mission and our service. Over the past six years, SCORE has been able to determine the rate of client satisfaction through data-driven measures that focus on service (outputs), as well as quality and impact (outcomes). At the foundation of this organizational focus on data are three key goals and programs: 1) Service Quality Improvement 2) Client Relationship Management and 3) Impact Measurement.

SCORE continues to shift from defining itself as a "volunteer service organization" to a "business organization led by volunteers." It strives to manage chapter operations like a business, and focuses on quality service metrics, including client engagement and Net Promoter Scores (NPS). NPS measures client satisfaction based on the quality of the client-mentor relationship. The survey is issued after a client's first and fifth mentoring sessions. The results are used to identify and promote best mentoring practices and measure a client's willingness to recommend SCORE services to others.

Net Promoter Scores indicate that the vast majority of clients are extremely satisfied with SCORE services. IN FY2015, SCORE had an NPS score of 80.4, a 3.8% increase from FY2014.

Each year, SCORE issues a Client Engagement and Impact survey through Price Waterhouse Coopers. Recent results have included the following:

- In FY2015, 84% of clients stated that they are, "Willing to recommend SCORE," a 2% increase from FY2014.
- 77% of FY2015 clients agreed with the statement: "SCORE helped me," a 3% increase from FY2014.
- 33% of FY2015 clients indicated having started a business because of the help they received from SCORE mentors.
- SCORE's overall client engagement rate in FY2014 was 4.02 on a 5-point scale, an increase from 4.0 in FY2012.
- SCORE's overall client satisfaction has improved for 6 consecutive years
- SCORE is grateful for the support of Constant Contact. Through the SCORE Foundation, Constant Contact has funded SCORE's client satisfaction research for the last 6 years.

Media Buzz

SCORE builds awareness for the education resources it offers through earned and organic media outreach, public service announcements, online promotions and social media engagement with small business owners.

- Media coverage of SCORE had a potential exposure to 13 billion readers or viewers in FY2015, with an average of 775 stories per month.
- SCORE connects with small business owners across several social media channels, including Facebook, Twitter, LinkedIn, YouTube, GooglePlus and Pinterest and Reddit.
 - SCORE's Facebook page earned 200,000+ impressions per month, with an average of 11,000 engagements per month.
 - SCORE's Twitter account has 30,000+ followers and reached 4.5+ million audience members per month.
 - SCORE's YouTube channel commanded 302,000+ views.

Volunteer Corps

SCORE's corps of 11,000 volunteer mentors has a profoundly positive effect on SCORE's clients, as well as the communities housing these small businesses, and extending to the greater society. By creating meaningful, and often long-term relationships with our clients, SCORE mentors help clients to start new businesses or operate existing small businesses more efficiently, effectively and with greater success. Mentors provide the personal experience, practical knowledge and emotional support that clients need to thrive in the small business arena, offering information and strategies for improvement. In SCORE 80% of mentoring is still accomplished face-to-face, while 20% takes place online or over the telephone. As mentors take the extra time to closely listen to clients, they understand each business's unique needs and challenges, resulting in a transformational relationship, as opposed to a merely transactional relationship.

SCORE recruits more than 3,000 new volunteers annually, 12 percent of whom are former clients. New volunteers go through an online on-boarding process that includes a mentoring certification. Starting 1/1/16, every SCORE volunteer mentor is now required to complete a certification course on mentoring best practices, ensuring that clients receive the best possible service.

For the past four years, SCORE has used a Volunteer Engagement Survey to measure satisfaction and gather insights on how to improve the volunteer experience. SCORE mentors report a high degree of satisfaction with their volunteer efforts, expressing that they know they are having a positive impact on their local communities. Mentors enjoy membership in a prestigious group with a proven track record of success, and they appreciate mentoring as a lifelong learning opportunity that allows them to give back. Volunteer engagement has improved each year since the survey was implemented.

Diversity

SCORE's commitment to diversity among its client base—expressed above in the “Impact on Small Business and the Economy” section—extends with equal passion to its recruitment of volunteer mentors. Celebrating diversity in personal demographics as well as diversity of thought, SCORE looks to engage mentors from varied backgrounds. 26% of SCORE's FY2015 volunteers were minorities, a significant increase from 13% in FY2012. 17% of FY2015 volunteers were women, as compared to 13% in FY2012. The average volunteer age has decreased from 72 in FY2012 to 67 in FY2015, reflecting SCORE's increased efforts to recruit active, as well as retired entrepreneurs.

This increase in diversity among SCORE volunteers is reflected on SCORE's FY2014 paid staff, of which 60% were women and 38% were minorities. On the SCORE Board of Directors for FY2014, 50% were women and 31% were minorities.

SBA Relationship:

SCORE was originally founded by the U.S. Small Business Administration (SBA) in 1964 and has since been a resource partner with the SBA for 52 years. Our relationship is collaborative.

SCORE is pleased to collaborate and support the SBA in a variety of initiatives:

- Boots to Business: SCORE mentors have taught 1,554 modules since its inception.
- Emerging Leaders
- National Small Business Week
- SBA District events

SCORE works closely with other SBA resource partners including the Small Business Development Centers, Women's Business Centers, Veteran Business Centers, SBA District Offices and other resources from local, state and federal entities.

Other Partnerships

SCORE's corporate partnerships and sponsorships endow special projects that benefit small business owners.

Sam's Club

A generous grant from Sam's Club allowed SCORE to launch the American Small Business Championship. Now in its second year, the 2016 Championship will award 102 small businesses – two in every state and the District of Columbia – for their dedication to the success

of their business. The Small Business Champions will receive a \$1,000 Sam's Club gift card, an all-expense-paid trip to a SCORE regional training event, SCORE mentoring for one year, and publicity throughout the year showcasing each Champion's story. One Grand Champion will be selected from the group of 102 Champions to win \$25,000. A judging panel of small business experts will name the Grand Champion based on how effectively they utilize the Sam's Club gift card and the SCORE regional training events.

The Ewing Marion Kauffman Foundation

SCORE has partnered with the Ewing Marion Kauffman Foundation for a Virtual Mentoring Partnership. The grant will help SCORE research how volunteer mentors' core capabilities can work effectively using videoconferencing technology. Virtual mentoring will expand the reach of SCORE mentoring by serving more entrepreneurs who live in remote locations or juggle full-time work with starting a business.

MassMutual

MassMutual has worked with SCORE for more than five years. Both MassMutual and SCORE share a commitment to providing education, training, access and resources to multi-cultural small business communities. MassMutual has supported enhancements to www.score.org with tools, templates and content—all provided in Spanish. In addition, MassMutual has provided training and resources for SCORE Volunteers and small business owners. SCORE and MassMutual are also partners in delivering educational events for Hispanic Small Business Owners—Su Negocio—as supported by The Hispanic National Bar Association.

Verisign

Verisign is now sponsoring SCORE's Virtual Conference, an online platform for hosting a variety of educational events and sessions. The goal is to reach audience members who cannot attend these types of events in person. In addition, the platform provides instant access to SCORE mentors for "speed mentoring," which is brief question and answer sessions. SCORE's Virtual Conference also allows participating sponsors to ask questions about their products and services that can help to improve their business. The first conference will launch in May, with sessions recorded and available on demand.

Future Planning

As SCORE plans for the future and strategizes growth opportunities, overarching goals include adding locations and increasing capacity, identifying high-growth clients, systematically engaging the SCORE community, and improving the quality of mentors and of the client to mentor matching process. Specific future planning includes the Strategic Plan, the Futures Plan and certification.

Strategic Plan

SCORE has developed a Strategic Plan for 2015-2017 designed to improve organizational quality at all levels. The main objectives are:

Strategic Objective 1: Grow the number of new clients using SCORE.

- S 1.1 Increase awareness of SCORE, as indicated by the number of web visits, and answers to a brand awareness survey.
- S 1.2 Increase new clients of SCORE through national marketing and promotion efforts, as indicated by total new mentoring requests via www.score.org and total online workshop attendees.
- S 1.3 Increase new clients through local chapter marketing and referral relationship building, as indicated by new unique clients and the number of new local referral relationships.
- S 1.4 Develop new clients and relationships in underserved markets and existing channels, as indicated by the number of new national relationships, client diversity (race, ethnicity and gender) and client demographics (age, segment and geography).
- S 1.5 Improve lead-to-client conversions, as indicated by online conversion (defined as website leads that translate to client requests) and clients who have not yet been mentored receiving mentoring.

Strategic Objective 2: Improve quality at every level (mentoring, administrative, leadership, recruiting, and education/services).

- S 2.1 Provide quality tools, products and services to meet the needs of the client, as indicated by the number of new products, tools and services, the post-webinar survey, Net Promoter Score and the client engagement survey.
- S 2.2 Increase total clients through relationship building, as indicated by the percentage of long-term versus one-time clients.
- S 2.3 Develop and disseminate on-going training to improve SCORE services, as indicated by the percentage of certified mentors, the number of new training programs with participation goals and the Volunteer Engagement Survey.
- S 2.4 Recruit and retain the highest quality volunteers, as indicated by the number of new volunteers, the individual volunteer Net Promoter Score and diversity.
- S 2.5 Identify and cultivate the highest quality volunteer leaders, as indicated by Chapter Chair and District Director Questions in the Volunteer Engagement Survey and the Leader SCOREcard.
- S 2.6 Build, align, engage and motivate the national office to anticipate and respond to stakeholder needs, as indicated by 360 reviews of CEO and senior staff and the Volunteer & Staff Engagement Survey data.

Strategic Objective 3: Develop a culture nationwide that supports SCORE's values, beliefs and actions.

- S 3.1 Clearly define and develop understanding of SCORE's values across the entire organization, as indicated by volunteer engagement.
- S 3.2 Create an environment that is consistent with SCORE's values, as indicated by Volunteer Engagement Survey and Client Engagement Survey data, increased diversity among SCORE volunteers, and the number of chapters with set and achieved goals, based on market demographics for volunteers.
- S 3.3 Create an environment of accountability, as indicated by volunteer-level Net Promoter Scores, chapter-level client engagement scores and minimum standards met.

Strategic Objective 4: Develop sustainable funding.

- S 4.1 Develop multiple private funding channels, as indicated by total funds raised and the percentage of funding raised by new channels.
- S 4.2 Achieve sufficient federal funding to reach goals, as indicated by the total funds appropriated to SCORE.
- S 4.3 Ensure all funds are spent in pursuit of SCORE's mission, as indicated by budget approval and by Form 3 (changes in chapter cash balances and reported usage of funds by pre-defined areas/buckets).

Futures Project

In May 2015, the SCORE Board of Directors started a Futures Project that attempted to analyze the next two decades of changes in small business, entrepreneurial education, adult learning, volunteerism and nonprofit management. We believe that small business will remain critical to our country's economic success. We believe that SCORE will need to meet the future needs of our clients through a connected network of relationships and resources, both inside and outside of SCORE to help small businesses thrive. To accomplish our desired future state, our volunteer mentors will become part of this connected network. They will use their knowledge and resources along with the network's resources to serve clients more efficiently and effectively. These relationships strengthen all aspects of the small business community: SCORE's small business clients, its strong corps of mentors and other volunteers, its local presence in communities and relationships with its growing number of partners. Mentoring will continue to be SCORE's primary means of supporting and guiding small businesses, and an improved network will provide clients with greater access to specialized expertise and resources.

In order to implement these future plans and best serve our clients in the coming year, SCORE respectfully requests level funding in FY2017 at \$10.5 million, equal to the FY2016 appropriations.

SCORE is scalable, with a relatively small investment, and can provide even greater value to the federal taxpayer, and to our country's economy. For this reason, level funding is thoughtfully requested, despite the difficult economic environment. These funds would be maximized to serve and support our clients by growing our volunteer corps, expanding our reach, and creating even greater economic impact in communities across the country.

SCORE exists to help entrepreneurs achieve their dream of success, and to strengthen the economy of this great nation. We appreciate the support of this committee, as well as your personal support of SCORE.

I would be pleased to answer any questions you may have, and to provide any additional documentation as requested. Thank you, again, for this opportunity to testify.

Respectfully submitted,

Kenneth Yancey
CEO
SCORE Association

