

Equity Action Plan



Executive Summary

The **U.S. Small Business Administration (SBA)** helps entrepreneurs start, build, grow, and, if needed, recover their businesses. Created in 1953, SBA is the only cabinet-level federal agency fully dedicated to small business owners and entrepreneurs in their pursuit of the American dream.¹ Since its founding, SBA has delivered millions of loans, loan guarantees, contracts, counseling sessions, and other forms of assistance to small businesses.

Each year, SBA serves thousands of small businesses across the country. Many of these businesses are owned by entrepreneurs who identify with communities that have been traditionally underserved. These **underserved communities** include the following:

Persons who/who are...

- Asian American
- Black and African American
- Hispanic and Latino
- Middle Eastern
- North African
- Other Persons of Color
- Alaska Native
- Native American
- Native Hawaiian
- Pacific Islander
- Tribal Communities
- Have Disabilities
- Lesbian, Gay, Bisexual, Transgender, and Queer (LGBTQ+)
- Of Religious Minorities
- Live in Rural or underserved Urban areas
- Veterans, Military Servicemembers, and Spouses
- Women
- Are otherwise adversely affected by persistent poverty or systemic inequality

¹ [About SBA](https://www.sba.gov/about-sba) <https://www.sba.gov/about-sba> (Pulled Jan 2022)

SBA offers support for each stage of the entrepreneurship journey through products and services. Entrepreneurs of underserved communities can experience barriers to accessing those resources. **This Equity Action Plan**, in conjunction with Executive Order (EO) 13985 (“Advancing Racial Equity and Support for Underserved Communities Through the Federal Government”), **outlines how SBA will reduce barriers and improve access to the following resources:**

- Capital Access
- Federal Government Procurement and Contracting Opportunities
- Disaster Assistance
- Business Counseling, Training, and Services

The plan also **highlights SBA’s commitment to advancing civil rights** including leadership from the agency’s Office of Diversity Inclusion and Civil Rights.

Lastly, an essential component to the Equity Action Plan is for SBA to improve its quantitative and qualitative data gathering to help inform ongoing analysis. SBA is committed to a process that includes working with OMB to identify the most efficient and effective ways to acquire needed information, without incurring unnecessary costs or creating additional burden, potential for disclosure, or trust issues for underserved communities.

Summary of Early Accomplishments

During the past year, SBA was successful in reducing barriers and improving access to SBA resources for underserved communities. Between January 20, 2021, to January 20, 2022:

SBA funded small businesses across key demographic groups, including: rural Americans (\$58 billion+), Black and African Americans (\$17 billion+), Hispanics and Latinos (\$15 billion+), Native Americans (\$699 million+), and Asian American, Native Hawaiian and Pacific Islanders (\$23 billion+). SBA also **distributed \$15.2 billion in critical Restaurant Revitalization Fund (RRF) relief aid** to women-owned (\$7.5 billion), veteran-owned (\$1 billion), and socially and economically disadvantaged-owned (\$6.7 billion) small businesses. **In low-income communities, over 500,000 small businesses received a lifeline of up to \$15,000 in relief grants** through the COVID Economic Injury Disaster Loan (EIDL) Targeted and Supplemental Advance programs, while 22 percent of Paycheck Protection Program (PPP) loans went to those in rural areas.

Along with the federal Interagency Policy Committee (IPC) on Executive Order 13985, **SBA worked with agencies to raise the governmentwide goal for spending with Small Disadvantaged Businesses to 11%, from 5%**. Further, SBA and the IPC finalized reforms—issued by OMB in December—to help grow the small-business industrial base. These reforms include tailoring OMB’s Category Management program to serve disadvantaged businesses, adding SBA to the governmentwide Category Management Leadership Council, and adding

new entrants to government contracting. **SBA also issued a proposed rule in the Federal Register that, when finalized, will open up possibilities for new and nontraditional small business contractors to compete for contract opportunities.** The rule would allow contractors without direct experience in government contracting to count experience gained through participating as a joint venture member or first-tier subcontractor. This addresses a common complaint from small businesses, that they cannot get their first contract until they have their first contract. **For the first time,** the SBA released disaggregated data across industries and sectors by race and ethnicity and helped deliver contracting reforms that will require federal agencies to track and publicly report how they are bringing in new contractors, develop diversification strategies, and open doors for more socio-economic, underserved firms to sell their goods and services to the Federal marketplace. Additionally, SBA has **allocated nearly 30 percent of its Small Business Development Center Program funding to Minority Serving Institutions to host Small Business Development Centers.** This action will lead to over 280 small business development centers increasing their access to and impact within underserved communities. SBA also supported the **implementation of three Women’s Business Centers (WBCs) on the campuses of Historically Black Colleges and Universities** and elevated the issue of women’s entrepreneurship through public engagement. Of the 24 new WBCs announced in March 2021, **60 percent were in rural communities.** And, most recently, SBA reconvened the Council on Underserved Communities under the authority of the Federal Advisory Committee Act (FACA). **The restoration of the Council will help support the SBA’s prioritization of equity across its programs and initiatives.** The Council consists of 20 diverse stakeholders from every region of the country tasked with advising the SBA on strengthening and improving its strategies to help underserved communities.

SBA Equity Action #1

Improve Access to Capital

A. Barrier to Equitable Outcome(s)

There is a **gap in access to capital** among small business owners that represent the following characteristics²:

- Annual revenue of <\$100K
- Seeking loans of <\$150K, especially \$10K
- Sole proprietors
- Low profit industries such as childcare

This gap contributes to racial inequities, as **small business owners with these characteristics are more likely to be from underserved communities** than adequately served communities. Another contributor to the capital gap is the high prevalence of credit invisible and credit unscorable U.S. adults. Like the small business capital gap, **underserved small business owners are more likely to have thin consumer and business credit files** than other communities due to lack of banking and/or debt history.³

Community Financial Institutions (CFIs), including Community Development Financial Institutions (CDFIs), are private financial institutions that deliver responsible, affordable finance to help people and communities underserved by mainstream finance. CFIs, however, can be limited in their capacity due to a number of factors including their capital structure, challenges associated with hiring and retaining highly skilled lending officers, and the high cost of servicing smaller dollar loans to small business owners with non-traditional profiles. Additionally, they can lack the resources to invest in the infrastructure needed to achieve greater efficiencies and the marketing to attract more borrowers. This results in CFIs being limited in their connection to at-need borrowers and capacity to generate significantly higher volume.

SBA programs LenderMatch and the Community Advantage Pilot do not optimize the marketplace to match CFIs and underserved borrowers, currently. LenderMatch is an online platform matching potential borrowers to potential lenders offering SBA-backed funding and is being marketed to CFIs to reach underserved borrowers. Community Advantage is a loan program designed to meet the credit and technical assistance needs of small businesses in underserved markets.

² <\$100K revenue Small businesses: >50% Black, 30% Hispanic, 18% Asian, 13% white
1-4 employee businesses: 76% Black, 69% Hispanic, 60% Asian, 52% white
For non-employer firms, 42% women-owned vs. employer firms 21% women-owned
(Source: Federal Reserve Small Business Credit Survey - 2021)

³ ~20% of US adults are credit invisible or unscorable due to thin or stale files, with nearly 30% of Black and Hispanic adults falling into this category (Source: Consumer Financial Protection Bureau)
<50% Hispanic borrowers and 33% of Black borrowers were deemed to have a low credit risk for firms vs. 72% of white borrowers (Source: Federal Reserve Small Business Credit Survey - 2021)
~ 40% of households without a high school diploma used bank credit vs. ~90% of those with college degrees.
(Source: Federal Deposit Insurance Corporation)

B. Actions and Intended Impact on Barrier

Building on LenderMatch and Community Advantage, **SBA will invest in additional technology to optimize the marketplace to match underserved borrowers and CFIs, including CDFIs. For borrowers**, application requirements will be simplified, data will integrate automatically, and a high-quality customer service support system will be available. It will also be mobile-friendly. By delivering the platform in a user-friendly manner, borrowers can simply and seamlessly complete the process to connect to mission-based lenders. **For CFIs**, the platform's automatic integration of data sources will make it possible to easily evaluate credit score alternatives. Matched CFIs will be provided with this analysis.

SBA will also **1)** invest in the marketing of the platform so all CFIs users can benefit from this gain and more historically underserved borrowers can learn about this platform's availability, and **2)** complete the CFI-borrower matching process in a way that generates a proposal, making the borrower assessment and underwriting process easier.

By prioritizing these actions, underserved communities will have a more focused resource that meets them where they are today, making the marketplace and capital more accessible. Lenders that are servicing underserved communities will be able to better fill the gaps to access to capital and expand their impact.

SBA expects that by connecting more underserved small business owners to CFIs the small business capital gap for underserved borrowers will decrease. The number of underserved small business owners that lack banking and/or debt history will decrease, also. The platform will increase the operational capacity for CFIs. Increasing CFI access and use of SBA's integrated platform will result in more loans to underserved entrepreneurs, **with more small businesses having the opportunity and support to start and grow.**

C. Tracking Progress

Factors to determine progress/success 2-4 years out:

- Number of underserved borrowers and CFIs participating on the platform increases year over year.
- Number of customer survey results indicating a positive experience is prevalent.

Factors to determine progress/success 5-8 years out:

- Number of small business loans being generated that can reduce the small business capital gap for underserved communities increases.

D. Accountability

SBA's **Office of Capital Access (OCA)** will align these actions with the Agency's Strategic Plan and build upon already embedded equity-related goals in the office's performance plan. OCA and the Agency will continue to report to senior leadership, members of Congress, and the White House at regular intervals to ensure that all OCA programs and

services are meeting the intended goals. With a focus on transparency and customer engagement, updates will be provided to the public on an ongoing basis and customer feedback will be obtained consistently.

SBA Equity Actions #2 and #3

Improve Access to Federal Government Procurement and Contracting Opportunities

Actions #2 and #3 both support improving access to Federal Government procurement and contracting opportunities. **Action #2** focuses on SBA’s authority for setting goals for federal agencies. **Action #3** focuses on SBA’s role as an administrator of programs for small businesses.

A. Barrier to Equitable Outcome(s)

The **U.S. Federal Government is the largest purchaser of goods and services in the world**. Federal Government purchases can have a substantial impact on the success of small businesses, especially firms owned by members of underserved communities.⁴ To assist small businesses that are at least 51 percent owned by one or more individuals who are both socially and economically disadvantaged, and competing for procurement and contracting opportunities, a **self-certification as a Small Disadvantage Business (SDB)** is available.

In FY 2020, **SDBs represented 25 percent of all businesses participating in government contracting**, but SDBs **received only roughly 10 percent of total federal procurement dollars**.⁵ Increased SDB spending would **prepare the contracting base for the next set of 21st-century challenges**, from climate change to public health, and **decrease wealth disparities**.⁶

Narrowing the spending gap requires not just spending more with existing contractors, but also expanding the opportunities available for new and less-established disadvantaged businesses. As a whole, the government has only recently recognized that consolidated buying practices—as emphasized over the past half-decade—can squeeze out smaller vendors, including some SDBs and socioeconomic businesses. Balancing those buying practices with socioeconomic goals **requires a renewed focus on recruiting and retaining SDBs**, and OMB recognized that as a necessary effort in Memorandum M-22-03.

B. Actions and Intended Impact on Barrier

⁴ [The Benefits of Increased Equity in Federal Contracting | The White House](https://www.whitehouse.gov/cea/written-materials/2021/12/01/the-benefits-of-increased-equity-in-federal-contracting/)

<https://www.whitehouse.gov/cea/written-materials/2021/12/01/the-benefits-of-increased-equity-in-federal-contracting/> (Pulled Jan 2022)

⁵ [FACT SHEET: Biden-Harris Administration Announces Reforms to Increase Equity and Level the Playing Field for Underserved Small Business Owners | The White House](https://www.whitehouse.gov/briefing-room/statements-releases/2021/12/02/fact-sheet-biden-harris-administration-announces-reforms-to-increase-equity-and-level-the-playing-field-for-underserved-small-business-owners/) <https://www.whitehouse.gov/briefing-room/statements-releases/2021/12/02/fact-sheet-biden-harris-administration-announces-reforms-to-increase-equity-and-level-the-playing-field-for-underserved-small-business-owners/> (Pulled Jan 2022)

⁶ [FACT SHEET](#), The White House (Pulled Jan 2022)

#2 Increase Government Spending on Small Disadvantaged Businesses

SBA negotiates contracting goals with all 24 Chief Financial Officers Act⁷ agencies and will **use this authority to drive more federal dollars to disadvantaged business owners.**

The SBA Administrator will assign ambitious but attainable goals to each agency that represent an improvement over the agency's historical SDB spending. To reach those goals, agencies—with help from SBA—will need to take concerted efforts to lower barriers to entry and incentivize their workforces to attract more SDB contractors.

For fiscal year (FY) 2022, **the government-wide SDB contracting goal has been increased to 11 percent, working toward the goal of 15 percent in FY 2025.** Each agency will receive an increased SDB prime contracting goal based on the agency's past performance in contracting with SDBs. To determine the goals, SBA reviewed each agency's SDB contracting levels over the past decade, focusing primarily on the past three years. SBA then followed the guidance from OMB Memorandum M-22-03 that FY22 goals "shall demonstrate improvement at each agency." SBA proposed initial goals to each agency and negotiated with agencies on an individual basis to arrive at a final level. The final goals aggregate to 11% governmentwide for FY22.

Under the authority granted in OMB Memorandum M-22-03, SBA will **use its new voting capacity** on the Category Management Leadership Council to advocate for small businesses, and SBA will promote to qualified small businesses their new enhanced status under recent Category Management reforms.

#3 Increase Small Disadvantaged Business Participation

SBA and other agencies will need to reach new businesses. SBA will **enroll more disadvantaged small businesses into SBA's business development and contracting programs** (e.g., the 8(a) Business Development program, HUBZone program, Economically Disadvantaged Women-Owned Small Business (EDWOSB) certification) and strengthen those businesses' capabilities to compete and perform contracts.

To encourage development of 8(a) applicants and current participants, the Agency will take several steps. For potential applicants, **SBA will maximize application education and assistance** by offering quarterly trainings to educate firms on 8(a) program eligibility and the application process. These trainings will aim to improve the quality of application submissions and, thereby, lead to more approved firms into the program. For certified 8(a) Program participants, concentrated training is planned for the developmental years one through four, and the transition years five through nine of the program's term. This support will position the firms for successful growth. SBA will also open to the public a monthly conference call to further enhance its customer service.

⁷[2.4 Chief Financial Officers Act \(1990\) | CIO.GOV](https://www.cio.gov/handbook/it-laws/cfo-act/) https://www.cio.gov/handbook/it-laws/cfo-act/ (Pulled Jan 2022)

Overall, SBA will **examine areas of the 8(a) application requirements** to reduce the administrative burden for small businesses. The Agency will also conduct an equity impact assessment to determine how its benefits apply to different groups of participants in the program.

SBA will continue to **work with Office of Federal Procurement Policy (OFPP)** to construct measures and goals to determine whether contracting is welcoming small businesses, encouraging innovation and dynamism, and furthering Administration priorities of equity and inclusion.

By prioritizing these actions, SBA and other federal agencies will reopen the door for small businesses and small disadvantaged business to enter the federal marketplace. This will result in a more diverse supply chain, greater competition in contracting, better results for agencies, and equity for underserved communities.

SBA expects that governmentwide spending with SDBs will reach 15% in FY25, which will be a 50% increase over current levels. This will translate to tens of billions of dollars more to disadvantaged business owners. Because of this increase in contracting opportunities, SBA also expects the number of disadvantaged small business owners participating in business development and government contracting programs, as well as actual government contracting, to increase. Ultimately, these efforts will **expand the economic benefits of federal spending to underserved communities, provide opportunities to reduce wealth inequality, and improve the overall economy.**

C. Tracking Progress

Factors to determine progress/success 2-4 years out:

- Dollars spent on SDBs by Federal Government agencies increases.
- Number of Federal Government procurement and contracting opportunities available for small business increases.
 - SBA will develop an indicator to track the number of opportunities.
- Number of SDBs participating in Federal Government procurement and contracting increases.
 - Along with the OFPP, SBA will continue to track the number of vendors in the federal marketplace. Under the guidance in OMB's M-22-03, SBA will begin to measure the number of new entrants each year into the Federal marketplace.
 - SBA will track the number of firms that are certified into SBA's contracting and business development programs.

Factors to determine progress/success 5-8 years out:

- Economic benefits, such as building wealth, increases for underserved businesses and communities.

D. Accountability

Action #2: SBA will measure other agencies' progress — and the Federal Government as a whole — on the SBA Scorecard, the flagship data product for the agency. The governmentwide SDB goal will have specific milestones on the way to 15% in FY25, and the SBA Scorecard will reflect those milestones. Agency buying officials and senior leadership will have scorecard achievements in their performance plans, and SBA will ensure that small-business advocates within each agency have access to the highest level of decisionmakers in the agency. Traditionally, each agency, including SBA, amplifies the annual results of the SBA Scorecard through various public communication channels. SBA will publish annual disaggregated data on each agency's performance contracting with small businesses grouped by race/ethnicity.

Action #3: SBA's Office of Government Contracting and Business Development (GCBD) will align the above actions with the SBA's Strategic Plan and build upon already embedded equity-related goals in the office's performance plan. GCBD and the Agency will continue to report to senior leadership, members of Congress, and the White House at regular intervals to ensure that all GCBD programs and services are meeting the intended goals. With a focus on transparency and customer engagement, updates will be provided to the public on an ongoing basis (i.e., making the vendor and new entrant information available publicly) and customer feedback will be obtained consistently.

SBA Equity Action #4

Improve Access to Disaster Assistance

A. Barrier to Equitable Outcome(s)

SBA provides low-interest disaster loans directly to survivors to help them recover from declared disasters. Borrowers are not just small business owners. Other **business owners, private nonprofits, homeowners, and renters** can also qualify for a disaster loan. The lending criteria for disaster loans (credit/cashflow/income to debt ratio), although less stringent than private lenders, can make it more **difficult for disaster survivors of underserved communities** (compared to adequately served communities) to actively participate in the disaster assistance programs due to financial disparities.⁸

SBA disaster loan applicants who do not meet underwriting criteria fail to obtain disaster loans. **SBA does not regularly have resources in position to assist applicants who are declined a loan and who need financial counseling.**

B. Actions and Intended Impact on Barrier

SBA will work with its field and program offices to **develop a systematic and formal process with SBA Resource Partners** (i.e., Small Business Development Centers (SBDCs), SCORE, Women’s Business Centers (WBCs), Veterans Business Outreach Centers (VBOCs)) to assist businesses with application completion, reconsiderations, credit repair, and managerial and technical services. These **partnerships foster direct engagements** with disaster survivors and will help them to obtain financial and credit counseling services such as how to prepare income statements and balance sheets; how to manage debt to improve credit scores; and, how to apply for disaster loans. These actions will increase the likelihood of disaster survivors receiving recovery funds from SBA. The SBA will also **identify and develop formal and informal relationships** with financial institutions and local community support groups to arrange for additional assistance.

This process will be nested throughout SBA’s loan processing procedures from application intake to application decline and will be standardized across the entire enterprise to meet the disaster survivor’s unmet needs. To continue to improve upon this process, SBA will **conduct targeted outreach and “listening sessions” to get feedback from new and existing stakeholders.**

⁸ ~20% of US adults are credit invisible or unscorable due to thin or stale files, with nearly 30% of Black and Hispanic falling into this category (Source: Consumer Financial Protection Bureau)
<50% Hispanic borrowers and 33% of Black borrowers were deemed to have a low credit risk for firms vs. 72% of white borrowers (Source: Federal Reserve Small Business Credit Survey - 2021)
~ 40% of households without a high school diploma used bank credit vs. ~90% of those with college degrees. (Source: Federal Deposit Insurance Corporation)

By prioritizing these actions, SBA will be able to provide a positive customer experience that will extend beyond a negative loan decision. With this continued engagement, SBA will become more aware of the needs of disaster survivors, particularly survivors from underserved communities. In turn, SBA will be able to deliver improved and more equitable service.

SBA expects that by connecting disaster survivors of underserved communities to financial counseling and additional resources, more of these survivors will meet the disaster loan underwriting criteria. Also, new partners will become part of the SBA network permanently and will facilitate even more connections with underserved communities. With access to financial and other assistance, **disaster survivors of underserved communities can more quickly transition from an emergency situation to a long-term, productive, and economically viable recovery phase.**

C. Tracking Progress

Factors to determine progress/success 2-4 years out:

- Number of underserved disaster survivors utilizing SBA-referred financial counseling increases.
- Number of underserved disaster survivors utilizing SBA products and services increases.
- Number of organizations partnering with SBA to assist underserved disaster survivors increases.

Factors to determine progress/success 5-8 years out:

- Number of underserved disaster survivors who are initially declined a disaster loan due to not meeting underwriting criteria but are later able to remedy issues after receiving SBA-referred financial counseling and successfully reapply increases.

D. Accountability

SBA's **Office of Disaster Assistance (ODA)** will align these actions with the Agency's Strategic Plan and build upon already embedded equity-related goals in the office's performance plan. ODA and the Agency will continue to report to senior leadership, members of Congress, and the White House at regular intervals to ensure that all ODA programs and services are meeting the intended goals. With a focus on transparency and customer engagement, updates will be provided to the public on an ongoing basis and customer feedback will be obtained consistently.

SBA Equity Action #5

Improve Access to Business Counseling, Training, and Services

A. Barrier to Equitable Outcome(s)

At the **forefront of all SBA programs is outreach** - connecting entrepreneurs to information on how to start, grow, manage, and recover their businesses. Often this information is provided through business counseling, training, and services. At times, however, communication and information gaps can prevent SBA clients and potential clients from receiving information on the benefits of SBA products and services.⁹

For **entrepreneurs of underserved communities**, communication and information gaps can be more critical. Underserved business survival rates are below the national average with only about two-thirds of businesses surviving to at least 4-5 years old.¹⁰ This **makes the window of opportunity shorter for providing relevant, accurate, and timely information that could increase how long a business survives.**

B. Actions and Intended Impact on Barrier

To **strengthen the lines of communication with underserved communities**, an all-hands approach is needed. All SBA offices are investigating new approaches for reaching clients. The following are some examples of the latest actions SBA is implementing:

- Office of Entrepreneurial Development - Launching the **Community Navigator Pilot Program**, as established in the American Rescue Plan Act of 2021. The program aims to strengthen and expand outreach to underserved businesses by partnering with organizations with deep roots in their communities.
- Office of Entrepreneurial Development & Office of Small Business Development Centers - Requiring Small Business Development Centers to enhance collaboration with **Minority Serving Institutions**. This includes onboarding new SBDC service centers that best support historically underserved communities.
- Office of Disaster Assistance - Securing **on-demand translation services** to meet the immediate needs of disaster survivors with limited English proficiency (translators, document translation, etc.) and hiring local staff within the impacted community to facilitate understanding of the disaster loan process.

⁹ 20.7% of the more than 7.9 million small establishments (<500 employees) are in counties without any type of SBA service center. (Source: U.S. Census County Business Patterns; SBA calculations)

¹⁰ The 2016-2018 national, two-year survival rate for young employer establishments (2-3-year-old firms surviving to at least 4-5 years old) was 71 percent. The survival rates for women (67 percent), Black (65 percent), Hispanic (64 percent) and Asian (70 percent) led firms were below the national rate. Veteran-owned businesses (63 percent) were also below the national rate. (Source: BED, BDS; Office of Advocacy calculations)

- Office of Women’s Business Ownership - Requiring Women's Business Centers that have **Historically Black Colleges and Universities (HBCUs)** in their coverage areas to partner and host at least one community-focused training event, actively recruit program participants, and use HBCU faculty as subject matter experts.
- Office of Veterans Business Development - Conducting **training events in partnership** with veterans of specific underserved communities throughout the year and during the annual National Veteran Small Business Week. Marketing efforts, including **monthly outreach kits**, will be aligned with the new events.
- Office of Field Operations & Office of Rural Affairs – Creating a collection of **best practices** on how SBA field and program offices can reach clients that **do not have sufficient access to broadband services**.
- Multiple offices will be organizing **listening sessions** with underserved communities to identify community-specific outreach techniques and determine how SBA and the communities can collaborate.

By prioritizing these actions, SBA will develop a more comprehensive and inclusive outreach strategy. SBA will be able to communicate more efficiently and effectively with entrepreneurs of underserved communities and provide the support that may help their businesses survive.

SBA expects that by connecting more underserved community entrepreneurs to resources and connecting them earlier in the lifespan of their businesses, the survival rate of the businesses will increase. Also, new partners will become part of the SBA network permanently and will facilitate even more connections with underserved communities. **As more businesses keep their doors open and the entrepreneurial ecosystem becomes more robust, the nation’s economy will thrive.**¹¹

C. Tracking Progress

Factors to determine progress/success 2-4 years out:

- Number of underserved entrepreneurs utilizing SBA resources increases.
- Number of organizations partnering with SBA increases.

Factors to determine progress/success 5-8 years out:

- Two-year survival rate for new businesses of underserved entrepreneurs increases.

D. Accountability

SBA program offices will align these actions with the Agency’s Strategic Plan and build upon already embedded equity-related goals in performance plans. SBA will continue to report to senior leadership, members of Congress, and the White House at regular intervals to ensure that all SBA programs and services are meeting the intended goals.

¹¹ [Frequently Asked Questions About Small Business, 2021 \(sba.gov\)](https://cdn.advocacy.sba.gov/wp-content/uploads/2021/12/06095731/Small-Business-FAQ-Revised-December-2021.pdf) https://cdn.advocacy.sba.gov/wp-content/uploads/2021/12/06095731/Small-Business-FAQ-Revised-December-2021.pdf

With a focus on transparency and customer engagement, updates will be provided to the public on an ongoing basis and customer feedback will be obtained consistently.

Civil Rights and Equity at SBA

A. Overall

SBA recognizes that civil rights protections ensure the public has equal and full access to all programs and services funded or operated by the agency. SBA also recognizes that discrimination can be intentional or as a result of a program or service that has unintentional discriminatory consequences because it disproportionately impacts individuals protected by civil rights laws.

B. SBA Resources Available to Advance Civil Rights

Responsibility for ensuring implementation of the Administration's and SBA's equity policies is shared across the agency. The **Office of Diversity, Inclusion, and Civil Rights (ODICR)** provides leadership for these activities as well as coordination of agency-wide assessments and plans.

ODICR ensures that **individuals receiving services** from SBA-funded or conducted programs are **not subject to discrimination** and that the privacy and security of individuals' health information is protected through collaborative efforts within the agency and with other Federal agencies. For example, ODICR provides information in 127 different languages regarding civil rights, language access, and recipient guidance.

ODICR and SBA's program offices **collaborate with each other and with other Federal Government agencies** to share resources and improve efficiency. For example, ODICR participates in the Department of Justice Title VI Interagency Working Group to standardize Federal terminology with respect to Limited English Proficiency (LEP) issues.

ODICR **investigates complaints, conducts compliance reviews, promulgates regulations, develops guidance, provides technical assistance, and educates the public on civil rights.** In partnership with Department of Justice (DOJ) and Department of Education (ED), ODICR reviews referred civil rights cases that do not fall within DOJ's or ED's jurisdiction.

ODICR **oversees adherence** to Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and Title IX of the Education Amendments of 1972, P.L. 92318, 20 U.S.C. §1681 et seq.

C. Improving ODICR Capacity

The SBA Administrator is implementing a reorganization plan to **create a more proactive Diversity and Inclusion component to ODICR.** The plan includes hiring a Chief Diversity Officer and, over time, increasing the number of Diversity and Inclusion staff. This additional capacity will allow ODICR to provide programs that address diversity, inclusion, equity, and accessibility not only to the agency, but also to other Program Offices that

work directly with SBA entrepreneurs and small business owners. The Diversity and Inclusion Program will provide guidance and insights into identifying and overcoming barriers such as accessibility and potential bias in systems and processes that may be limiting access to underserved communities.

ODICR is also exploring the opportunity to **work more collaboratively with the SBA National Ombudsman**. The National Ombudsman assists small businesses, small government entities, and small nonprofits when they are subject to excessive enforcement by a federal agency. This includes, but is not limited to, repetitive audits or investigations, excessive fines, penalties, threats, or other unfair enforcement action. As an impartial liaison, the National Ombudsman refers comments submitted by a small business to the appropriate agency for high-level fairness review and works across the federal government to address those concerns to help small businesses succeed. To begin the exploration for more collaboration, ODICR and the National Ombudsman will examine data and identify possible strategies to improve assistance and resolve issues for small business owners of underserved communities who believe they have been treated unfairly.

SBA is also contemplating the **publication of a Title VI Civil Rights email box and detailed information for the public** on the external facing website. This would be in addition to the Agency's established civil rights email box.

Each of the above actions - from designing and managing new programs to processing, investigating, and referring claims - will require the addition of new staff and resources to ensure smooth implementation and maximum benefit for the underserved communities SBA assists.