



U.S. Small Business  
Administration

**Statement of Allen Gutierrez  
Associate Administrator  
Office of Entrepreneurial Development  
U.S. Small Business Administration**

**before the  
Senate Committee on Small Business and Entrepreneurship**

**Hearing on “Reauthorization of SBA’s Entrepreneurial  
Development Programs”**

**May 1, 2019**

**Statement of Allen Gutierrez**  
**Associate Administrator**  
**U.S. Small Business Administration**

Thank you, Chairman Rubio, Ranking Member Cardin, and members of the committee for inviting me to testify this afternoon. I look forward to working collaboratively with this committee to ensure we are providing entrepreneurs and small business owners the resources they need to start, grow, or expand their business and if necessary, recover from disaster.

I am very fond of the U.S. Small Business Administration (SBA) and its mission. I am honored to be back at the Agency - this being my second tour of duty. From 2001 to 2006, I was honored to serve in various leadership positions at SBA. Prior to being appointed to my current position, I served as the National Executive Director of the Latino Coalition, one of the nation's largest Latino advocacy groups. Now, as the Associate Administrator for the SBA Office of Entrepreneurial Development, it is my responsibility to administer programs and initiatives that provide technical assistance, primarily counseling and training, to small business entrepreneurs seeking to reach the American dream.

The Office of Entrepreneurial Development is SBA's technical assistance arm, overseeing SBA's primary counseling and training programs. We work hand in hand with SBA's resource partners, supporting current and aspiring small business owners. The largest of these resource partners is the Small Business Development Centers (SBDC) program. The Small Business Development Centers program is administered through a cooperative agreement with institutes of higher education or state governments. There are 63 SBDC lead centers and over 900 SBDC service centers across all 50 states and U.S. Territories. The SBDCs provide counseling and training to entrepreneurs and small business owners on a variety of topics including international trade, cyber security, and how to develop and present a business plan.

Our Women's Business Centers (WBCs) are responsible for promoting the growth of women-owned businesses through training and technical assistance and by providing access to credit and capital as well as federal contracting and international trade opportunities. The SBA partners with non-profits – 501(c) entities – and provides a maximum grant of \$150,000 to establish a WBC. There are 113 locations, and unfortunately, four states currently do not have a WBC – Alaska, Idaho, Mississippi, and South Carolina. We are in the process of reviewing applications to open a WBC in Idaho and are actively pursuing the best path forward to provide services to women entrepreneurs in these other states. WBCs serve a wide diversity of geographic areas, demographic populations, and economic environments. Many WBCs offer training and counseling in a number of languages and dialects, helping reach emerging markets with a variety of unique and innovative programs.

Our third program is SCORE, a network of over 10,000 volunteers that provide 1-on-1 mentoring to entrepreneurs and small business owners. These volunteers provide industry focused assistance on a wide variety of areas. The SBA provides \$11.5 million to the National SCORE Association, which provides the funding distribution to their 300+ chapters across the United States and U.S. Territories.

One important initiative administered through the Office of Entrepreneurial Development is SBA's Emerging Leaders. This initiative is a 7-month intensive course that helps small businesses that have \$250,000 in revenue and have been in business for more than three years to expand and grow. Emerging Leaders has been in existence for 10 years and has trained more than 5,000 small business owners, created over 6,500 jobs, and helped businesses secure over \$3 billion in government contracts.

In the spring of 2018, as part of former SBA Administrator Linda McMahon's direction to reimagine the SBA with a more customer-centric approach, my office reviewed program performance metrics and corresponding entrepreneurial development metrics for each of the resource partners. We had three goals in mind.

First, we want to align what SBA reports with what we require the resource partners to submit via the cooperative agreements. Second, we wanted to align processes, performance metrics, and goal setting across OED and balance outcomes and outputs to create a direct line of sight between our resource partners' activities and SBA's strategic direction, resulting in maximum program efficiency and effectiveness. Finally, we wanted to highlight the differences between our resource partners. Now, each resource partner has a performance goal that highlights the unique work they do. This initiative is referenced in the Agency's FY 2020 Congressional Justification / FY 2018 Annual Performance Report.

While developing the new metrics, we placed great importance on performance goals and improving the tracking of actual client interactions and outcomes realized. Through greater accountability, the SBA and its resource partners can collectively improve the Agency's ability to help more small businesses start, grow, and expand their businesses.

To accomplish this, we formed cross-functional working teams, with representation from program offices and the SBA field offices. We held a series of meetings during the spring and summer. The working teams identified key initiatives, activities, and metrics that support the SBA's strategic priorities. The teams also included representatives from the SBA's Office of Performance Management. They oversee the Agency's overall organizational performance management and maintain constant communication about our efforts with the Office of Management and Budget (OMB).

The working teams gathered and analyzed past performance data from the last three years to propose conservatively-estimated recommendations for the new resource partners' performance targets beginning in FY 2019. Performance targets for data not previously collected are being baselined in FY 2019. Prior to the new metrics and goals being finalized, I sought feedback from the leadership of the resource partners' networks, including the boards and chairpersons of their respective associations. We also consulted with OMB, integrated their feedback, and received their approval for full implementation in FY 2019.

It is worth noting that we will use 2019 to work in tandem with the SBA District Offices and the resource partners to monitor how the resource partners perform under the new performance metrics. We are relying on the SBA field personnel's and resource partners' expertise regarding local market conditions, as critical inputs in formulating future performance targets.

As the committee considers reauthorization language for the resource partners' programs, I would like to ask you to consider removing the restrictive language on the collection of data. Currently at the SBA, without the data from our partners, we cannot paint an accurate picture of the resources our Agency provides. For example, if a business receives counseling from an SBDC or WBC and with their counseling is able to obtain an SBA loan, and through that loan starts contracting with the government, we are unable to connect the dots to show the impact the SBA's programs have had on helping this business. We are not asking for the collection of all data, rather we are requesting to collect enough data to present the most accurate snapshot at any given moment about how the SBA is actually supporting and assisting the small business community. We would certainly work with our resource partners to make sure these requirements are implemented in the least burdensome manner possible.

I would also ask the committee to consider our 10% performance incentive request. Under this authority, the SBA would remove certain eligibility limitations and revise match funding requirements, and adopt a performance-based funding component. When I was first appointed, I quickly found out that while the overall performance goal of the SBDC program was being met, approximately 1/3 of the SBDC networks were carrying the performance for the entire SBDC network, while 41% of the SBDCs were meeting one (1) goal or less. I have made the performance of our programs a priority. Under my leadership, the number of SBDCs meeting those lower performance goals has dropped to 29%. With this 10% performance incentive, we can motivate the underperforming SBDC networks to better assist the small businesses in their communities and improve SBA's ability to deliver more impactful results.

Chairman Rubio, Ranking Member Cardin and members of the committee, it is an honor to testify here today. We are accomplishing great things at the SBA. Our Agency remains committed to working with you to ensure the small businesses and entrepreneurs of America are given the resources needed to start, grow, and expand their business.

Thank you for your time, and I look forward to answering any questions you may have.