

SBA MANAGEMENT REVIEW: OFFICE OF FIELD OPERATIONS

HEARING BEFORE THE COMMITTEE ON SMALL BUSINESS UNITED STATES HOUSE OF REPRESENTATIVES ONE HUNDRED SIXTEENTH CONGRESS SECOND SESSION

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WEDNESDAY, JANUARY 29, 2020

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Committee met, pursuant to call, at 11:34 a.m., in Room 2360, Rayburn House Office Building. Hon. Nydia Velázquez [chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Finkenauer, Golden, Kim, Davids, Chu, Veasey, Evans, Schneider, Delgado, Craig, Chabot, Burchett, and Bishop,

Chairwoman VELAZQUEZ. Good morning. The Committee will come to order.

Today, the Committee will examine the management and performance of SBA's field operations, which serve as SBA's "boots on the ground" across the country and are vital in connecting small business owners with the resources they need to succeed. SBA's programs and services are delivered throughout 68 district and 10 regional offices located across the United States and its territories.

At the top of the field structure is the Office of Field Operations (OFO), headed by today's witness, Associate Administrator Michael Vallante. Welcome, Mr. Vallante.

OFO serves as the representative for four field offices at SBA headquarters in Washington, D.C. Among other responsibilities, OFO establishes and monitors district offices' performance goals, and provides policy guidance to help district offices implement the Administration's priorities uniformly throughout the country.

District offices provide critical business development assistance to entrepreneurs and small-business owners. They also work with lenders to facilitate small businesses' access to capital. Additionally, they help ensure compliance with SBA program requirements, such as those for the 8(a) business development and HUBZone programs.

Field staff regularly interact with small businesses in local communities to promote SBA's mission. In recent years, district offices have conducted more than 20,000 outreach events annually, such as lender trainings, workshops, and career fairs.

I applaud the hard work of SBA's field staff and their ability to do more with less, but they and their small business customers are currently facing a number of challenges. First, I am concerned over the reductions in full-time equivalents, or FTEs, over the years. According to SBA, there are currently 687 employees in the regional

and district offices, compared to 813 in fiscal year 2014, a 15 percent reduction.

While I understand the constraints the agency must be facing due to level funding of the salaries and expenses account over the past years, I would like to learn more about how this reduction in force is affecting your operations and the services being provided to our small businesses.

On another note, district offices are required to collect and report data on their outreach events and activities, so that SBA may track the performance of each office. However, SBA stopped using its reporting system in July 2019 due to budget constraints and began using a temporary reporting tool. I hope to hear more today about how OFO is currently capturing and evaluating this important data.

Relatedly, I was troubled to see a report from the Office of the Inspector General (OIG) that found SBA lacked sufficient controls over district offices' performance data. The OIG concluded that district directors did not use performance data to strategize where to target outreach initiatives, which may limit SBA's ability to service under-served areas. The OIG also cautioned that OFO lacked an established process to evaluate customer feedback on the services provided by district offices.

Without assessing customer feedback regularly, capturing performance data accurately, or reporting outreach activities correctly, SBA will not be able to maximize its programs' impact. We are also concerned over the lines of communication, or lack thereof, between headquarters and the district offices that was brought to our attention by a recent GAO review of SBA's HBCU initiative. Troublingly, GAO found that SBA headquarters failed to communicate its fiscal year 2018 plan to promote HBCUs to district offices, including those with HBCUs in their service areas. As a result, field staff were unaware of SBA's goals for engaging with HBCUs. The lack of communication about HBCU engagement is particularly troubling, and I hope to learn more about the steps OFO is taking to ensure this does not happen again.

SBA's field team serves on the front line of the effort to deliver high-quality services to small businesses and entrepreneurs. Simply put, a well-functioning field team is vital to the success of SBA's mission.

It is, therefore, imperative that district offices receive the resources they need to succeed; that SBA's field operation is structured logically; and that SBA headquarters communicates its goals and policies to the field team clearly.

Mr. Vallante, I hope we hear more today about whether SBA leadership is satisfying each of these goals.

I now would like to yield to the Ranking Member, Mr. Chabot, for his opening statement.

Mr. CHABOT. Thank you, Madam Chairwoman. And thank you for holding this hearing today.

When a lightbulb goes on and an idea becomes a business venture, questions of what to do next often challenge an entrepreneur. Similarly, when an existing small business confronts a hurdle they have not yet scaled, they are hoping to find assistance in overcoming their challenge. Confronting tough questions or tough situa-

tions in the world of a small business owner is commonplace. When facing roadblocks, some small businesses sometimes turn to family or friends or acquaintances or the Internet or the resources available to them at the U.S. Small Business Administration (SBA). This important hearing will explore the office at the SBA charged with executing and implementing many of the resources available to small businesses, entrepreneurs and startups. The Office of Field Operations, which oversees 68 district offices and works closely with 10 regional offices, delivers answers to the questions facing many small businesses across the country. From contracting to counseling to capital access, the SBA's Office of Field Operations supports small businesses in determining their next move. The office also acts as a customer service unit that connects America's hardest working companies with the SBA's resource partners, such as SBDCs or WBCs.

The office employs the experts on the ground who deal with small businesses in a daily basis. In their quest to help small businesses, they are often the first to hear their complaints. They are also enlisted to jump into action to assist victims during and after a disaster by setting up recovery centers. These offices are the eyes and ears on the ground for the Federal agency charged with helping small businesses grow, expand, and most importantly, create jobs for Americans.

I am looking forward to hearing from the associate administrator of this office today. The offices that he oversees must be as nimble and as quick as the small businesses that populate Main Streets all across America. Additionally, these offices must utilize technology to meet the needs of America's 21st Century small businesses.

This Committee strives to create an atmosphere where small businesses can grow. The Office of Field Operations is an important part of this endeavor.

I want to thank the witness for being here with us today and look forward to hearing about the office's 2020 goals.

And Madam Chairwoman, I yield back.

Chairwoman VELAZQUEZ. Thank you. The gentleman yields back.

If Committee Members have an opening statement, we would ask that they be submitted for the record.

I would like to take a minute to explain the timing rules. Mr. Vallante, you will have 5 minutes to testify and each Member will have 5 minutes for questioning. There is a lighting system to assist you. The green light will be on when you begin, and the yellow light comes on when you have 1 minute remaining. The red light comes on when you are out of time, and we ask that you stay within that timeframe to the best of your ability.

Today we welcome Mr. Michael Vallante, the Associate Administrator of SBA's Office of Field Operations. Mr. Vallante became the acting Associate Administrator in March 2019, and he was appointed the permanent Associate Administrator in May 2019. Previously, Mr. Vallante served as Regional Administrator for SBA Region 9, which covers California, Nevada, Arizona, Hawaii, and Guam.

Mr. Vallante, welcome.

STATEMENT OF MICHAEL A. VALLANTE, ASSOCIATE ADMINISTRATOR, OFFICE OF FIELD OPERATIONS, UNITED STATES SMALL BUSINESS ADMINISTRATION

Mr. VALLANTE. Thank you, Congresswoman. Thank you, Chairman Velázquez and everyone.

Good morning. Again, thank you Chairwoman Velázquez, Ranking Member Chabot, Members of the Committee, for your kind invitation to talk about the Small Business Administration's field operations.

My name is Michael Vallante, and as Associate Administrator of the Office of Field Operations, I am here today representing the hundreds of men and women who work in the SBA District Offices around the country. These are the men and women who bring our agency's products, services, and resources to America's small businesses, who in turn create two out of every three new jobs in our country.

Many of you have met and interacted with my colleagues, whether it is Small Business Saturday, Veterans Small Business Week, your town halls, expos, or chamber events. I thank the Members of this Committee for your support of our employees in the field.

In my nearly 3 years at SBA, including the last 8 months as Associate Administrator, I have seen some amazing things that perpetuate the good about our workforce.

The first is the unbelievable scope and scale of SBA programs and services available to small business owners. But these programs do not get to the people who need them without our field staff. They provide the personal touch in each of your districts to make small businesses aware of everything we have to offer. I want our field staff out of their offices and in their communities evangelizing the many services SBA and our resource partners provide.

The second is that for most of our agency's field staff, working for the SBA is not just a government job. Working for this agency is an honor, a passion, and a privilege to make a difference in their communities. At every single event I have been to where small businesses are honored, the small business honored recognizes, praises, and thanks our staff by name. For these business owners, their gratitude is very personal because you hear over and over, "I would not be where I am if not for the SBA." There is no dollar value you can put on that.

Our field staff wear many hats on any given day, but let me share some updates on specific outreach that I know many of you are interested in.

In the first quarter of fiscal year 2020, our District Offices have engaged in over a dozen HBCU-related events with almost 400 attendees, including a Youth Entrepreneurship Summit conducted at Bowie State in November and an SBIC event at Jackson State University in December. Each District Office that has an HBCU in its region has been tasked with doing events with their schools tying it to major SBA initiatives like opportunity zones, rural programs, lending of government contracting.

For those districts, and there are many, that do not have HBCUs in their regions, we have tasked District Offices to do events at vocational, trade, and technical colleges, as well as community colleges so we can ensure we are reaching young entrepreneurs.

With our rural outreach, our district offices have done over 600 activities, attended by over 11,000 people, since October 1, including lender training, HUBZone education, expos, roundtables with USDA and SBA. Whether it is lending training to Farmers Bank in Montana, the Tolland Chamber of Commerce partnership visit in Connecticut, or the Women Mean Business entrepreneurial outreach event in Minnesota, our district offices have been and are reaching out into rural communities.

While our field people continue to work tirelessly, we also face some challenges and realities. Let me give you one example.

You should know that our field staff face a higher average attrition rate than the Federal average. Twenty-six percent of our OFO workforce is eligible to retire. Forty-two percent of our District and Deputy District Directors, the frontline managers in the field are fully retirement eligible today. To address this, a team of District Directors with over 100 years of experience in the field came together with HR specialists to help create a more flexible workforce that does not work in silos and is able to do outreach and marketing. They rewrote position descriptions, came up with two new positions dedicated to marketing and outreach, and a career ladder that helps us bring in employees at a grade level that saves the agency money in the short term. And there were more examples of our approach to finding positive solutions to challenges that we face that I hope to share with you during this hearing.

I am honored and blessed to work with SBA's field team who work tirelessly every single day to make a difference for our country's 30 million plus small businesses.

Thank you very much for inviting me. I look forward to your questions.

Chairwoman VELÁZQUEZ. Thank you, Mr. Vallante.

I will recognize myself for 5 minutes.

We are of the understanding that the historical FTE count for the Office of Field Operations is approximately 800 employees. This past year there were only 687. Can you explain to us why we are not near the historical average today?

Mr. VALLANTE. Thank you for the question, Madam Chairwoman.

I cannot address what happened before. I do know that there has been a path of reduction in the number. But what I will say is what I have seen is there are several factors that are involved.

One, we have, because HR is a fluid situation and it is more so with OFO, we have a higher attrition rate within our department, 14 percent attrition rate compared to 9 percent. So, people are moving out. I mentioned some of the numbers a minute ago. We have on the front side an issue with hiring in the sense that 100 days is the goal between when a position is posted to when it is filled. So, we have people that can walk out the door tomorrow, but it takes 100 days to fill the positions.

Chairwoman VELÁZQUEZ. You mentioned that a hiring pause contributed to the declining FTEs in field offices. Can you tell us when was this pause was implemented and what reasons were given for this pause?

Mr. VALLANTE. One of the factors was the hiring pause that happened at the Agency in early spring. It was either late April or

early May. And basically, it was a situation where we were told that based on the number of positions that were in the queue, that were going through a hiring process, there was a question of whether they would be able to be sustained because of the increase in costs for employees. And so that is when the pause took place.

Chairwoman VELÁZQUEZ. Is the pause still in effect?

Mr. VALLANTE. No. What happened is after the pause was done, we had a switch in the model of hiring and the pause is not still in effect.

Chairwoman VELÁZQUEZ. You mentioned that SBA may not have had sufficient resources to allow OFO to fill vacancies in its pipeline. Can you please elaborate on the lack of resources?

Mr. VALLANTE. Well, I think in terms of lack of resources, what we had in OFO is that anything related to HR has the greatest impact because we have the largest number. But we had a certain number of people that were in place when the pause was put on. We had a certain number of people that were in the pipeline. There were a large number of actions in the pipeline as well for the rest of the agency. It was not just OFO specific. And at some point it was decided that we had to take a pause to make sure that if we did all of the actions that were in place there would be enough financial resources.

Chairwoman VELÁZQUEZ. Before and after the pause, how is that affecting your operation?

Mr. VALLANTE. Well, the biggest thing of the pause was a change in the way we do hiring. Before it was with an FTE model and now we do it with a compensation model. So, there was a change there as I came in, and one of the things that we have tried to do with our district office who do an amazing job is——

Chairwoman VELÁZQUEZ. Okay. Thank you.

Mr. VALLANTE. All right.

Chairwoman VELÁZQUEZ. I heard when you mentioned the steps that you are taking to ensure that district offices are aware of SBA's annual goals pursuant to the White House initiatives on HBCUs.

Mr. VALLANTE. Yes, ma'am.

Chairwoman VELÁZQUEZ. Okay. Are you going to be proactively organized in doing outreach and working with the HBCUs?

Mr. VALLANTE. We already are. In the first quarter we have done over a dozen HBCU events with our district offices and resource partners. Over 300 people have attended. They have been directed. They have to do at least a couple.

Chairwoman VELÁZQUEZ. Okay.

Mr. VALLANTE. The report is not due yet, but we are not waiting for the report.

Chairwoman VELÁZQUEZ. Can you tell me what have you heard from district office staff regarding Certify?

Mr. VALLANTE. Yes. Certify was one of the things I want to say is to give a shout-out to our Business Opportunity Specialists who had to deal with Certify. They encountered some challenges with that program. They came up with workaround solutions that got businesses' annual reviews done. I give them a lot of credit for that. They could have said this is a problem, we are not going to

do anything. But they went forward and did it. It is something that we need to deal with going forward because we have to make sure these businesses get their annual reviews done in time.

Chairwoman VELAZQUEZ. My time has expired.

Mr. Chabot?

Mr. CHABOT. Thank you, Madam Chair.

Mr. VALLANTE. Thank you.

Mr. CHABOT. Mr. Vallante, no matter the industry, most small businesses nowadays utilize technology in one form or another. From retail stores having daily email offerings to high-tech startups developing software, technology is pretty ubiquitous. Does the SBA's Office of Field Operations have the technology in place to keep up with today's 21st century businesses?

Mr. VALLANTE. I think we do have. We just had a changeover in technology, an upgrade in our technology for the people in the field, which I think has made a difference. I think more importantly, too, is that our District Offices are aware of some of the challenges that are faced with their customers or clients, the small businesses. And so, one of the things that they do in terms of the training that they do for small businesses is to help educate them in the challenges that may be out there on technology. And you know, one of the things that we are very concerned about and addressing is cybersecurity, especially as it relates to small businesses. Our District Offices in the month of December dedicate time to do training on cybersecurity for small businesses because that is when you have the greatest amount of action in terms of people trying to defraud businesses. So, we are dealing with that. And more importantly, I think our district offices are doing a great job of connecting with small businesses and helping educate them as well.

Mr. CHABOT. Thank you. I am very glad to hear that you are trying to be as on top of, as much as possible, cybersecurity. We have had a number of hearings in this Committee, both when Republicans were in the majority and now the Democrats are in the majority. So, I think we both feel very strongly about this. And it is a pretty high percentage of small businesses that literally go out of businesses if they are hacked, and so those people lose their jobs. So, anything we can do, and I know we have been trying to get the SBDCs to have best practices available for small business folks out there.

Mr. VALLANTE. Absolutely.

Mr. CHABOT. So I would urge you to continue that. Thank you for doing that.

You mentioned in your testimony the incredible scope and scale of small business resources available at the SBA. Often on this Committee, we hear that a small business owner was not aware of the SBA resources that are available out there. Could you tell us how does your office market and advertise all the SBA resources that are available to small businesses and entrepreneurs and startups?

Mr. VALLANTE. I think one of the things that our offices are very, very good at, is that they know their districts better than anybody. One of the things that I have done from the OFO is to turn to our District Offices and say rather than someone in Wash-

ington telling you you have to do X number of things, tell us what are the best ways you can be effective in your community to get the message out about SBA and become literally evangelists about what we have to offer. By doing that, one of the areas that came up was veterans' outreach. We have a veterans' person in every district office. We have VBOCs. But one of things District Offices said is they want to be able to do more veterans outreach and we now have the ability to have them do that.

One of the other things that we have done in some of our District Offices is we have large businesses that use a lot of small businesses as contractors. A lot of those small businesses are in the minority community. So, we have worked with the Office of Diversity Inclusion in these large businesses to be able to access some of those small businesses that could use either lending assistance, training, building a business plan, those kind of counseling services. So, we are trying the usual things of lender roundtables, education events, attending events, hundreds of events. But we are also trying some new things to reach some of our audience.

Mr. CHABOT. Thank you very much.

I have got about a minute left, so let me mention one final thing. In our written testimony you had mentioned the SBA's Office of International Trade and also the USMCA agreement which was recently passed in the House, the Senate, and I believe the president signed it into law?

Mr. VALLANTE. Signing it today, I think.

Mr. CHABOT. So, and I think that is huge. And we also saw phase one in the China deal happen, which also is encouraging. How are you all working with small businesses that are interested in overseas marketing? And, you know, the vast majority of consumers on this globe that we all share live outside the borders of the United States. You have got a pretty small percentage of small businesses actually trade and sell internationally. So, what do you all do there?

Mr. VALLANTE. Great question. To your point, I think one of the things most people are not aware of is the products and services from the Office of International Trade that SBA has. It has not been really one of those things that we have marketed very well. We, you know, earlier this year had a new Director of that office come in and we partner with them. We have people in the district offices that work specifically on international trade, and we partner at the national level with the Office of International Trade to make sure our districts and our Regional Administrators are aware of all the products and services OIT has to offer to small businesses to open up to foreign markets.

Mr. CHABOT. Thank you very much.

My time has expired, Madam Chair.

Mr. VALLANTE. Thank you, sir.

Mr. CHABOT. Thank you.

Chairwoman VELAZQUEZ. Time has expired.

Now we recognize the gentlelady from California, Judy Chu, Chairwoman of the Subcommittee on Investigations, Oversight, and Regulations.

Ms. CHU. Mr. Vallante, this past November I held a field hearing in my district in southern California to examine the ways that

SBA can better connect with and support immigrant entrepreneurs. As a fellow southern California resident, you understand that our communities are rich with immigrants who come to this country and start small businesses. But I learned at this hearing that entrepreneurs and business owners are too often unaware of SBA and the services available to them because outreach and services are not provided in languages other than English. Now, in Southern California we have whole gigantic populations where the primary language is Chinese or Korean or Vietnamese.

So, could you discuss any strategies within the Offices of Field Operations to improve in-language resources and outreach to these communities?

Mr. VALLANTE. Thank you. I appreciate that question because as you said, where we come from is hugely diverse in southern California. And what we have is in the minority communities, we have the largest growth of the young entrepreneurs that we need to reach.

One of the strategies that we have developed is while it may be difficult to reach everyone, one of the things we have recognized is that whether it is in the Asian community or the Latino community, reaching out through the media, to the media that represent those communities is one very effective way to reach a larger audience. While we do have people that speak the language and people who can represent us at different events, what we have found is that in those communities especially, they listen, the folks in those communities listen to the media. They trust them. And so, what we have done in certain areas is partner with the media to communicate into underserved communities.

To just give one quick example, we pulled together in Region 9 our Public Information Officers and Public Affairs Specialists to do a training. When we did it, we did it in Fresno at the Studio of Univision because what we wanted folks to do was to understand what the news people are looking for from SBA that will allow them to be able to communicate our message. In some districts we have our Deputy District Directors who are fluent in other languages that are on at least once a month on radio shows talking about SBA. Again, what we are trying to do is use that broad avenue to be able to reach a greater audience than what we can do individually.

Ms. CHU. So you said you use the media, but if somebody comes in and they primarily speak another language then—

Mr. VALLANTE. We do have some marketing materials that are in different languages that we can make available to them. I think one of the things we are very proud of is a lot of our district staff do represent the communities that they serve. And so, they are able to answer questions.

Ms. CHU. Do you have a breakdown of the language capabilities?

Mr. VALLANTE. I do not, ma'am, but I would be happy to get it to you if I can.

Ms. CHU. Yeah. I would be very interested in that and will definitely follow up on that one.

Okay. Mr. Vallante, the Committee is aware of health and sanitation concerns at the Los Angeles District Office, which is the result of significant flooding that occurred in October. I understand

that employees were placed on telework status while the General Services Administration and the landlord worked to remediate the damages caused by the flood.

So, Mr. Vallante, can you provide the Committee an update on the progress being made to reopen the Los Angeles in a safe and clean condition?

Mr. VALLANTE. Thank you for that question. It is one that hits very close to home.

Yes. We had a situation where we moved into a new property. Shortly after moving in there, literally days later, there was a flood. It was clear from what took place after that that it was not going to be a quick process to get that cleaned up or remediated properly. My goal, and the agency's goal, is the health and well-being and safety of our employees first. And so, we were able to work with a team from GSA and SBA leadership that moved quickly to move us out of the place that we were into, a swing space, which is smaller. It is in downtown Los Angeles. It is smaller. It is in a L.A. County courthouse. But I will say while it is a smaller space, and it is a temporary space. It is clean. It is sanitary. The people that take care of the building are amazing. It is a night and day difference, and we are grateful for that. And my goal here is to ensure wherever we move to next is not only conducive to our clients but more importantly is safe, clean, and the health and safety of the people that work in the office.

Ms. CHU. So you are not going back to the place that was flooded then?

Mr. VALLANTE. That is to be determined between GSA and SBA.

Ms. CHU. Oh.

Mr. VALLANTE. But right now, we are in a swing space.

Ms. CHU. And is the landlord paying for the damages?

Mr. VALLANTE. No. The answer is no. We are not paying rent there at this point in time but no, we had to move. We decided to move out because we saw that it was not going to be—in good conscience we cannot keep our people or ask them to go into a place that is not, in our opinion, healthy and safe.

Ms. CHU. Yeah. Thank you. I yield back.

Chairwoman VELAZQUEZ. The gentlelady's time has expired.

Now we recognize the gentleman from Tennessee, Mr. Burchett, for 5 minutes.

Mr. BURCHETT. Thank you, Chairlady, Ranking Member. Thank you for being here. And I have your name hyphenated, spelled out here so I will say it right, Mr. Vallante.

Mr. VALLANTE. Yes.

Mr. BURCHETT. We have trouble in this Committee saying people's names. And I am guilty as charged. I have a good time. The Chairlady and the Ranking Member have been very kind to me, and I forgive them for their lack—

Chairwoman VELAZQUEZ. That is true.

Mr. CHABOT. But our patience is limited.

Mr. BURCHETT. Excuse me. You both are out of order.

But thank you, brother, for being here.

Chairwoman VELAZQUEZ. I control the time.

Mr. BURCHETT. Yes, ma'am. I know. Ma'am, I have a wife and a daughter. I completely—yes, ma'am. You are correct. Let me get that right.

I appreciate your testimony as well as your efforts for small businesses, of course, and your career. Do you, or any of your field offices host roundtables with local small business owners to hear them out on what they need from the SBA? And when I say that I do not mean some kind of staged event for, you know, for the media, and you call folks in and you feed them the questions and then, you know, and they just come in and tell you how it is sunshine and unicorns everywhere. I get ticked off about that because we do it up here and we do it for the press and we do it for our good friends at C-SPAN and the rest of it. And to me it is just a big, freaking waste of time, brother, and I would like to see if you all are really out there listening to these folks. Because I represent a lot of hardworking folks, a lot of our inner city, and they are still struggling. They have jobs but I like to see these empty buildings in these deserted areas, something done about it and it kind of wears me out. Sorry I went to preaching. It is not in my notes but my guys, they do not—just like the president's teleprompter operator. They are just looking around, where did he get that? Where did he get that? Anyway, brother, go ahead.

Mr. VALLANTE. Well, to answer your question, congressman, I would say our District Office folks, with everything that they have on their plate, with all of the things that they have to do from a compliance and outreach and marketing and a training standpoint, quite frankly, do not have the time to do the kind of show, if you will.

Mr. BURCHETT. So let me stop you there.

Are we covering you up with bureaucracy? Just me and you talking, off the record.

Mr. VALLANTE. No. No, I do not think so. I think what we are trying to achieve with our district offices is with the resources that we have, to give them more, not only have us have more accountability so that we can report to you the activities and the achievements that they are doing, but to give to them who know their districts the best the opportunity to make the greatest impact in their districts. In some places that will be rural actions. In some places it will be opportunity zones. In some places it is lender outreach. In many places it is doing more activities for our veterans' community. We are trying to empower them with the resources that we have, to go as far as possible and to do things that are real and not make believe.

Mr. BURCHETT. What else can we do here in Congress to help you help our small business owners?

Mr. VALLANTE. I think one of the great things, and we have it already, and anything we can build on is a relationship that our SBA district offices have with their congressional members and their staff in the district. Anytime that we can be at events that you are having—sorry about that—that you are having or holding that we can be at and pitch SBA and our products and services that are available, we want to do that. Anytime that we are doing events that you can introduce us to or we need you at, we would love to have you at them. I think all of that, with not just SBA but

also our resource partners—our SBDCs, our Women Business Centers, our SCORE volunteers—all of that is a synergy that helps create a better business climate, a better opportunity for the business to succeed. There are a ton of things out there to help small business. We have some. The states have some. Municipalities have some. All of them working together can help those small businesses.

Mr. BURCHETT. I appreciate all that. I just feel like some of our least served folks, just hardworking people, they did not have the shot I had with two wonderful parents. And I just have been very fortunate, and God has been very kind to me. But I sure would, maybe if you could have one of your folks get in touch with me.

Mr. VALLANTE. Absolutely.

Mr. BURCHETT. I would like to have one of those roundtables with some of those working people and not just some staged event.

Mr. VALLANTE. We would love to do it, Congressman. Absolutely.

Mr. BURCHETT. Thank you, brother. I appreciate that.

Mr. VALLANTE. Thank you.

Mr. BURCHETT. We will do it.

Chairlady, I yield back my remainder of 3 seconds.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the gentleman from Pennsylvania, Mr. Evans, Vice Chair of the Committee.

Mr. EVANS. Thank you, Madam Chair.

According to November 2019, the GAO report, the SBA had signed several alliance memorandums with historical black colleges in 2008 to 2018. These memorandums are 2-year agreements with historical black colleges that state the parties would develop and foster working relationships with the intent of strengthening small business development areas. November 2019, the GAO report found both positive and negative experiences in historical black colleges resulting from these memorandums.

Mr. Vallante, how many strategic alliance memorandums with historical black colleges are still in effect?

Mr. VALLANTE. Quite honestly, I do not know. I would have to get that from our Office of Entrepreneurial Development, which is where that would be housed, and I would be happy to get that for you.

Mr. EVANS. Okay.

Do you track the performance of the SBA in relation to these memorandums?

Mr. VALLANTE. Now, that I can answer, sir.

Yes, we do. And one of the things that we have changed, as the Chairwoman had mentioned in her remarks that I wanted to make sure we made clear, one of the problems or the challenges that we had is we were not properly recording some of the activities that are being done. And so, we changed our reporting tool that we had to ensure that District Offices that are working in partnership with HBCUs and our Resource Partners record all of their activities. And not only record them to have done something, but what it was, and how many people attended; get into the granular part of it because what we are trying to do is not only see what is being done

but see what else we can do elsewhere that is not being done and take some of those best practices.

Mr. EVANS. Has the SBA addressed the issues outlined in the November 29th GAO report, not including the memorandums, producing any results?

Mr. VALLANTE. I would say that the results that we have as of October 1 to December 31 is right now over a dozen HBCU events that have been done with over 400 attendees and more that are planned by district offices. We have just finished quarter one. One of the things that happens with the tracking tool that we have is our Regional Administrators will sit with District Directors who have been charged with reaching out to the HBCUs and see what has been done and ensure that those things get done before the end of the year. The report, I believe, is expected to come out from the White House sometime this year but we are not waiting. We know that this is an important constituency that we need to reach out to and be part of our everyday plan in the District Offices and they are doing it.

Mr. EVANS. Who is specifically in charge of the SBA outreach to historically black colleges?

Mr. VALLANTE. It is done from the District Offices. And what they do is they partner with our Resource Partners, our SBDCs and do the outreach into the HBCUs.

Mr. EVANS. Have the SBA resource partners submit plans for SBA outreach with historically black colleges?

Mr. VALLANTE. The plans are part of the overall operating plans that our District Offices have. That is one of the goals that they are set to achieve is at least doing two events related to the major programs that SBA has.

And as I mentioned in my opening, the other part about that is we looked at that report and said where are other places that we are not reaching out to that we should be reaching out to that are opportunities that we are missing? One of the things that we identified was vocational trade, technical schools, community colleges. And so, places that do not have HBCUs we have tasked the District Offices to do outreach into those areas as well.

Mr. EVANS. Are these plans publicly available?

Mr. VALLANTE. The results that we have are in our internal document which we call GMAT, which goes to one of the GAO recommendations that was given to us. What we do is we roll those up. We take a look at them because they are a measuring tool. And they are not public information. They are internal documents. But I am happy to share with any of you all of the activities we have been doing specifically with HBCUs to not only the dates and the places and the number of people.

Mr. EVANS. Real quick. Do you think they should be public?

Mr. VALLANTE. I think a lot of that is internal for our use to be able to strategize and be able to go to places, or know where we are not meeting goals and where others are exceeding goals and how we can use that to improve our performance. But I think it is something that is more internal.

Mr. EVANS. Thank you.

I yield back the balance of my time.

Mr. VALLANTE. Thank you, Congressman.

Chairwoman VELÁZQUEZ. The gentleman yields back.

Now we recognize the gentleman from North Carolina, Mr. Bishop.

Mr. BISHOP. Thank you, Madam Chairman. Thank you, Ma'am.

Mr. Vallante, I am a new member. I have been here all of 4 months, and so I wonder if the beginning, and perhaps it was covered, but as you were giving your comments, and I have heard it otherwise, you mentioned that your district and regional offices work hand-in-hand with your resource partners. And you mentioned specifically, some of these I know what they are, but I do not know what the Small Business Development Center is, the SBDC. Would you explain what that does? And are they more widely geographically distributed or what?

Mr. VALLANTE. The SBDCs, they operate under our Office of Entrepreneurial Development. They are given grants. They are more in the communities. They are more storefronts, if you will.

Mr. BISHOP. All right.

Mr. VALLANTE. And they are a key Resource Partner for us in that we are able to leverage our ability to outreach and open the doors to lending opportunities that exist. I would say that there are SCORE volunteers who provide the counseling and the training. Our Women Business Centers, our Veterans Business Outreach Centers, all of those are the ecosystem that we work with to become a force multiplier in the field.

Mr. BISHOP. I see.

You know, and most of these hearings for me, I am sitting here on my phone and trying to learn about background that might give me some insights. I do not know much about how SBA operates in my own district, so I looked it up and it looks like North Carolina has a district office in my hometown of Charlotte. And then I go seven counties east in a very rural district and there are a couple of satellite district offices as I see them. And interestingly, they are located, a couple of them are located at community colleges. Is that a common strategy? It seems to make some sense to me.

Mr. VALLANTE. It does make sense. I was about to say you are fortunate and blessed, if you will, because you have a state that has what we call "alternate worksites." Because you do have, I mean, obviously, one office in Charlotte, North Carolina, is not able to cover an entire state. So, you have an office which is able to focus on rural areas. We actually advertised just recently for a position in Wilkes-Barre, Pennsylvania, for the same kind of thing. It is in a rural area.

Alternate worksites I think are things that we should be looking at because it allows us to not only get into a community but plant a flag there. Our folks are there every single day and they can become part of the community. That is one of the challenges that we have when you do not have the resources to be able to do that. But I think those are things as we go forward I want to continue to look at because I think one of the things, and I mention it in my comments, is that when you are there all the time, whether it is on any kind of issue, and you build credibility with the community, they are going to trust you. And when they trust you, they are going to say, here is where I am strong. Here is where I am weak. How can you help me? And I think having these kinds of alternate

worksites like you mentioned that you are fortunate to have in North Carolina is something that I think we can look at or look at in other places as well.

Mr. BISHOP. Final question with the time I have got remaining, when you were talking about accountability and sort of metrics, how you measure the operations of your Office of Field Operations and all the various district offices and so forth, that you talked about types of meetings and types of events and attendance and so forth. I get the sense that you are measuring sort of outputs, seeing what the individual officers do in terms of specific activities. But do you do anything to go deeper than that to figure out what the impacts are? That is to say you may be having a lot of events, but the attendance is not large. Or even if the attendance is significant, it does not result actually in penetrating the market with the information that is needed so that utilization increases.

Does that make some sense?

Mr. VALLANTE. Outcomes versus outputs.

Mr. BISHOP. I think that is well said. You summarized it in two words.

Mr. VALLANTE. I think that is absolutely right. One of the things that we are trying to do is, we are able to capture success stories, which are, you know, any time you listen to them it is everything from the mom and pop store to biotech company or biotech small one-person firms that are creating technologies that are going to change the way people live. It is amazing stories that we have.

One of the things that we are doing, it was referenced that we have addressed it because of a GAO recommendation, is what we call our customer service experience, which was a recommendation which we took to heart, and we started in 2019. And we are continuing to get feedback from people that attend our events. What worked, what did not work, what did they use, what was the outcome of that? I think that is a measure that we have just started to do earlier in 2019 that I think will help us bridge that gap.

Chairwoman VELAZQUEZ. The time has expired.

Now we recognize the gentleman from Illinois, Mr. Schneider.

Mr. SCHNEIDER. Thank you, Madam Chairwoman. And Mr. Vallante, thank you for joining us today.

Mr. VALLANTE. Thank you for having me.

Mr. SCHNEIDER. And sharing your perspective.

We have had a number of events in my district. I represent the northern suburbs of Chicago in Illinois. It has been very good working with the Illinois District Office on a number of these different events. In particular, I cannot speak more highly of the Small Business Development Center. Our events have, many of them, been standing room only, so there clearly is a demand for this information and the chance to work with the SBA.

We have also, the Illinois office has coordinated \$60 million in SBA loans just in my district just last year. So, thank you again for what you all are doing.

As far as reaching out, preparing for an event, events that oftentimes are largely led by your team, leaving no empty seat in the room, we can get bigger rooms. If we are going to get bigger rooms, we need to bring in more people. What kind of data can we tap into

that you guys might have on industry data to identify potential targets to reach out to and bring into these events?

Mr. VALLANTE. I would say that one of the things that we are finding, and again, I do not mean to go back to it, but our customer service experience that we have started is to get feedback from people as to what it is that they are looking for. I mean, we just started getting data in because it just started, but one of the things that we found is for a large group of people that filled out the survey, we are seeing that they prefer to do webinars rather than brick-and-mortar events. So, we are going to dig a little deeper into that.

I think one of the other things that our district offices are really good at is providing a variety of different things that people can attend specifically targeted to whatever subject matter that they are particularly interested in. I know in some of my district offices they will bring in other Federal partners to talk about programs that are there. They will bring in the IRS to talk about taxes. Anything that we can do to bring people into the door or online with webinars, to educate everything that we have to offer as a one-stop place to find out how you can grow your business.

Mr. SCHNEIDER. Great. And one thing I will add, I think the ability to integrate the web series, as well as then the occasional in-person to bring people together, that face to face still has value. I think you can reinforce it with webinars, and if we can help you with that, I would be interested in it.

I want to touch for a second on you talked about your hiring process. You said it is 100 days from the time vacancies open. And you know, there are three processes to fill that—recruiting qualified candidates. Second is the evaluation, interviewing, selecting the candidates. And then onboarding the new hires. Is there a specific place you are having trouble? Are you struggling to get applicants? Are you struggling to do the evaluations? Is it onboarding? One hundred days is a long time.

Mr. VALLANTE. It is a long time. And it is the standard of success that they define within government; from the time it is posted to the time it is filled. One of the things that we are doing in OFO is we are encouraging our managers in the field, rather than just doing blanket announcements, to look at different hiring authorities that could shorten the timeframe. That would help us tremendously because, as I mentioned before, we have people going out the door at a quicker rate, and those people can go out the door on any given day. They can give 2 weeks if they want to, but we had, you know, instances last year where a District Director calls on a Friday and says I am retiring on a Saturday. And so now we have that period of time.

So, there is some special hiring authorities that are available to us and we have been educating our field staff on how to use those. They include military spouses, 30 percent veteran disability, schedule A, Peace Corps volunteers. All of those things will shorten the process that we can do something about.

Mr. SCHNEIDER. And again, the best way to avoid that is to try to reduce the turnover. And if there is anything we can do to help with that we would like to.

My last topic is looking for ways that we can coordinate more effectively, to coordinate with your office with our team among pro-

grams. You touched on it. Everything from the mom and pop to the next breakthrough technology, we have those conversations with folks in our district. I am sure we are not unique, that that is across the country. But are there ways that we can better coordinate to work with your office to get the message out and help facilitate the access to capital?

Mr. VALLANTE. I think it is amazing to me, someone had said to me when I was doing this, well, maybe you need to explain how the District Offices work with the members of Congress. And I was like, no, I do not need to explain that because the District Offices work with the Members of Congress in their district. I think just the continued cooperation and communication back and forth makes a huge difference. If we can let you know what is going on and your office asks us to participate in things, whether they are large or small, anything that we can do collectively and collaboratively I think will help make a difference and get that word out.

Mr. SCHNEIDER. I am past time but the last thing I will say to emphasize your point is the more we can partner your offices with our members of Congress, there is little of greater impact that we as members can do than helping our small businesses succeed.

Chairwoman VELAZQUEZ. If the gentleman will yield?

Mr. SCHNEIDER. I will yield my extra time.

Chairwoman VELAZQUEZ. What I will say is that oftentimes, Members of Congress reach out to you so that we can set up workshops, but other times you organize workshops and events in our districts. I would suggest that you reach out to the Member to let them know that this is happening and that they are welcome to come.

Mr. VALLANTE. I will make note of that and make sure that happens. I appreciate that, Chairwoman.

Chairwoman VELAZQUEZ. Time has expired.

Now we recognize the gentlelady from Kansas, Ms. Davids.

Ms. DAVIDS. Thank you, Chairwoman. And to you and to the Ranking Member for holding this hearing today.

So, I represent the Kansas 3rd Congressional District, which is in the Kansas City Metro Area. It is on the Missouri side, the Great Plains Regional Office in Kansas City. But actually, this conversation about the relationship and the communication between regional offices and various members I have found, and maybe it is because entrepreneurship is kind of baked into the DNA of our region, that we have begun to develop a really good line of communication. So, when events are going on, we definitely reach out to the office and let them know. And we have been fortunate enough to have people from the SBA reach out to us when events are going on. And I hope to keep that collaboration going.

One of the things that you mentioned in your testimony was the personal touch and the frontline that the folks who are in districts and the employees who are on the ground have. I am curious if you could tell us a little bit about that process for both how the district offices interact with the leadership and how their feedback and integrated. And then how the feedback from, the more recent, you were mentioning the outcomes and measures that you were taking from customer, basically the customer feedback.

Can you tell us a little bit about the process of how that is going to be integrated since I know that is a newer thing for you all?

Mr. VALLANTE. Absolutely. Thank you for the question.

I think to your point, first about the personal touch. This is very personal for people. I mean, what I have seen is that they are creating opportunity not just for themselves but for their families. They are the ones that hire people in the communities. They are the ones that sponsor Little League teams and things like that. So, and sometimes it takes a long period of time to get to that outcome of actually providing the service that they needed. And our people in the field stick with theme every step of the way. So, there is an investment of that.

To answer your question about collecting information. Again, one of the challenges that we have, and someone mentioned a nimble workforce, the more information and data that we can collect that can help our district offices spend the resources that they have in a more targeted manner, in a more effective manner, I think helps everybody. And so, we have a wide-open line of communication between the field and OFO. You know, I still serve as the Regional Administrator for Region 9, as well as the Associate Administrator. So, we have a great line of communication with the field.

I will tell you some of the challenges that we had with GAO. What we did was we went to the field and asked them to help solve the problem. The thing that we had on our tracking of our metrics, if we had gone with the system that was in place it would have cost us in the vicinity of \$300,000, and it would have lasted about 3 months. Instead what we said is, let's come up with a better system. And we turned to people in the field to come up with the system because they are the end user. We ended up with a much better system and it cost the taxpayers absolutely nothing. That did not happen because of me; that happened because we turned to people who are the end users. Many times, I think what happens is we do not reach out to the field or we have not reached out to the field and say, how does this impact you and your ability to do the job? We do that now.

Ms. DAVIDS. Thank you. So I just want to, first of all, thank you for acknowledging the fact that the folk who are on the ground working with the people who are coming in and trying to get help with starting their small businesses, being on the ground, that is a lot of times where some of the best ideas come from and some of the most effective solutions to issues that we are facing come from the people who are really on the front lines.

I will yield back in just a second. I just want to say that I have very much appreciated the work at the regional level, in the Great Plains region, that I have seen from our SBA. Sometimes there are issues, but I do feel like we have a good line of communication there. And I will look forward to hearing more from you in the future about how we can just make sure that we are continuing to innovate and make this much better for the folks who are trying to start small businesses.

Mr. VALLANTE. I appreciate that.

Ms. DAVIDS. I yield back.

Chairwoman VELAZQUEZ. The gentlelady yields back.

Now we recognize the gentleman from Maine, Mr. Golden.

Mr. GOLDEN. Thank you, Madam Chair.

First of all, sir, I want to be sure to be complimentary to the team in Maine. Amy Bassett is our district director and her team I think has done great work in Maine for years now. But they have been great to work with. With our office I could not possibly have any complaints in regards to the communication, the willingness to work with us in setting up our own tables and other events and just kind of seeing the handoff of constituents' business owners that we come across out in the field with my staff who are looking for some help.

Mr. VALLANTE. That is great to hear. They are great people.

Mr. GOLDEN. I appreciate it very much.

I represent the second most rural house district in the United States of America, though, and I can tell you, it is a numbers game. People do not necessarily think of SBA as anything more perhaps than a lender. And about those lending programs. So, when I think about other distance they have to cover, 6 hours from north to south driving in my district and about the same east to west, they do not have enough boots on the ground for that physical presence.

And I wanted to talk to a little bit about the force multiplier effect. You know, given how difficult it can be in big rural geographic areas. I am interested to know how far SBA's commitment is to standing up to Office of Rural Affairs in 2020. And you may be aware that I, along with a number of colleagues, many who are on this Committee, sent a letter to SBA last year asking for some specifics about the mission of the office, the characteristics, and what is the status given that that office was established in 1990 and under multiple administrations, really, was never stood up.

Mr. VALLANTE. I would say first to your point about the distance, you are absolutely right. I am proud of our field staff. Amy and her team, and across the country, after the MOU was signed by former Administrator McMahon with the USDA, we really took the task at the field level to go out and partner with USDA and get to as many places as possible as many ways as possible to educate people about the two different programs and what each has to offer. They are complementary. Putting out marketing documents that market SBA and USDA products so that when each staff is out and the other is not with them, they can market it.

Just this past year alone, because—

Mr. GOLDEN. I appreciate the work that they are doing. I really do.

Mr. VALLANTE. Right.

Mr. GOLDEN. But I do want to focus my time on the Office of Rural Affairs.

We sent a letter in July. I think we are pretty patient. We have not gotten a response yet. My understanding is that the response has been drafted. It just has not made its way through like the congressional liaison process. And at this point I am curious when we might expect it.

Mr. VALLANTE. I can give you an update on that. The letter was drafted. It was circulated. The letter was drafted. And I believe right now it is at OMB waiting for them to sign off on it and get it back to you.

Mr. GOLDEN. Thank you. That is very helpful.

Do you know whether SBA will include a funding line for the office in its 2020 budget request?

Mr. VALLANTE. I do not know if that is going to be included right now. It is funded through OFO.

Mr. GOLDEN. And is that something you might support?

Mr. VALLANTE. I think what I am supporting at this point is being able to do everything we can. I look at the Rural Affairs Director Office as a value-add to everything that we are doing. It gives a national voice to all of the work that has been done and is done every single day by the people in the field. It gives a national voice to that. It also is a way to coordinate with other Federal partners. There are numerous programs, whether it is Labor, Energy, that we have the ability to partner with into the rural community, and it gives us someone who can do that coordination.

Mr. GOLDEN. In response to the letter, I assume it is in response, and I think it was a positive one, Director Michelle Christian was assigned to the position and I believe has like a half a staff member. And I just want to point out she came to my district last week.

Mr. VALLANTE. Yes.

Mr. GOLDEN. We had a great tour around the district. Met with multiple businesses in multiple communities. Had a number of action items, just like you just talked about. Different agencies that might be able to help them as they try and bridge some gap funding and other things, talking about opportunity zones, talking with Amy and trying to coordinate an effort to get some wraparound services. And already I have seen in a week two out of three action items followed up on. And I think it is that singular focus that I think is the potential asset to you of that asset. Obviously, though, it would need some resources in order to be effective across the country.

Mr. VALLANTE. I believe that what you just mentioned, I know Michelle has about four or five in the next month, events similar to what you experienced. We have a whole bunch of opportunity zone events that are taking place. She is dovetailing on some of those to do rural opportunity zones. Again, we have a huge veterans' event in Las Cruces, New Mexico. SBA event. She is partnering with that because it is rural. There is a lot of value-add there. There is no doubt about it, and it does help.

Mr. GOLDEN. Madam Chair, I am well past time, but I cannot—

Mr. VALLANTE. I appreciate that.

Mr. GOLDEN.—express to you enough how impressed we were, and we want to see that office succeed.

Mr. VALLANTE. That is great to hear. I appreciate that.

Chairwoman VELAZQUEZ. The gentleman yields back.

I want to thank Mr. Vallante for being here today. As I stated in my opening remarks, district offices are integral to the success of SBA's mission. We cannot effectively facilitate access to capital in underserved markets, provide counseling to small businesses in emerging areas, help rural small business export their products around the world, or deliver SBA's other important programs without robust field operations on the ground.

Mr. Vallante, I also hope that if you feel that you do not have the resources available to staff your field operations and your district offices, that you will relate that to the new Administrator so that we see a budget submission that really reflects the needs of your office.

Mr. VALLANTE. Thank you.

Chairwoman VELÁZQUEZ. Today's hearing highlighted challenges currently facing OFO, and this Committee will continue with its oversight of OFO's operations to ensure SBA leadership addresses these challenges.

But I want to again applaud SBA's field staff for their diligent work on behalf of American small businesses.

I will ask unanimous consent that members have 5 legislative days to submit statements and supporting materials for the record.

Without objection, so ordered.

And if there is no further business to come before the Committee, we are adjourned. Thank you.

Mr. VALLANTE. Thank you, Chairman.

Chairwoman VELÁZQUEZ. Thank you.

[Whereupon, at 12:38 p.m., the committee was adjourned.]

A P P E N D I X



**Statement of Michael Vallante
Associate Administrator
Office of Field Operations
U.S. Small Business Administration**

**before the
House Committee on Small Business**

Hearing on "SBA Management Review: Office of Field Operations"

January 29, 2020

**Statement of Michael A. Vallante
Associate Administrator
U.S. Small Business Administration**

Good morning, and thank you, Chairwoman Velazquez, Ranking Member Chabot, and Members of the Committee for your kind invitation to talk about the U.S. Small Business Administration's (SBA) field operations.

I am here today representing the approximately 690 men and women who work in the SBA field offices around the country. These are the men and women who bring our agency's products, services, and resources to America's small businesses, who in turn create 2 out of every 3 new jobs in our country. Many of you have met and interacted with my colleagues, and I thank all the Members of the Committee for your support of our employees in the field.

As you know, the SBA has a new Administrator, Jovita Carranza, who was appointed by the President and was recently confirmed by the United States Senate. Our field staff in the agency's 68 district offices around the country welcome her leadership and look forward to implementing her priorities.

Today, I would like to share with you what the SBA's Office of Field Operations does for small businesses throughout the country and how we work in coordination with you and your staff.

SBA's field staff are the connections in your districts and throughout the country to the loan products, government contracts, and business counseling services provided by the SBA and our resource partners. Our team in the field answer the phone when your staff and entrepreneurs call their local SBA office. They respond to questions and assist your constituents and small businesses. They participate in town halls, Chamber meetings, international trade and Small Business Saturday events. They train SBA lenders on our policy and procedures, assist socially and economically disadvantaged firms in getting certified, and help small businesses find government contracting opportunities.

Our district offices are led by District Directors and Deputy District Directors who are the front-line management in the field and represent SBA in their community. We have our Lender Relations Specialists, Economic Development Specialists, and Business Opportunity Specialists who focus on compliance, training and outreach. They not only connect with the business community and financial institutions, they work hand in hand with our resource partners at the local level like Small Business Development Centers (SBDCs), SCORE, Women's Business Centers, and Veterans Business Outreach Centers. They also are a force multiplier locally, by working in cooperation with local economic development agencies and other state and local resources that are available to help small business.

Many of SBA's field staff have worked at the agency for ten or twenty years, some much longer. In sum, our district employees are the personal touch and the front line to help small businesses start up, scale up, and succeed.

Chairwoman Velázquez, Ranking Member Chabot, and Members of the Committee, this is my first tour of duty in federal government after a career in the private sector and as a small business owner. In my nearly three years at SBA, including the last eight months as the Associate Administrator of Field Operations, I have seen some amazing things that highlight the dedication and impact of our federal workforce.

The first thing I learned is the unbelievable scope and scale of SBA programs and services available to help the small business owners. Here are just some of the SBA services that our dedicated professionals in the field connect entrepreneurs and small businesses to: counseling services, microloans, information about the Emerging Leaders program, exploring opportunities for government contracting, disaster assistance after tragedy, and programs specifically targeted to women, veterans, minorities, and underserved communities.

This is all made possible by our staff in the field offices. They provide the personal touch throughout the country to make sure small businesses have access to the resources they need to start and grow their business. As the Associate Administrator of SBA's Office of Field Operations, I want our field staff out in their communities evangelizing the many services SBA and our resource partners provide.

That leads to the second thing I have learned.

Working for this agency and serving small businesses is an honor, a passion, and a privilege. Many of our District Office employees are fully eligible to retire right now, today. But they continue working because they see how the work that they are engaged in makes a difference in their communities – the places where they grew up, live, are raising their families, and where their kids go to school.

At every single event I have been to where small businesses are honored or given awards, the small business owner gets up and gives the perfunctory thank you to the SBA, or the SBDC, or SCORE and the Women's Business Center. But then they go much further.

They recognize, praise, and thank our SBA staff by name. These businesses are enormously grateful to our employees not just for their knowledge, but for their time, attention, honesty, and for working with them, sometimes for years, to help that business succeed.

SBA field staff provide invaluable support to small businesses. In accordance with the President's Management Agenda, the Office of Field Operations is leading efforts to provide a modern, streamlined, and responsive customer experience for small businesses. SBA is identifying opportunities to more effectively collect customer data and collaborating with internal as well as external partners to integrate leading practices in managing customer experience and improving service delivery.

During FY19, a team of field employees worked with HR staff to create new job descriptions that better reflect the core work field employees provide, particularly outreach and marketing in the lending and government contracting programs. This is designed to create more flexibility and better customer service based on what the small business needs.

We are creating a career ladder to help retain staff by giving them more opportunities to grow and advance professionally. We also have changed the way we measure people's performance to enable field staff to focus and tailor the work needed in their districts, and more effectively serve their community.

We have also reviewed GAO and IG findings and implemented those recommendations. When an audit was done of activities with Historically Black Colleges and Universities, we tasked the SBA district offices that have institutions in their regions to pro-actively hold events and tie them into SBA initiatives and programs, like rural economic development, Opportunity Zones, or government contracting. Those districts that don't have HBCU's are instead conducting outreach with vocational, trade, and technical schools, as well as community colleges.

The Office of Field Operations has also developed better, more collaborative working relationships with other SBA program offices, including the Office of International Trade, to help small businesses look beyond our borders for opportunities to expand and grow, particularly with the recent passage of USMCA.

I am honored and blessed to work with SBA's field team who work tirelessly, every single day, to make a difference for our country's 30 million small businesses. And I'm proud to be their advocate today and every day.

Thank you for having me here, for your support of small business and the agency.

I'm happy to answer any questions you may have.

House Small Business Committee
Office of Field Operations Hearing January 29, 2020
Questions for the Record (QFRs)
Mr. Michael Vallante

1. In the hearing you spoke about marketing and outreach materials that are available in other languages. Can you please specify what marketing materials are available in other languages and in which languages are they available? When describing the marketing materials, please provide their title and a brief summary of its content.

SBA Response:

Spanish is the primary other language we provide marketing materials in other than English. The following materials are available in Spanish:

Overview

- SBA Brochure – This piece provides an overview of SBA’s mission and explains that our programs and services are available to small business owners and aspiring entrepreneurs at all stages of the business life cycle.
- SBA National Resource Guide (2019) – This comprehensive guide outlines agency programs and services. The 2020 version of the National Resource Guide in Spanish will be completed by the end of the year.

SBA Social Media/Videos – The following videos are intended to raise awareness of SBA as a resource to small business owners at all stages of the business life cycle. In addition, a series of approximately 20 “evergreen” social media tiles are currently under development.

- Brand Story: Sobre la SBA (1:00) (Social media and web-hosting use only – not for paid ads)
- Start-Ups: La SBA: Impulsa el sueño americano (:30) (Sobre la SBA (1:00))
- Business Cycle: La SBA: Para todas fases del ciclo comercial (:30)
- Your Ally: La SBA es su aliado (:30)
- Whiteboard video series (under development) – Six 2-minute videos for social media promotion are currently under development in both English and Spanish. The SBA Intro and Disaster Assistance videos are posted. A veteran-serving video script is currently under development. Three additional topics are anticipated to be available no later than September 2020.

SBA Funding Programs (access to capital)

- Financiamiento 101 (Funding 101) Factsheet – Provides an overview of our various funding programs.

Government Contracting

- La contratación gubernamental (Government Contracting) Factsheet – Provides a readiness assessment tool and details steps for small business owners who are interested in federal government contracting as a growth option for their small business.

Counseling and Training

- *La red de recursos asociados de la SBA (Resource Partner Network) Factsheet* – Provides an introduction to four major components of the SBA Resource Partner Network (i.e., SCORE, Small Business Development Centers, Women’s Business Centers, and Veteran Business Opportunity Centers).

Disaster Assistance –Disaster Preparedness Factsheet

- Disaster Mitigation Factsheet
- Disaster Assistance Loans: Businesses & Nonprofits
- Disaster Assistance Loans: Homeowners & Renters
- Disaster Assistance Loans: Community Impact

These Fact Sheets provide an overview of SBA’s range of disaster assistance services in Spanish and other languages, like Korean, as determined by SBA district offices and regional needs.

2. Are application documents, forms and/or instructions regarding access to capital (loans) or SBA’s contracting programs provided in other languages? If so, which documents, forms and/or instructions and in what languages are they available?

SBA Response:

LenderMatch has been translated into Spanish. Collateral materials are under development to be launched concurrently.

All the Disaster Assistance forms and documents have a Spanish version.

CARES Act:

- Paycheck Protection Program materials have been translated into 17 languages.
- Economic Injury Disaster Loan program materials have been translated into 17 languages.

3. In the hearing, the Committee also inquired about the breakdown of language capabilities within all District Office personnel (not resource partners). Can you please specify how many SBA District Office employees are fluent in a language other than English and what languages do they speak?

SBA Response:

Currently, about 170 Office of Field Operations employees are fluent in a language other than English. A list of the languages spoken is below:

Languages:

1. Spanish
2. German
3. French
4. Vietnamese
5. Yiddish

6. Arabic
7. Cantonese
8. Tagalog
9. Mandarin
10. Hindi
11. Gujarati
12. Italian
13. Korean
14. Turkish
15. Portuguese
16. Samoan
17. Cambodian
18. Thai
19. Lebanese
21. Nepalese
22. Russian
23. Min-Gan
24. Serbian
25. Ukrainian
26. Albanian
27. Swedish
28. Norwegian
29. Farsi
30. Dari
31. Datwa

Further, SBA formed a Spanish Advisory Working Group (SAWG) in the Fall of 2019 comprised of Field Operations and headquarters staff from diverse Hispanic heritages/geographic locations. 80% of the SAWG members are from a Field Office. The members of the SAWG actively review new Spanish language materials under development, advise on the utility of new materials, and help raise awareness among SBA employees, resource partners, and the public about the availability of Spanish language materials.

4. Is 7(j) training provided in languages other than English? If so, in what states and in what languages do resource partners provide 7(j) training?

SBA Response:

7(j) training is currently only offered in English.

5. In the hearing, you spoke about partnering with the media in order to communicate with non-native English entrepreneurs. What other initiatives (like trainings, networking events, etc.) is SBA currently using to reach additional communities and to which communities are those initiatives being addressed?

SBA Response:

Many district offices use the following tools to reach into minority communities:

- Interviews in Spanish with Univision and Telemundo and their local outlets.
- Published Op-eds in Spanish and Chinese.
- Working with and in some cases signing memoranda of understanding with state Hispanic Chambers of Commerce and using the chamber networks to educate people about SBA products and services.
- Partnering with Mexican consulates in many cities to include SBA in consulate activities.
- Participation with Black Chambers of Commerce throughout districts.

In addition, below are several examples of District Offices coordinating and working with organizations to reach non-English speaking communities.

- South Dakota: District Office is working with Hispanic non-profits, including the Sioux Falls Hispanic Business Network.
- Houston: District Office helped create the Latinx Business Summit with other business partners in the community. We worked with Camara de Empresario Latino to increase bilingual marketing and presence at Spanish language events and conducted a Spanish language interview on Contanto En Español.
- Nevada: SBA District office hosts events with the Hispanic community for start-up and counseling of small businesses in Spanish.
- Arizona: Microloan and government contracting seminars in Spanish.
- Kansas City: Outreach and training to Nepalese through Catholic Charities.
- Fresno: On TV and Radio in Spanish. Twitter posts in Spanish and English. Works with the FDIC on an initiative to help banks increase consumer lending to Spanish-speaking customers.
- Alaska: Use the following resources to reach into the minority community: Sel de Media Noche Spanish newspaper; Bridge Builders Asian Outreach Network; Filipino Association; Native Cultural Center; and the Polynesian Association.
- Orange County Inland Empire: Coverage in Hispanic Lifestyle Magazine. Coverage in Para Todas. Participation in Latino Coalition events. Participate in the National Latina Business Women's Association. Interview on Saigon Broadcasting Television network. Interviews on Little Saigon TV.
- Indiana: Spanish language resource products and materials to Radio-One Indy for TV Channel 19 and FM 105 La Grande Radio.
- Columbus, Ohio: 13 Money Smart Spanish Series Classes hosted at Our Lady of Guadalupe Center.
- Los Angeles: conducts SBA staff training at Univision Fresno; participates in interviews with the media in Spanish, Armenian, Mandarin, Samoan, Cantonese, Tongan and Farsi.

6. SBA's Spanish website "*SBA en Español*", has limited functionalities. For example, many links in the homepage, take you to English pages and even those pages that are in Spanish often are not updated as quickly as the English counterpart. What is SBA doing to enhance and improve the functionalities of that website?

SBA Response:

The most-visited sections of the SBA.gov are offered in Spanish using native translation. SBA has several native Spanish speakers on staff to assist with ongoing updates and maintenance to those pages. We are continually monitoring website traffic analytics to identify additional sections of the site for enhancement.

SBA's Office of Communication and Public Liaison is working with various stakeholders to assist with the implementation of Spanish language materials and on an outreach assessment project. We will gather insight into the communication needs and preferences of the Spanish-dominant small business owners and entrepreneurs who we assist. The plan is to develop communications strategies, resources, and tactics in order to conduct more effective outreach to a large and growing population so that they can obtain information they need to grow their businesses and compete in the marketplace.

7. SBA's website can be accessed in other languages using Google Translate. However, the problem with Google Translate is that it often does literal translations which lack meaning. Are there any initiatives to extend the SBA website to additional languages just like it was done with *SBA en Español*? If so, to which languages?

SBA Response:

There is currently no plan to create versions of SBA.gov in languages other than Spanish. In Fiscal Year 2019, visitors to SBA.gov who had Spanish as the default language in their web browser (an indicator that the visitor is a Spanish speaker) amounted to 1% of visits to SBA.gov. The next closest language was 0.27%.