



November 2019

# SMALL BUSINESS ADMINISTRATION

## Opportunities Exist to Strengthen Engagement with Historically Black Colleges and Universities

Accessible Version

### Opportunities Exist to Strengthen Engagement with Historically Black Colleges and Universities

Highlights of [GAO-20-41](#), a report to congressional requesters

#### Why GAO Did This Study

The 101 HBCUs play an important role in higher education and in their local and regional economies. Among African Americans who obtained a doctorate in science, technology, engineering, or mathematics in 2005–2010, more than one-third earned their undergraduate degrees from an HBCU. SBA is part of a long-standing White House initiative to strengthen the capacity of HBCUs, including their ability to access and participate in federal programs. SBA's mission includes business development, and SBA also works with colleges and universities to provide entrepreneurial training and counseling.

GAO was asked to review SBA's entrepreneurship-related efforts with HBCUs. This report examines (1) SBA efforts to foster entrepreneurship with HBCUs in recent years, (2) SBA's plans for the White House Initiative on HBCUs, and (3) the extent to which SBA collected information specific to HBCUs. GAO analyzed SBA information on HBCU participation in programs and activities for fostering entrepreneurship and reviewed related standard operating procedures. GAO also interviewed officials at SBA headquarters and eight SBA district offices, and representatives of nine Small Business Development Centers (selected for a high number of agreements with HBCUs and other factors).

#### What GAO Recommends

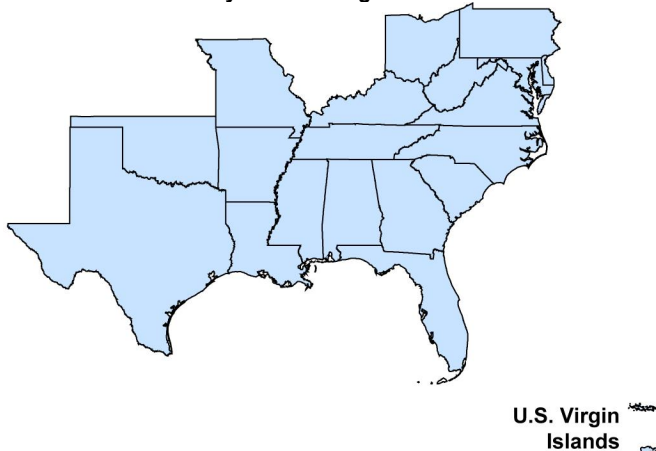
GAO is making three recommendations, including that SBA communicate planned efforts to support HBCUs to key Small Business Development Centers or district offices, and collect additional information on its efforts to support HBCUs. SBA agreed with GAO's recommendations.

View [GAO-20-41](#). For more information, contact Anna Maria Ortiz at (202) 512-8678 or [OrtizA@gao.gov](mailto:OrtizA@gao.gov).

#### What GAO Found

The Small Business Administration (SBA) worked with Historically Black Colleges and Universities (HBCU) to foster entrepreneurship, primarily through its Small Business Development Center program (which provides counseling and training), strategic alliance memorandums, and co-sponsorship agreements. Two HBCUs—Howard University and the University of the Virgin Islands—have hosted SBDC “lead centers” since the 1980s. SBA also signed at least 35 strategic alliance memorandums with HBCUs and at least 16 co-sponsorship agreements in 2013–2018.

#### States with Historically Black Colleges and Universities



Source: GAO analysis (data) and MapInfo (map). | GAO-20-41

Note: States include the District of Columbia and the U.S. Virgin Islands.

In 2018, SBA developed a plan to support HBCUs (including goals and measures) for the White House Initiative on HBCUs. However, SBA headquarters did not communicate this plan or its goals to key Small Business Development Centers or SBA district offices (those with HBCUs in their service areas). As a result, SBA may have missed opportunities to collaborate with HBCUs and help achieve the goals of its plan.

SBA has collected limited information about its programs and activities with HBCUs. SBA could not establish a baseline for performance measures developed in its 2018 plan because SBA district offices and the Small Business Development Centers are not required to collect or report information about their HBCU-related outreach and other activities. For example, while representatives from the nine Small Business Development Centers with whom GAO spoke said they conducted outreach to HBCUs, this information was not reported to SBA headquarters. Without collecting relevant information about its HBCU-related efforts, including data for performance measures, SBA cannot assess the extent or effectiveness of its efforts to support HBCUs.

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**Abbreviations**

FY	fiscal year
HBCU	Historically Black College and University
non-HBCUs	institutions of higher education other than HBCUs
SBA	Small Business Administration
SBDC	Small Business Development Center
SBIR	Small Business Innovation Research
STTR	Small Business Technology Transfer

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November 13, 2019

Congressional Requesters

Historically Black Colleges and Universities (HBCU) play an important and unique role in the higher education system. HBCUs educated more than 226,000 African-American students pursuing a higher education degree in 2017, the year with the most recent available data.<sup>1</sup> Among African Americans who obtained a doctorate in science, technology, engineering, or mathematics in 2005–2010, more than one-third earned their undergraduate degrees from an HBCU.<sup>2</sup> In addition, one study estimated that HBCUs injected \$14.8 billion into their regional economies in 2014, adding more than 134,000 jobs on- and off-campus.<sup>3</sup>

The Small Business Administration (SBA) is part of a long-standing White House initiative to strengthen the capacity of HBCUs, including their ability to access and participate in federal programs. SBA helps Americans start, build, and grow businesses through a variety of services and programs, including entrepreneurial development. SBA's priority goals for fiscal years 2018–2019 highlighted agency goals to more broadly reach emerging markets that are socially and economically disadvantaged.<sup>4</sup> SBA's entrepreneurial development programs provide assistance and resources, such as training and counseling, to existing and potential entrepreneurs in communities across the country, particularly underserved communities. SBA also works with many

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<sup>1</sup>Thomas D. Snyder, Cristobal de Brey, and Sally A. Dillow, *Digest of Education Statistics*, National Center for Education Statistics, NCES 2018-070 (Washington, D.C.: January 2019). See table 313.20, entitled "Fall enrollment in degree-granting historically Black colleges and universities, by sex of student and level and control of institution: Selected years, 1976 through 2017."

<sup>2</sup>Rachel Upton and Courtney Tanenbaum, *The Role of Historically Black Colleges and Universities as Pathway Providers: Institutional Pathways to the STEM PhD among Black Students*, American Institutes for Research issue brief (Washington, D.C.: September 2014).

<sup>3</sup>Jeffrey M. Humphreys, *HBCUs Make America Strong: The Positive Economic Impact of Historically Black Colleges and Universities*, technical report (Washington, D.C.: 2017). Study commissioned by the United Negro College Fund, Frederick D. Patterson Research Institute.

<sup>4</sup>Small Business Administration, *SBA Reimagined: Powering the American Dream, Strategic Plan, Fiscal Years 2018–2022* (Washington, D.C.).

colleges and universities to provide entrepreneurial training and counseling on campus. However, little is known about the extent to which SBA has worked with HBCUs to foster entrepreneurship.

You asked us to review SBA's entrepreneurship-related efforts with HBCUs. This report examines, as did two related products, (1) SBA efforts to foster entrepreneurship through key programs and activities with HBCUs in recent years, (2) SBA's plans for the White House Initiative on HBCUs, and (3) the extent to which SBA collected and recorded information about its programs and activities at HBCUs.<sup>5</sup> Our review of efforts to foster entrepreneurship focused on counseling and training.

To address the first objective, we analyzed SBA programs and activities that in previous work we identified as key for fostering entrepreneurship with HBCUs—the Small Business Development Center (SBDC) program, strategic alliance memorandums, and co-sponsored activities.<sup>6</sup> We also obtained data from SBA's Office of Entrepreneurial Development and Office of Strategic Alliances and identified the participation of institutions of higher education (HBCUs and non-HBCUs) in key programs and activities.<sup>7</sup> To assess the reliability of these data, we reviewed available data, cross-walked them with publicly available information, if applicable, and requested written responses from SBA officials about the data and their limitations, if any.<sup>8</sup> We determined the data were sufficiently reliable for describing the general scale of SBA's efforts with HBCUs and non-HBCUs.

To address the second and third objectives, we reviewed SBA data manuals and standard operating procedures. We interviewed SBA

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<sup>5</sup>GAO, *Small Business Administration: Preliminary Observations on Efforts to Foster Entrepreneurship with Historically Black Colleges and Universities*, [GAO-19-515T](#) (Washington, D.C.: Apr. 30, 2019); and *Small Business Administration: Key Entrepreneurship Programs and Activities Do Not Specifically Target Historically Black Colleges and Universities, but Collaboration Exists with Some Schools*, [GAO-19-328R](#) (Washington, D.C.: Mar. 7, 2019).

<sup>6</sup>[GAO-19-515T](#) and [GAO-19-328R](#).

<sup>7</sup>A strategic alliance memorandum is a 2-year agreement SBA could sign with a nonprofit or government party to foster a working relationship designed to strengthen small business development in a local area.

<sup>8</sup>Entities eligible to receive SBDC funding and host SBDCs are primarily institutions of higher education. The host institution is responsible for establishing a lead center and network of service centers for a designated service area.

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officials in the Office of Entrepreneurial Development, Office of Field Operations, and Office of Strategic Alliances and regional SBA stakeholders—such as SBDC representatives and SBA district office officials. We selected the SBDCs and district offices where we conducted interviews based on a combination of factors, including (1) HBCU participation in the SBDCs (hosting a lead or service center), (2) high number of HBCUs located in the state, and (3) high number of strategic alliance memorandums or co-sponsorship agreements signed with HBCUs. Specifically, we interviewed staff from six SBDC lead centers and three associated service centers, and eight SBA district offices (which had 47 HBCUs in their collective service areas). Furthermore, based on data SBA provided of signed strategic alliance memorandums with HBCUs, we selected and interviewed staff from eight HBCUs that had strategic alliance memorandums with SBA or were located near an SBA district office. We also reviewed additional documents SBA provided related to its plans and reports for the White House Initiative on HBCUs. We assessed SBA’s plan and related efforts against federal internal control standards.<sup>9</sup> See appendix I for more details on our scope and methodology.

We conducted this performance audit from June 2018 to November 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

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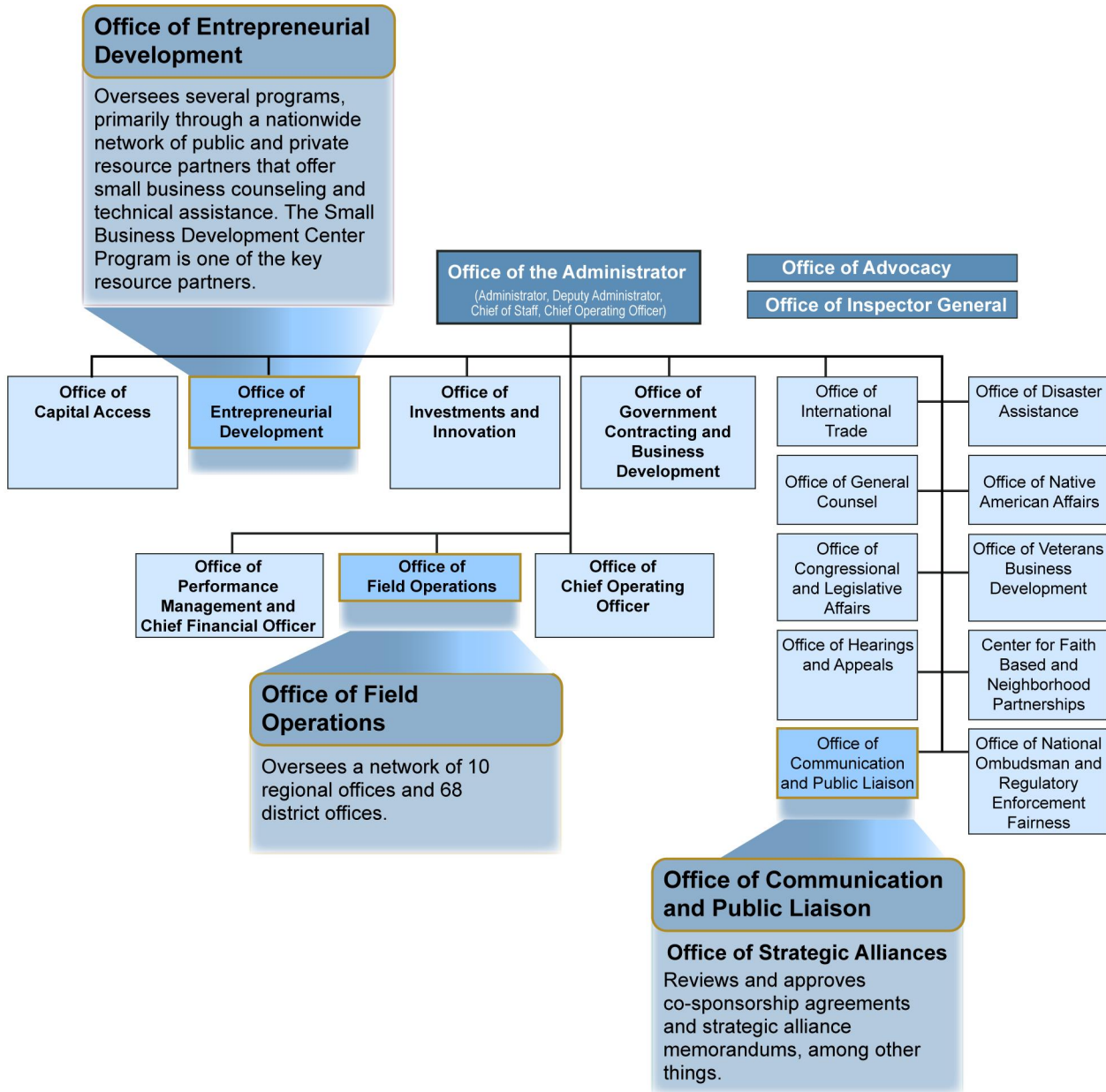
### Key SBA Offices and Resource Partners Involved in Entrepreneurial Programs and Outreach

The Office of Entrepreneurial Development, Office of Field Operations, and Office of Strategic Alliances are key SBA offices that administer entrepreneurial programs and manage outreach efforts that could foster entrepreneurship (see fig. 1).

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<sup>9</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

Figure 1: Key SBA Offices Involved with Programs and Activities for Fostering Entrepreneurship



Source: Small Business Administration (SBA). | GAO-20-41

**Office of Entrepreneurial Development.** The Office of Entrepreneurial Development oversees several programs, primarily through a nationwide network of public and private resource partners that offer small business counseling and technical assistance. These resource partners include



SBDCs, Women's Business Centers, and SCORE chapters.<sup>10</sup> The SBDC program receives the majority of entrepreneurial development program funding to provide technical assistance (business counseling and training) to small businesses and aspiring entrepreneurs. SBDC services include assisting small businesses access capital, develop and exchange new technologies, and improve business planning, strategy, and financial management.

The entities eligible to receive SBDC funding are primarily institutions of higher education.<sup>11</sup> By statute, the amount eligible entities receive is determined by a state population-based funding formula subject to the amount of an appropriation in any given fiscal year.<sup>12</sup> As a condition of receiving the grant, the recipient or host institution is required to match the funding. The host institution (funding recipient) is responsible for establishing a lead center and network of service centers for a designated service area. The SBDC program has 63 lead centers (generally hosted by institutions of higher education) and more than 900 service centers, including satellite locations.<sup>13</sup>

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<sup>10</sup>More than 100 Women's Business Centers provide counseling and training to assist women in starting and growing small businesses. SCORE (formerly the Service Corps of Retired Executives) is a nonprofit with more than 300 chapters in the United States and its territories. SCORE mentors (volunteer counselors) provide free or low-cost mentoring and training to entrepreneurs. We focused on the SBDC program because it received about 70–78 percent of SBA funding for entrepreneurial development programs during 2008–2017.

<sup>11</sup>These include public or private colleges or universities; land-grant colleges or universities; colleges or schools of business, engineering, commerce, or agriculture; and community or junior colleges. By regulation, entities that were recipient organizations as of December 31, 1990, also may be SBDCs even if they are not otherwise institutions of higher education.

<sup>12</sup>15 U.S.C. § 648(a)(4)(C).

<sup>13</sup>Sixty-three lead centers receive SBA funding to help operate SBDCs in each state, the District of Columbia, and four U.S. territories (Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa). According to the SBDC program announcement, SBDC service centers operate on a full-time basis to provide counseling and training services in an area designated by the SBDC lead center. SBDC satellite locations operate on a full- or part-time basis under the direct management of an SBDC lead center or service center. According to SBA officials, the number of service centers (including satellite locations) fluctuates from year to year.

SBA has identified certain special emphasis groups to be targeted for assistance by SBDCs, such as certain populations of business owners.<sup>14</sup> The groups do not include institutions; thus, HBCUs are not included as special emphasis groups. According to SBA officials, SBDCs target underrepresented groups in the population of business owners near HBCUs.

**Office of Field Operations.** SBA also provides services through a network of 10 regional offices and 68 district offices that are led by the Office of Field Operations. SBA district offices serve as the point of delivery for most SBA programs and services. Some district office staff (including business opportunity, lender relations, and economic development specialists) work directly with SBA clients.<sup>15</sup> SBA's district offices also can initiate and oversee outreach activities to foster entrepreneurship. For example, SBA district offices can implement counseling or training events on their own, participate in such events organized by third parties, or co-sponsor such activities with a third party (for-profit, nonprofit, or government entity) through a co-sponsorship agreement. Moreover, district offices can enter into a 2-year agreement with a nonprofit or government party, known as a strategic alliance memorandum, to foster a working relationship designed to strengthen small business development in a local area.

**Office of Strategic Alliances.** The Office of Strategic Alliances, housed in SBA's Office of Communication and Public Liaison, reviews co-sponsorship agreements and strategic alliance memorandums drafted by district or program offices. The co-sponsorship agreements and memorandums are based on an internal SBA template provided by the

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<sup>14</sup>SBDC regulations permit SBA to conduct "special emphasis initiatives" to identify portions of the general population to target for assistance. 13 C.F.R. § 130.340(c). According to the 2018 program announcement for SBDCs, special emphasis groups include people with disabilities, Native Americans or Alaska Natives, Black or African Americans, Asian Americans, Native Hawaiians or other Pacific Islanders, Hispanics, women, veterans, service-connected disabled veterans, self-employed Reserve and Guard members, transitioning military personnel and spouses, individuals in rural areas, individuals in Historically Underutilized Business Zones, and individuals in low- to moderate-income urban and rural areas as determined by Census Bureau data.

<sup>15</sup>Business opportunity specialists recruit, train, educate, and develop small businesses interested in SBA's contracting programs. Economic development specialists market SBA programs and conduct outreach, training, and education. Lender relations specialists interact with lenders to deliver SBA loan programs and services in the district.

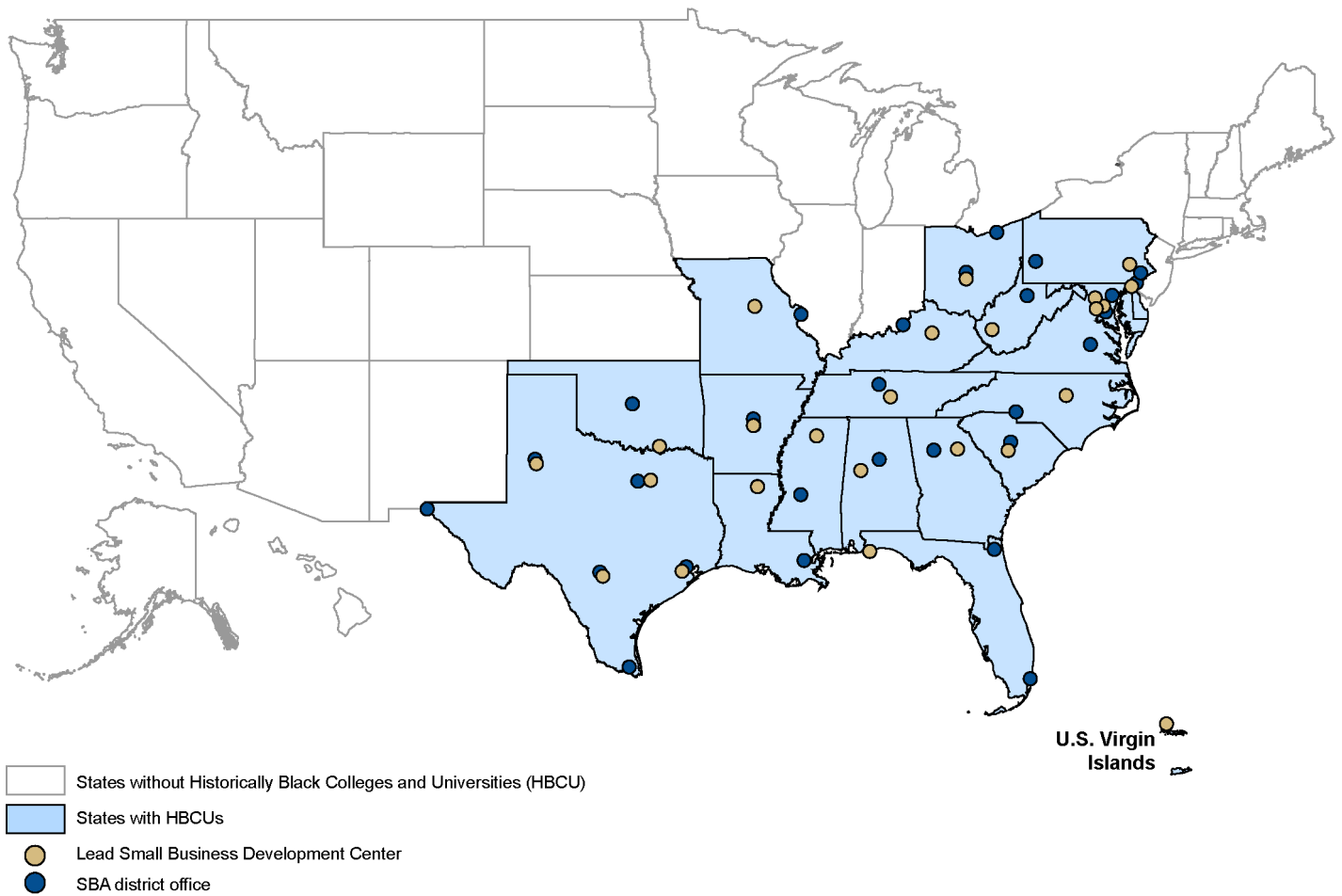
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Office of Strategic Alliances, which also maintains records for both strategic alliance memorandums and co-sponsorship agreements.

Figure 2, an interactive map, illustrates locations of SBDC lead centers and SBA district office in states with HBCUs. See appendix II for additional information on figure 2.

Figure 2: Locations of Small Business Development Centers and SBA District Offices in States with Historically Black Colleges and Universities

Interactive Graphic: Hover over each state for a list of Historically Black Colleges and Universities located there. See Appendix II for the non-interactive, printer-friendly version.



Source: GAO analysis (data) and MapInfo (map). | GAO-20-41

Note: References to states include the District of Columbia and the U.S. Virgin Islands. Information on Small Business Administration (SBA) district offices do not include alternate work sites. The Puerto Rico District Office has a representative in St. Croix serving the U.S. Virgin Islands.

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## Historically Black Colleges and Universities

As of December 2018, there were 101 HBCUs, located across 19 states, the District of Columbia and the U.S. Virgin Islands.<sup>16</sup> As previously discussed, HBCUs educated more than 226,000 African-American students in 2017. HBCUs also have played a critical role in supporting underserved students and communities. We previously reported that a higher proportion of students at private HBCUs (77 percent) received Pell Grants in the 2015–16 school year than students at similar private colleges or universities (43 percent).<sup>17</sup> Pell Grants provide low-income undergraduates who demonstrate financial need with financial assistance to help meet education expenses.

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## Executive Orders on the White House Initiative

Executive Order 12232 (1980) established the White House Initiative on Historically Black Colleges and Universities to strengthen the capacity of HBCUs to provide quality education. Subsequent administrations issued executive orders to continue the initiative.<sup>18</sup> Most recently, as expressed in Executive Order 13779 (2017), federal priorities for working with HBCUs encompass two missions: (1) increasing the role of private-sector entities in helping to improve capacity of HBCUs, and (2) enhancing HBCUs' capabilities for helping young adults.<sup>19</sup> The initiative has been

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<sup>16</sup>The 101 HBCUs are recognized by the Department of Education as accredited institutions eligible for participation in federal student financial aid programs. Of these HBCUs, 50 are public and 51 are private nonprofit.

<sup>17</sup>Using a multistage matching technique, we created a matched set of non-HBCUs (institutions of higher education other than HBCUs) for comparison purposes. Using data from the Department of Education's Integrated Postsecondary Education Data System for the 2015–16 school year, we matched accredited HBCUs and non-HBCUs on four key characteristics: sector (public or private nonprofit), highest degree offered, size (enrollment), and location. See GAO, *Historically Black Colleges and Universities: Action Needed to Improve Participation in Education's HBCU Capital Financing Program*, [GAO-18-455](#) (Washington, D.C.: June 26, 2018).

<sup>18</sup>For example, see Exec. Order No. 12320 (Sept. 15, 1981), Exec. Order No. 12766 (Apr. 28, 1989), Exec. Order No. 12876 (Nov. 1, 1993), Exec. Order No. 13256 (Feb. 12, 2002), Exec. Order No. 13532 (Mar. 3, 2010), and Exec. Order No. 13779 (Feb. 28, 2017). The current Executive Order (13779) supersedes the previous Executive Orders.

<sup>19</sup>Areas of focus noted for the second mission of Executive Order 13779 include strengthening HBCU participation in federal programs, developing public-private partnerships to promote research and programmatic excellence at HBCUs, and sharing administrative and programmatic best practices within the HBCU community.

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housed in the Executive Office of the President since 2017, according to representatives from the initiative.<sup>20</sup>

The more recent executive orders (from 2002, 2010, and 2017) direct each department and agency designated by the Secretary of Education to prepare an annual plan on efforts to strengthen HBCU capacity. Annual plans are to describe how the department or agency intends to increase the capacity of HBCUs, including by identifying federal programs and initiatives in which HBCUs are underserved or that HBCUs may have underutilized. SBA is one of the agencies designated to prepare an annual agency plan. The more recent executive orders also state that a Board of Advisors on HBCUs (in the Department of Education) shall report annually to the President on the Board's progress in carrying out its duties, which include advising the President on matters pertaining to strengthening the educational capacity of HBCUs.<sup>21</sup> The current Board was chartered in May 2019.

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## SBA Used Existing Programs and Mechanisms to Engage with HBCUs; Stakeholders' Collaborative Experiences Varied

SBA has used SBDCs, strategic alliance memorandums, and co-sponsored activities to foster entrepreneurship with HBCUs in recent years; stakeholders' experiences collaborating with SBA varied.

**Small Business Development Centers.** Two HBCUs—Howard University in Washington, D.C., and the University of the Virgin Islands in St. Thomas, U.S. Virgin Islands—have been longstanding host institutions for SBDCs. More specifically, they have been the only host institutions for two lead SBDCs, the District of Columbia SBDC and the Virgin Islands SBDC, for more than 30 years (and remained so as of September

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<sup>20</sup>It was initially located in the Department of Education and still maintains an operational presence in the Department, according to representatives from the initiative.

<sup>21</sup>Exec. Order No. 13779, § 3 (2017). The President's Board of Advisors on HBCUs was established in the Department of Education. The Board consists of not more than 25 members appointed by the President and includes the Secretary of Education, the Executive Director of the Initiative, representatives of multiple sectors (such as philanthropy, business, and finance), and sitting HBCU presidents. See also, Exec. Order No. 13256, § 1 (2002); Exec. Order No. 13532, § 3(a) (2010). The reports for 2008–2013 are publicly available on the website of the White House Initiative on HBCUs.

2019).<sup>22</sup> Colleges and universities predominately have been the institutional hosts of lead SBDCs since the 1980s according to SBA officials.<sup>23</sup>

According to SBA officials, there is little turnover among institutions hosting lead SBDCs because SBDC program announcements for host institutions are not full and open competitions and existing host institutions often renew their cooperative agreements to continue operating lead SBDCs.<sup>24</sup> Based on the statutorily defined and population-based allocation formula, the District of Columbia SBDC and the Virgin Islands SBDC together received about 1.3–1.4 percent of the total SBDC funding awarded to institutions of higher education from fiscal year 2008 through 2018.

The District of Columbia SBDC and the Virgin Islands SBDC have engaged with HBCU students, alumni, or faculty. As we previously reported, District of Columbia SBDC representatives told us that as of November 2018 they were working with 10–15 Howard University student clients.<sup>25</sup> They also stated they work with all students who come to their center seeking help and do not have a cap on the number of student clients. Similarly, the Virgin Islands SBDC representatives told us as of February 2019 they had made presentations to upper-level business classes and freshmen development seminars at the University of the Virgin Islands. They also counseled students who participated in an annual entrepreneurial competition. They noted that many of the SBDC clients they serve have some affiliation with the university, such as being an alumnus or having attended classes there.

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<sup>22</sup>Since 1979, Howard University has hosted the lead SBDC for the District of Columbia, which offers workshops and counseling on marketing, business financing, social media, and other topics. The University of the Virgin Islands has been a host institution since 1985 and the Virgin Islands SBDC provides one-on-one counseling, training, and other resources.

<sup>23</sup>According to SBA's standard operating procedure for SBDCs, six of the 63 lead SBDCs—in Illinois, Indiana, Minnesota, Montana, Ohio, and West Virginia—are "legacy" institutions (grandfathered) that are operated by state governments and not by institutions of higher education. We also found that the Colorado SBDC is operated by its state government. Hence, there are seven SBDCs that are not operated by institutions of higher education.

<sup>24</sup>Full and open competition would allow all eligible entities to compete. The intent of the SBDC program announcement is to award continuous funding to existing host institutions.

<sup>25</sup>[GAO-19-515T](#).

In addition to establishing the lead SBDC, the host institution establishes a network of service centers to deliver services, such as counseling and training, within its service area, including at HBCUs. As of September 2018, at least 16 HBCUs hosted SBDC service centers across 11 states.<sup>26</sup> Three SBDC service centers we reviewed that were HBCU-hosted had engaged with HBCU students, alumni, or faculty. For example, the Alabama SBDC service center representatives (housed at Alabama State University in Montgomery, Alabama) said the center works with several faculty members who provided training at SBDC workshops and assisted the service center on specialized topics, such as marketing. Through its relationship with faculty members, the Alabama SBDC service center also conducts outreach to students.

Similarly, representatives of two service centers for the North Carolina Small Business Technology and Development Center (housed at North Carolina Central University in Durham, North Carolina, and North Carolina A&T State University in Greensboro, North Carolina) said they have worked with students on the respective campuses.<sup>27</sup> For example, the service center at North Carolina Central University has engaged graduate business students on marketing projects.

While the number of HBCU-hosted lead SBDCs has remained unchanged in recent years, it is unclear how many HBCUs have hosted service centers. SBA officials told us that the number fluctuates but were unable to provide the list of all service centers in existence prior to 2018. We discuss SBA's data collection efforts later in this report.

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<sup>26</sup>The 16 SBDC service centers that SBA identified were at Alabama State University (Alabama), Bluefield State College (West Virginia), Delaware State University (Delaware), Elizabeth City State University (North Carolina), Fayetteville State University (North Carolina), Florida A&M University (Florida), Jackson State University (Mississippi), Lincoln University of Missouri (Missouri), North Carolina A&T State University (North Carolina), North Carolina Central University (North Carolina), Prairie View A&M University (Texas), South Carolina State University (South Carolina), Southern University and A&M College (Louisiana), Tennessee State University (Tennessee), Winston-Salem State University (North Carolina), and Xavier University of Louisiana (Louisiana). While SBA considers Hinds Community College-Utica (Mississippi) as an HBCU with an SBDC service center, we did not count Hinds as an HBCU because the Department of Education had not defined it as such at the time of our review. We did not independently verify whether all SBDC service centers at HBCUs were open as of September 2018.

<sup>27</sup>According to representatives of the North Carolina Small Business Technology and Development Center, North Carolina is the first of the SBDCs to include a technology commercialization focus; therefore, it uses "technology" in the center's name.



**Strategic alliance memorandums.** From 2013 through 2018, SBA signed at least 35 strategic alliance memorandums with HBCUs (see table 1).<sup>28</sup> SBA signed at least 51 such memorandums with institutions of higher education in states with HBCUs in that period. As we previously reported, strategic alliance memorandums are mechanisms to initiate and formalize a relationship with nonprofit and governmental agencies, but they are not necessary to initiate a relationship.<sup>29</sup> SBA officials told us the memorandums do not authorize or fund events or activities and are largely symbolic. In August 2019, SBA officials said that numbers of strategic alliance memorandums can fluctuate due to their 2-year duration and changes in SBA administration.

**Table 1: Number of Signed Strategic Alliance Memorandums between SBA and Institutions of Higher Education in States with HBCUs, Fiscal Years 2013–2018**

Type of institution <sup>a</sup>	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
Non-HBCUs <sup>b</sup>	3	2	3	1	2	5	16
HBCUs <sup>b</sup>	16	6	5	6	0	2	35

Legend: FY = fiscal year; HBCUs = Historically Black Colleges and Universities; non-HBCUs= institutions of higher education other than HBCUs; and SBA = Small Business Administration

Source: GAO analysis of SBA documents. | GAO-20-41

Note: As of December 2018, the 101 HBCUs were located in 19 states (Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Missouri, Mississippi, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, and West Virginia), the District of Columbia, and the U.S. Virgin Islands.

<sup>a</sup>Strategic alliance memorandums expire after 2 years. Several HBCUs and non-HBCUs signed renewals in FY 2013–2018.

<sup>b</sup>Data for FY 2013–2015 derive from a GAO file review of memorandums and data for FY 2016–2018 that SBA provided.

Representatives of six HBCUs with whom we met that signed strategic alliance memorandums varied in their assessment of the usefulness of the memorandums.<sup>30</sup> Three of the six HBCUs said they had positive experiences as a result of the memorandums:

<sup>28</sup>We did not independently verify the data SBA provided on the signed strategic alliance memorandums as of May 2019. SBA officials said that in their opinion, these data are generally accurate and complete.

<sup>29</sup>[GAO-19-515T](#) and [GAO-19-328R](#).

<sup>30</sup>We did not speak with representatives from non-HBCUs. Therefore, we do not know the extent to which they may have had similar or different experiences with SBA.

- Representatives of an HBCU in North Carolina said a May 2013 memorandum established a relationship with SBA and provided access to information and resources not otherwise available.
- Representatives of another HBCU in North Carolina said a 2013 memorandum helped recruit speakers for two entrepreneurship classes.
- A representative from an HBCU in Tennessee told us that a 2013 memorandum enabled the college to connect students, alumni, and faculty with the resources of SBA's Tennessee District Office and its resource partners. The representative said a subsequent 2018 memorandum resulted in collaboration with SBA to host a 1-day small business conference on campus.

In contrast, representatives of the three other HBCUs either were unaware of the memorandum or said it produced no results:

- Representatives of two HBCUs (one in Alabama and one in Georgia) told us they were unaware of the signed strategic alliance memorandums (March and April 2013, respectively) due to staffing changes in senior administrative positions.
- A representative from another HBCU in Georgia told us the school had little involvement with the Georgia SBA district office after signing a memorandum in April 2013. Officials from the district office with whom we spoke agreed with this statement but noted the college had not asked them to participate in any events.

**Co-sponsored activities.** As shown in table 2, from fiscal years 2013 through 2018, SBA signed at least 16 co-sponsorship agreements with HBCUs to jointly conduct activities or events.<sup>31</sup> Twelve of the 16 co-sponsored activities were training or counseling events related to entrepreneurship. SBA signed at least 78 co-sponsorship agreements with institutions of higher education in states with HBCUs in that period.

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<sup>31</sup>We did not independently verify the fiscal year 2013–2018 data on co-sponsorship agreements that SBA provided in June 2019. SBA officials said that in their opinion, the data are generally accurate and complete.

**Table 2: Number of Co-Sponsorship Agreements between SBA and Institutions of Higher Education in States with HBCUs, Fiscal Years 2013–2018**

Type of institution	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
Non-HBCUs	8	14	15	13	4	8	62
HBCUs	3	2	6	4	0	1	16

Legend: FY = fiscal year; HBCUs = Historically Black Colleges and Universities; non-HBCUs= institutions of higher education other than HBCUs; and SBA = Small Business Administration

Source: GAO analysis of SBA documents. | GAO-20-41

Note: As of December 2018, the 101 HBCUs were located in 19 states (Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Missouri, Mississippi, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, and West Virginia), the District of Columbia, and the U.S. Virgin Islands.

## SBA’s Recent Plan and Goals for HBCU-Related Efforts Were Not Communicated to the Field

### SBA Developed 2018 Plan for the White House Initiative on HBCUs but Was Unable to Provide Plans for Other Years

SBA developed a fiscal year 2018 plan for the White House Initiative on HBCUs, in accordance with Executive Order 13779 (2017). SBA’s 2018 plan included two primary goals. The first goal was to raise awareness and provide information to increase the capacity of HBCUs to participate in federally funded programs.<sup>32</sup> More specifically, the plan stated that SBA would engage with HBCUs and provide them with information needed to access and compete for federal grants and contracts.<sup>33</sup> The second goal was to promote collaboration among HBCUs, SBA resource partners, and SBA district offices. For example, the plan stated that SBA would encourage the formation of strategic alliance memorandums between SBA district offices and HBCUs to promote and support entrepreneurship in underserved markets. The plan also stated that SBA would explore and

<sup>32</sup>For this report, we focus on the second goal (because the first goal is not directly related to fostering entrepreneurship) and on training and counseling activities.

<sup>33</sup>For example, the plan identified the Small Business Innovation Research and Small Business Technology Transfer programs, which SBA oversees, as available resources that are underutilized by HBCUs. SBA has made efforts to increase awareness among HBCUs about these programs. See appendix III for more information.

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consider partnerships with the National Association for Equal Opportunity in Higher Education, among other organizations, to raise awareness, disseminate information, and share resources among and with HBCUs.<sup>34</sup>

The 2018 plan also described five measures to monitor SBA's efforts to engage, share information, and increase the capacity of HBCUs. The measures are (1) number of outreach events, (2) number of outreach attendees, (3) number of partnerships established, (4) percentage of engaged HBCUs that pursued federal funding, and (5) percentage of HBCUs engaged that found the information useful.<sup>35</sup>

The two previous Executive Orders (from 2002 and 2010) on the White House Initiative on HBCUs also directed designated agencies to prepare annual plans on their efforts to support HBCUs.<sup>36</sup> For years prior to 2018, SBA only could provide documentation of plans for 2011 and 2012.<sup>37</sup> Officials of the Office of Entrepreneurial Development told us they were not aware of records for plans developed for the other years in the period we reviewed (2008–2018).

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## Responsibilities of SBA Offices for Addressing the White House Initiative on HBCUs Are Unclear

SBA was unclear about the responsibilities of the offices involved in the agency's efforts for addressing the White House Initiative on HBCUs. In March 2019, SBA officials told us the SBA Administrator had designated the Office of Entrepreneurial Development as the lead office for addressing the initiative in 2018. However, the responsibilities for other offices involved in efforts that include HBCUs remain unclear.

SBA could not provide documentation of roles, responsibilities, or reporting lines among offices involved in addressing the White House

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<sup>34</sup>As of June 2019, representatives from the National Association for Equal Opportunity in Higher Education told us they had not been contacted recently by SBA regarding a potential partnership but had worked together in the past.

<sup>35</sup>We discuss these measures in more detail later in this report.

<sup>36</sup>Exec. Order No. 13256 (2002) and Exec. Order No. 13532 (2010).

<sup>37</sup>We previously reported that SBA prepared plans for 2010, 2011, and 2018 ([GAO-19-515T](#)). We since learned that the documentation for 2010 was a not an annual plan, but a larger report submitted to the Department of Education about SBA's efforts related to the initiative, including funding the agency provided to HBCUs in 2010.

Initiative on HBCUs. For example, the Associate Administrator for the Office of Entrepreneurial Development stated the agency's interaction with HBCUs occurs through SBA district offices. However, there is no documentation describing how the Office of Entrepreneurial Development and Office of Field Operations, which is responsible for SBA's district offices, should work together to address the White House Initiative on HBCUs. Moreover, because SBA has not documented specific roles and responsibilities (to include reporting lines), it is unclear how plans prepared for the White House Initiative on HBCUs would be implemented among headquarters, field offices, and resource partners.

Additionally, the role of the director of the Office of Faith Based and Community Initiatives in efforts to address the HBCU initiative is unclear. SBA officials told us the Office of Faith Based and Community Initiatives is not involved in administering the initiative. However, the director of that office serves as SBA's representative to the Interagency Working Group of the White House Initiative on HBCUs.<sup>38</sup> According to SBA officials, the director's role is to support efforts by the Office of Entrepreneurial Development on the initiative due to staffing shortages. However, officials were unable to tell us in greater detail how the director would provide such support.

Federal internal control standards state that management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.<sup>39</sup> For example, management assigns responsibilities to discrete units to enable the organization to operate in an efficient and effective manner and to delegate authority to key roles throughout the entity. Additionally, management establishes defined reporting lines within an organizational structure so that units can

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<sup>38</sup>The purposes of the Interagency Working Group include helping advance and coordinate work throughout the federal government to strengthen the capacity of HBCUs, as established by Executive Order 13779 (2017). In the 2019 Federal Agency Priorities Brief, published by the White House Initiative on HBCUs, the directors of the Office of Faith Based and Community Initiatives and Office of Entrepreneurial Development were listed as SBA's representative and liaison, respectively, to the initiative's Interagency Working Group. According to the brief, representatives support the agency's liaison, regularly participate in the working group's meetings, and serve as the agency's primary point of contact for the working group's daily operations. Liaisons are the agency officials of record, appointed by agency heads to coordinate efforts related to the initiative (in particular, developing and implementing agency plans).

<sup>39</sup>[GAO-14-704G](#).

communicate (up, down, and across the organization) the quality information necessary for each unit to fulfill its overall responsibilities.

SBA's uncertainty about the responsibilities of the offices involved in the White House Initiative on HBCUs may be a result of changes over the years as to which program office was chiefly responsible for the effort. According to the Associate Administrator of the Office of Entrepreneurial Development, the responsibilities for the White House initiative on HBCUs have resided in various SBA program offices over the years. Moreover, the Associate Administrator told us the Office of Entrepreneurial Development was designated the lead office for the initiative late in the planning process; therefore, it took time to transfer responsibilities for addressing the initiative to the Office of Entrepreneurial Development. As a result, the Office of Entrepreneurial Development had not yet defined the responsibilities for other offices involved in efforts related to the White House Initiative on HBCUs. In September 2019, SBA officials told us they intended to establish an intra-agency working group focused on HBCUs, which would define the roles and responsibilities of headquarters offices related to the initiative.

While the Office of Entrepreneurial Development has been designated as the lead office, without clearly assigned roles, responsibilities, and reporting lines for the other offices involved in the White House Initiative on HBCUs, SBA may not be able to effectively implement future plans for the initiative. Additionally, the lack of clearly assigned roles, responsibilities, and reporting lines has resulted in and may result in future loss of institutional knowledge on efforts to implement the initiative.

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### **SBA Has Not Communicated Its Plan to Support HBCUs to Key SBDCs and District Offices**

SBA's 2018 plan to support HBCUs had the goal of promoting collaboration among HBCUs, SBA resource partners, and SBA district offices. However, SBA headquarters did not communicate its plan for supporting HBCUs to SBDCs and district offices with HBCUs in their service areas.

Specifically, SBA officials told us the Office of Entrepreneurial Development, which oversees the SBDC program, did not communicate the 2018 plan to support HBCUs to SBDCs, including the goal to collaborate with HBCUs. None of the SBDC representatives with whom we spoke (for six lead centers and three service centers), reported that

SBA communicated information related to the 2018 plan, including goals, measures, or other HBCU-related expectations. Furthermore, none said they received guidance from SBA headquarters related to fostering entrepreneurship with HBCUs, although SBDCs deliver counseling and training to potential and existing business owners.

Similarly, the Office of Field Operations, which oversees district offices, did not communicate the 2018 plan to support HBCUs to district offices, including the goal to collaborate with HBCUs, according to SBA officials. While SBA's district offices deliver most of SBA's programs and services, none of the representatives of the eight district offices with whom we spoke answered questions related to SBA's planned efforts to support HBCUs because they stated they were not involved with agency plans for the White House Initiative on HBCUs or were otherwise unable to provide a response.<sup>40</sup>

Federal internal control standards state that management should internally communicate the necessary quality information to achieve the entity's objectives.<sup>41</sup> For example, management assigns the internal control responsibilities for key roles and communicates quality information up, down, and across reporting lines. This enables personnel to perform key roles in achieving objectives, addressing risks, and supporting the internal control system.

According to SBA officials, SBA headquarters did not communicate its plan for supporting HBCUs to SBDCs and district offices due to the timing of the plan's issuance—the 2018 plan was not finalized until near the end of the fiscal year. SBA officials told us that instead of communicating the 2018 plan at the end of the 2018 fiscal year, officials chose to focus on the upcoming fiscal year and future efforts to support HBCUs.<sup>42</sup> Additionally, SBA officials stated the Office of Field Operations was not involved in addressing the White House Initiative on HBCUs, although the

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<sup>40</sup>Three district offices deferred to headquarters for responses related to questions about the White House Initiative on HBCUs.

<sup>41</sup>[GAO-14-704G](#).

<sup>42</sup>As of October 23, 2019, SBA officials detailed recent activities undertaken by several regional and district offices including entrepreneurship summits at multiple HBCUs. We were not able to independently verify these activities as we were not informed of them until our audit work was complete.

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office is responsible for providing policy guidance and oversight to district offices in implementing agency goals and objectives.

Because SBA headquarters did not communicate its plan for supporting HBCUs, SBDCs and district offices with HBCUs in their service areas were not aware of the goal to collaborate with HBCUs. Therefore, the agency may have missed opportunities to collaborate with HBCUs and work toward 2018 plan goals, even if for a brief period. As of September 2019, SBA officials told us the agency's fiscal year 2019 plan (or update) for the White House Initiative on HBCUs had not been finalized. As a result, it was unclear when this plan would be communicated to SBDCs and district offices. If the 2019 and subsequent plans for supporting HBCUs are not communicated to SBDCs and district offices, SBA risks repeating a scenario in which SBDCs and district offices with HBCUs in their service areas are unaware of goals to support HBCUs, and therefore may miss opportunities to engage with HBCUs.

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## SBA's Data Collection for Its HBCU-Related Efforts Is Limited

The extent to which SBA collected information about its programs and activities with HBCUs is limited. More specifically, SBA did not collect relevant information to establish a baseline for performance measures developed in its 2018 plan for the White House Initiative on HBCUs. SBA officials told us that they wanted to use the measures to establish a baseline to better assess progress towards meeting the plan's goals to support HBCUs in fiscal year 2019.

As noted earlier, the 2018 plan's five measures are (1) number of outreach events, (2) number of outreach attendees, (3) number of partnerships established, (4) percentage of engaged HBCUs that pursued federal funding, and (5) percentage of HBCUs engaged that found the information useful.<sup>43</sup>

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<sup>43</sup>For this report, we did not assess the information collected to measure the percentage of HBCUs that pursued federal funding because it is not related to counseling and training activities that foster entrepreneurship. See appendix III for a discussion of SBA activities related to two federal funding opportunities identified in its 2018 plan as underutilized by HBCUs.



**Number of outreach events and attendees.** SBA collects information on the number of outreach events and the number of outreach attendees, but this information is incomplete and not specific to HBCUs.

According to SBA officials, SBA district offices are required to collect and report the number of outreach events and attendees to the Office of Field Operations.<sup>44</sup> However, information for outreach activities is reported on an aggregate basis to headquarters and does not specifically identify which institutions hosted or participated in the events. As such, the information reported also does not specifically identify attendees affiliated with an HBCU, such as students, faculty, or alumni. Therefore, while representatives of all eight district offices we contacted said they have conducted outreach activities with HBCUs, these activities would not be readily identifiable in the information reported to headquarters.

Until July 2019, SBA district offices reported outreach events through the activity contact report.<sup>45</sup> District offices were able to include optional information, such as the event location and organization name for their outreach events, as shown in figure 3. SBA officials told us they can perform manual searches for specific text (such as the specific name of an institution or “HBCU”) included in information reported by district offices that may identify HBCU-related activities. However, they said manual searches are not easy or effective or routinely performed. Therefore, manually searching for specific text that may be included in information reported by district offices does not lend itself to efficient monitoring of HBCU-related outreach.

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<sup>44</sup>According to Office of Field Operations guidance, outreach is a broad and flexible category that includes in-person participation in a variety of events that help promote the SBA “brand” within the district. Examples include panels, trade shows, workshops, roundtables, career fairs, and business award events.

<sup>45</sup>SBA officials told us they stopped using the activity contact report system as of July 15, 2019, due to budgetary constraints.

Figure 3: SBA Activity Contact Report Form for Outreach Events

The figure shows a screenshot of the SBA Activity Contact Report Form for Outreach Events. The form is titled "Outreach Events/Meeting/Visits" and includes a note: "Note: Outreach/Meetings/Visits must be greater than 30 minutes as well as meet the definition for Outreach or Meetings in the ACR Dictionary to qualify for entry".

The form is divided into several sections:

- GENERAL INFORMATION:** Includes fields for Subject, Date of Event, Role, CE Yes/No, Critical Element, Completed per Plan, Conducts or Participates, Leads or Manages, and Presents.
- GOALS AND MEASURE:** Includes a field for G & M.
- EVENT DETAILS:** Includes fields for Event Type and Event Location.
- VISIT DETAILS:** Includes fields for Organization Name, First Name, Last Name, Phone Number, Email Address, and Street Address.
- ACTIVITY INFORMATION:** Includes fields for Attachments, Referral, Open Email, Notes, Next Step, Activity Type, and Purpose/Activity Description.
- STATUS:** Includes a Submit button.

A large arrow points from the "EVENT DETAILS" and "VISIT DETAILS" sections of the main form to a zoomed-in view of these sections below. The zoomed-in view shows the "EVENT DETAILS" section with "Event Type" and "Event location" fields, and the "VISIT DETAILS" section with "Organization Name", "First Name", "Last Name", "Phone Number", "Email Address", and "Street Address" fields.

Source: Small Business Administration (SBA) . | GAO-20-41

Note: SBA stopped using the activity contact report for district office reporting as of July 2019, according to SBA officials.

SBA officials told us a temporary reporting tool (used since late July 2019 in place of the activity contact report) includes an optional data field for district offices to identify whether their activity was HBCU-related. While this additional field may enable users to conduct manual searches for HBCU-related outreach more easily, SBA officials told us the data from the field are still reported in the aggregate to SBA headquarters and therefore continue to be not readily identifiable as HBCU-related. For

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more information about SBA's systems for reporting (including district offices), see appendix IV.

Additionally, SBA officials told us headquarters does not have policies or guidance for district offices for systematically collecting or reporting data on their HBCU-related outreach. At least one district office, West Virginia, voluntarily tracks its activities with the HBCUs in its region, using a spreadsheet it developed.

Unlike district offices, SBDCs are not required to collect and report information related to outreach (such as the number of outreach events and attendees) to the Office of Entrepreneurial Development. As a result, although all nine SBDCs we contacted conduct outreach to HBCUs, SBA lacks data about these activities.<sup>46</sup> The 2020 funding opportunity for SBDCs requires SBDCs with HBCUs in their states to report outreach events with HBCUs in their semi-annual and final year-end reports.<sup>47</sup>

**Number of partnerships established.** SBA collects information on the number of partnerships established, but this information is incomplete and not specific to HBCUs. According to SBA officials, there is no written definition defining partnerships for this measure, but it would include both informal and formal partnerships.<sup>48</sup> SBA collects information related to formal partnerships: SBDCs, strategic alliance memorandums, and co-sponsorship agreements. However, these records do not allow for the ready identification of HBCU partnerships because there are no data fields to identify whether the partner is an HBCU.

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<sup>46</sup>For example, representatives from the North Carolina Small Business Development and Technology Center at North Carolina A&T University (Greensboro, North Carolina) told us they have conducted entrepreneurial training for students on campus. Additionally, representatives from the Alabama SBDC at Alabama State University (Montgomery, Alabama) told us they worked with the university's career services to recruit students for internships with SBDC clients.

<sup>47</sup>As of October 23, 2019, SBA officials said that Office of Entrepreneurial Development incorporated a new outreach requirement specific to HBCUs in funding opportunity announcements and cooperative agreements. Specifically, SBA's resource partners are to partner with their respective SBA regional and district offices and HBCU leadership to develop a small business outreach plan. For example, the 2020 funding opportunity for SBDCs states that the small business outreach plan is to include at least one small business workshop or event every year with the school. We did not independently verify agreements with other resources partners (such as Women's Business Center and SCORE) because they were outside the scope of our review.

<sup>48</sup>SBA officials told us informal partnerships would include engagements such as outreach activities with HBCUs or events hosted at HBCUs.

- **SBDCs.** Information on the number of SBDCs hosted by HBCUs is incomplete. SBA's records do not allow for ready identification of HBCUs as host institutions because there is no field to identify whether a host institution is an HBCU.<sup>49</sup> While SBA provided information on the number of SBDC lead centers hosted by HBCUs over time, information was not available on the number of SBDC service centers hosted by HBCUs during the time frame of our review (2008–2018) because according to SBA officials, host institutions for service centers can change over time.<sup>50</sup>
- **Strategic alliance memorandums.** Information on the number of strategic alliance memorandums signed with HBCUs is incomplete. In September 2018, SBA provided us a list of HBCUs that signed strategic alliance memorandums from 2008 through 2018, developed by cross-referencing records of memorandums with a list of HBCUs. SBA identified 24 such HBCUs, but we identified an additional three HBCUs that had signed strategic alliance memorandums during this period.<sup>51</sup> In June 2019, SBA provided us a list of all strategic alliance memorandums signed from 2015 through 2018, but we found that a 2016 memorandum with Alabama A&M University (Huntsville, Alabama) was not included.
- **Co-sponsorship agreements.** Information on the number of co-sponsorship agreements signed with HBCUs is incomplete. In November 2018, SBA provided us copies of co-sponsorship agreements signed with HBCUs from fiscal years 2013 through 2018 by manually cross-referencing its records with a list of HBCUs. SBA identified 14 such agreements, but we identified an additional two co-sponsorship agreements signed with HBCUs.

**Usefulness.** SBA does not collect information on the percentage of HBCUs engaged in activities that found the resources and information SBA provided to be useful.

According to SBA officials, district offices are not required to collect written feedback related to the usefulness of information presented during

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<sup>49</sup>For more information about SBA's systems for reporting (including SBDCs), see appendix IV.

<sup>50</sup>For example, according to representatives from the Georgia SBDC lead center, two HBCUs previously hosted SBDC service centers in Georgia.

<sup>51</sup>[GAO-19-515T](#).

their activities, such as counseling and training. If district offices solicit feedback, it cannot be distinguished as feedback from HBCUs. For example, SBA district offices may solicit written feedback for co-sponsored activities using a headquarters-developed form.<sup>52</sup> The form does not include fields for participants to identify their affiliation with an HBCU and therefore, feedback received would not be HBCU-specific.

Unlike district offices, SBDCs are required to issue evaluation forms for SBDC clients who receive continuous counseling or attend an SBDC training event.<sup>53</sup> For example, representatives from the Alabama SBDC lead center told us they conduct quarterly counseling surveys, which include questions related to the timeliness of the counseling and knowledge of the business advisor. SBDCs report data on client satisfaction rates to SBA headquarters. However, SBA officials told us the feedback-related information SBDCs collect and report to headquarters is not specific to HBCUs, despite the agency's identification of this measure as relevant in its 2018 plan.<sup>54</sup>

Federal internal controls standards state that management should use quality information to achieve the entity's objectives.<sup>55</sup> For example, management obtains relevant data based on the identified information requirements and relevant data have a logical connection with the identified information requirements.

SBA lacks information related to programs and activities with HBCUs because district offices and SBDCs with HBCUs in their service areas have not been required by relevant program offices to collect or report

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<sup>52</sup>According to SBA's standard operating procedures for outreach activities, a standard SBA survey to collect feedback should be distributed to participants at the conclusion of co-sponsored activities, provided staff are available and it is not burdensome to distribute. None of the eight district offices with which we spoke said they collected feedback using this survey. Some of the district offices collect feedback using their own methods, including listening to verbal feedback and using their own forms.

<sup>53</sup>According to the 2018 program announcement, all SBDCs should develop internal procedures to ensure that these evaluations are performed on a regular basis and retain these documents on file. Additionally, SBDCs are required to report economic impact data, such as whether their counseling services resulted in clients starting a business.

<sup>54</sup>As noted earlier, SBA has identified certain special emphasis groups to be targeted for assistance by SBDCs. The groups do not include institutions; therefore, HBCUs are not included as special emphasis groups. According to SBA officials, SBDCs target underrepresented groups in the population of business owners near HBCUs.

<sup>55</sup>[GAO-14-704G](#).

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information specific to HBCUs, including information relevant for measures developed in SBA's 2018 plan. Without collection of relevant information for its HBCU-related efforts, particularly for measures developed for annual plans, SBA will not be able to establish a baseline of its efforts to support HBCUs. Moreover, without this baseline SBA cannot determine the extent or effectiveness of its efforts to support and engage HBCUs.

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## Conclusions

SBA's priority goals include reaching emerging markets that are socially and economically disadvantaged. The agency's efforts related to HBCUs, which educate many low-income students and help support their local communities, can assist the agency in advancing that goal. But while SBA has long participated in the White House Initiative on HBCUs, it has not

- clearly assigned responsibilities among relevant offices for addressing its plan for the initiative;
- communicated its plan to support HBCUs to SBA district offices and SBDCs (with HBCUs in their service areas), which deliver training and counseling; and
- collected relevant information to establish a baseline and track ongoing efforts to support HBCUs.

Addressing these issues would better position SBA to assess the extent to which it is reaching its goals specific to supporting HBCUs, as well as agency-wide priority goals to more broadly reach socially and economically disadvantaged communities.

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## Recommendations for Executive Action

We are making the following three recommendations to the Small Business Administration:

- The SBA Administrator should assign and document clear roles, responsibilities, and reporting lines for headquarters offices' implementation of SBA's plan for addressing the White House Initiative on HBCUs in a timely manner. (Recommendation 1)

- The Associate Administrators of the Office of Entrepreneurial Development and Office of Field Operations should communicate planned efforts to support HBCUs, including expectations, goals, and related measures, to the district offices and Small Business Development Centers with HBCUs in their service areas. (Recommendation 2)
- The Associate Administrator of the Office of Entrepreneurial Development should take and document steps to ensure that the office's reporting mechanisms collect the information needed to establish a baseline for, and also inform future monitoring and assessment of, efforts to support HBCUs. (Recommendation 3)

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## Agency Comments and Our Evaluation

We provided a draft of this report to the Small Business Administration for review and comment. In comments reproduced in appendix V, the Small Business Administration agreed with our three recommendations. The Small Business Administration also provided additional examples of recent accomplishments and plans in their comments.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the Acting Administrator of the Small Business Administration and other interested parties. In addition, the report will be made available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-8678 or [OrtizA@gao.gov](mailto:OrtizA@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VI.



Anna Maria Ortiz  
Director, Financial Markets and Community Investment

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*List of Requesters*

The Honorable Nydia M. Velázquez  
Chairwoman  
Committee on Small Business  
House of Representatives

The Honorable Alma S. Adams  
House of Representatives

The Honorable Donald S. Beyer, Jr.  
House of Representatives

The Honorable Bradley Byrne  
House of Representatives

The Honorable André Carson  
House of Representatives

The Honorable Yvette D. Clarke  
House of Representatives

The Honorable Steve Cohen  
House of Representatives

The Honorable Alcee L. Hastings  
House of Representatives

The Honorable Henry C. Johnson, Jr.  
House of Representatives

The Honorable Trent Kelly  
House of Representatives

The Honorable Al Lawson, Jr.  
House of Representatives

The Honorable Sheila Jackson Lee  
House of Representatives

The Honorable John Lewis  
House of Representatives



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The Honorable Gregory W. Meeks  
House of Representatives

The Honorable Seth Moulton  
House of Representatives

The Honorable David E. Price  
House of Representatives

The Honorable Cedric L. Richmond  
House of Representatives

The Honorable Lisa Blunt Rochester  
House of Representatives

The Honorable Terri A. Sewell  
House of Representatives

The Honorable Bennie G. Thompson  
House of Representatives

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## Appendix I: Objectives, Scope, and Methodology

You asked us to review SBA’s entrepreneurship-related efforts with Historically Black Colleges and Universities (HBCU). This report examines, as did two related products, (1) the Small Business Administration’s (SBA) efforts to foster entrepreneurship through key programs and activities with HBCUs in recent years, (2) SBA’s agency plans for the White House Initiative on HBCUs, and (3) the extent to which SBA collected and recorded information specific to HBCUs.<sup>1</sup> Our review of efforts to foster entrepreneurship focused on counseling and training.

To address the first objective, we analyzed SBA programs and activities that in previous work we identified as key for fostering entrepreneurship with HBCUs.<sup>2</sup> Key programs and activities are the Small Business Development Center (SBDC) program, strategic alliance memorandums, and co-sponsored activities. We obtained data from SBA’s Office of Entrepreneurial Development and Office of Strategic Alliances for these key programs and activities, and identified the participation of institutions of higher education, including HBCUs. We reviewed and analyzed data provided to us by SBA of the host institutions and the total amount of funding obligated to administer the SBDC program in fiscal years 2008–2018 and signed agreements (strategic alliance memorandums and co-sponsorship agreements) with institutions of higher education (HBCUs and non-HBCUs) in fiscal years 2013–2018. In addition, we conducted an on-site file review to record strategic alliance memorandums signed in fiscal years 2013–2015 that were not readily available electronically. To assess the reliability of these data, we reviewed available data, cross-walked them with publicly available information, if applicable, and requested written responses from SBA officials about the data and their

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<sup>1</sup>GAO, *Small Business Administration: Preliminary Observations on Efforts to Foster Entrepreneurship with Historically Black Colleges and Universities*, [GAO-19-515T](#) (Washington, D.C.: Apr. 30, 2019); and *Small Business Administration: Key Entrepreneurship Programs and Activities Do Not Specifically Target Historically Black Colleges and Universities, but Collaboration Exists with Some Schools*, [GAO-19-328R](#) (Washington, D.C.: Mar. 7, 2019).

<sup>2</sup> [GAO-19-515T](#) and [GAO-19-328R](#).

limitations, if any. We determined the data were sufficiently reliable for describing the general scale of SBA's efforts to engage with HBCUs and non-HBCUs.

To address the second objective, we reviewed SBA's 2018 plan for the White House Initiative on HBCUs and documentation of plans for 2011 and 2012, which were the only years in the period of our review (2008–2018) for which SBA could provide documentation of such plans. We also analyzed the three most recent executive orders related to HBCUs to understand the responsibilities expected of federal agencies and identify changes over time.<sup>3</sup> We also reviewed additional documents that SBA provided related to its agency plans, such as efforts to promote small business research programs, and one available annual agency submission (fiscal year 2010) to the White House Initiative on HBCUs on SBA's efforts to support HBCUs.

We interviewed SBA officials from the Office of Entrepreneurial Development, Office of Field Operations, and the Office of Strategic Alliances. We also interviewed representatives of six SBDC lead centers and three associated service centers, and eight SBA district offices (with 47 HBCUs in their areas).<sup>4</sup> We selected these SBDC networks and district offices based on a combination of factors, including (1) HBCU participation in an SBDC network (hosting a lead or service center), (2) high number of HBCUs located in the state, and (3) high number of agreements (strategic alliance memorandums or co-sponsorship agreements) SBA signed with HBCUs.

Based on data SBA provided of signed strategic alliance memorandums with HBCUs, we selected and contacted 12 HBCUs that had signed a

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<sup>3</sup>Exec. Order No. 13256 (Feb. 12, 2002); Exec. Order No. 13532 (Mar. 3, 2010); and Exec. Order No. 13779 (Feb. 28, 2017). The current Executive Order (13779) supersedes the previous Executive Orders.

<sup>4</sup>The six lead SBDCs were the Alabama SBDC, District of Columbia SBDC, Georgia SBDC, Maryland SBDC, North Carolina Small Business and Technology Development Center, and Virgin Islands SBDC. The three associated service centers were Alabama SBDC at Alabama State University (Montgomery, Alabama), North Carolina Small Business and Technology Development Center at North Carolina Central University (Durham, North Carolina), and North Carolina Small Business and Technology Development Center at North Carolina A&T State University (Greensboro, North Carolina). The eight SBA district offices were the Alabama District Office, Washington, D.C. District Office, Georgia District Office, Maryland District Office, North Carolina District Office, North Florida District Office, Puerto Rico District Office, and the West Virginia District Office.

strategic alliance memorandum with SBA between 2013 and 2018 or were located close to SBA offices or resource partners such as SBDCs. We interviewed staff at eight of these HBCUs and the remaining four HBCUs did not respond.<sup>5</sup> We visited the District of Columbia, Maryland, North Carolina, and the U.S. Virgin Islands and met with SBDC representatives, SBA district officials, and HBCU representatives, as applicable. We also interviewed America's SBDCs, an association for SBDCs, and representatives of the following advocacy groups: the Thurgood Marshall College Fund, the United Negro College Fund, and the National Association for Equal Opportunity.

To address the third objective, we reviewed two sets of SBA standard operating procedures to understand information collected and reported for (1) the SBDC program, and (2) outreach activities that include co-sponsored activities and strategic alliance memorandums. We reviewed available program announcements or funding opportunities, and cooperative agreements for recipients of the SBDC program to identify their reporting requirements. We reviewed guidance related to the Office of Field Operations' goals and measures to identify SBA district offices' reporting requirements. In addition, we reviewed user manuals, data entry form templates, and data dictionaries for SBA information systems used by SBDCs and SBA district offices, such as the Entrepreneurial Development Management Information System and the Activity Contact Report, to identify the extent to which data collected and reported included HBCU-related activities.

We reviewed SBA's 2018 plan for the White House Initiative on HBCUs to identify performance measures developed to monitor SBA's HBCU-related efforts. We then analyzed whether the information that SBDCs and SBA district offices are required to report included information for monitoring the performance measures developed in the 2018 plan. We assessed SBA's plans and related efforts against federal internal control

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<sup>5</sup>The eight HBCUs whose staff we interviewed were American Baptist College (Nashville, Tennessee), Coppin State University (Baltimore, Maryland), Morehouse College (Atlanta, Georgia), Morgan State University (Baltimore, Maryland), Savannah State University (Savannah, Georgia), Shaw University (Raleigh, North Carolina), Stillman College (Tuscaloosa, Alabama), and St. Augustine's University (Raleigh, North Carolina). American Baptist College was the only HBCU with an active strategic alliance memorandum (expires in August 2020) as of September 2018. The four HBCUs that did not respond to our request were Lawson State Community College (Birmingham, Alabama), Miles College (Fairfield, Alabama), Shelton State Community College (Tuscaloosa, Alabama), and Tuskegee University (Tuskegee, Alabama).

standards.<sup>6</sup> Additionally, we interviewed SBA officials from the Office of Entrepreneurial Development, Office of Field Operations, and Office of Strategic Alliances; SBA district office officials from eight offices; and SBDC representatives from nine SBDC networks to better understand the extent to which SBA collects and records information related to their engagement with HBCUs.

We conducted this performance audit, from June 2018 to November 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>6</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

# Appendix II: Selected Small Business Administration Resources in Historically Black Colleges and University States

The Small Business Administration's (SBA) Small Business Development Centers (SBDC) and district offices provide services that could foster entrepreneurship. The SBDC program provides technical assistance (business counseling and training) to small businesses and aspiring entrepreneurs. SBDCs assist small businesses access capital, develop and exchange new technologies, and improve business planning, strategy, and financial management, among other services. The recipient or host institution of the SBDC is responsible for establishing a lead center and a network of service centers for a designated service area.

SBA district offices serve as the point of delivery for most SBA programs and services. Some district office staff (including business opportunity, lender relations, and economic development specialists) work directly with SBA clients. SBA's district offices also can initiate and oversee outreach activities to foster entrepreneurship.

As of December 2018, there were 101 Historically Black Colleges and Universities (HBCU), located across 19 states, the District of Columbia, and the U.S. Virgin Islands. Table 3 lists those states (in addition to the District of Columbia and the U.S. Virgin Islands), the locations of SBDC lead centers and district offices, and the HBCUs.

**Appendix II: Selected Small Business  
Administration Resources in Historically Black  
Colleges and University States**

**Table 3: Locations of SBDC Lead Centers and SBA District Office in States with HBCUs**

State	SBDC lead center	SBA district office <sup>a</sup>	HBCUs
Alabama	Tuscaloosa	Birmingham	Alabama A&M University Alabama State University Bishop State Community College Concordia College Alabama Gadsden State Community College H. Councill Trenholm State Community College J. F. Drake State Community and Technical College Lawson State Community College - Birmingham Campus Miles College Oakwood University Selma University Shelton State Community College Stillman College Tuskegee University Talladega College
Arkansas	Little Rock	Little Rock	Arkansas Baptist College Philander Smith College Shorter College University of Arkansas at Pine Bluff
District of Columbia	Washington, D.C.	Washington, D.C.	Howard University University of the District of Columbia
Delaware	Newark	Wilmington	Delaware State University
Florida	Pensacola	Jacksonville and Miami	Bethune-Cookman University Edward Waters College Florida Agricultural and Mechanical University Florida Memorial University
Georgia	Athens	Atlanta	Albany State University Clark Atlanta University Fort Valley State University Interdenominational Theological Center Morehouse College Morehouse School of Medicine Paine College Savannah State University Spelman College
Kentucky	Lexington	Louisville	Kentucky State University Simmons College of Kentucky

**Appendix II: Selected Small Business  
Administration Resources in Historically Black  
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Louisiana	Monroe	New Orleans	Dillard University Grambling State University Southern University and A&M College Southern University at New Orleans Southern University at Shreveport Xavier University of Louisiana
Maryland	College Park	Baltimore	Bowie State University Coppin State University Morgan State University University of Maryland Eastern Shore
Missouri	Columbia	St. Louis	Harris-Stowe State University Lincoln University
Mississippi	University	Jackson	Alcorn State University Coahoma Community College Jackson State University Mississippi Valley State University Rust College Tougaloo College
North Carolina	Raleigh	Charlotte	Bennett College Elizabeth City State University Fayetteville State University Johnson C. Smith University Livingstone College North Carolina A&T State University North Carolina Central University Saint Augustine's University Shaw University Winston-Salem University
Ohio	Columbus	Cleveland and Columbus	Central State University Wilberforce University
Oklahoma	Durant	Oklahoma City	Langston University
Pennsylvania	Kutztown	King of Prussia and Pittsburgh	Cheyney University of Pennsylvania Lincoln University
South Carolina	Columbia	Columbia	Allen University Benedict College Claflin University Clinton College Denmark Technical College Morris College South Carolina State University Voorhees College



**Appendix II: Selected Small Business  
Administration Resources in Historically Black  
Colleges and University States**

Tennessee	Murfreesboro	Nashville	American Baptist College Fisk University Lane College Le Moyne-Owen College Meharry Medical College Tennessee State University
Texas	Dallas, Houston, Lubbock, and San Antonio	El Paso, Fort Worth, Harlingen, Houston, Lubbock, and San Antonio	Huston-Tillotson University Jarvis Christian College Paul Quinn College Prairie View A&M University Southwestern Christian College St. Philip's College Texas College Texas Southern University Wiley College
Virginia	Fairfax	Richmond	Hampton University Norfolk State University Virginia State University Virginia Union University Virginia University of Lynchburg
Virgin Islands	St. Thomas	n/a <sup>b</sup>	University of the Virgin Islands
West Virginia	Charleston	Clarksburg	Bluefield State College West Virginia State University

Legend: SBDC = Small Business Development Center; SBA = Small Business Administration; and HBCUs = Historically Black Colleges and Universities  
Source: GAO summary of SBA documents and Department of Education data. | GAO-20-41

<sup>a</sup>Information on SBA district offices do not include alternate work sites.

<sup>b</sup>The Puerto Rico District Office has a representative in St. Croix serving the U.S. Virgin Islands.

# Appendix III: Small Business Administration Outreach to Historically Black Colleges and Universities on Two Research Programs

The Small Business Administration's (SBA) 2018 plan for the White House Initiative on Historically Black Colleges and Universities (HBCU) identifies two programs as available resources that are underutilized by HBCUs.<sup>1</sup> More specifically, the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs provide research and development funding to small businesses to develop and commercialize innovative technologies. The programs are authorized by the Small Business Act, and SBA's Office of Investment and Innovation is responsible for their oversight, including coordinating the participating agencies' efforts for the programs.<sup>2</sup>

The SBIR program began in 1982 and has four main purposes: (1) use small businesses to meet federal research and development needs, (2) stimulate technological innovation, (3) increase private-sector commercialization of innovations derived from federal research and

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<sup>1</sup>The White House Initiative on Historically Black Colleges and Universities, which originated with an Executive Order in 1980, aims to strengthen the capacity of HBCUs to provide quality education. Exec. Order No. 12320 (Sept. 15, 1981), Exec. Order No. 12766 (Apr. 28, 1989), Exec. Order No. 12876 (Nov. 1, 1993), Exec. Order No. 13256 (Feb. 12, 2002), Exec. Order No. 13532 (Mar. 3, 2010), and Exec. Order No. 13779 (Feb. 28, 2017). The current Executive Order (13779) supersedes the previous Executive Orders.

<sup>2</sup>As of January 2018, 11 agencies participated in the SBIR program: the Department of Agriculture, Department of Commerce, Department of Defense, Department of Education, Department of Energy, Department of Health and Human Services, Department of Homeland Security, Department of Transportation, Environmental Protection Agency, National Aeronautics and Space Administration, and National Science Foundation. Five of these agencies also participate in the STTR program: the Department of Defense, Department of Energy, Department of Health and Human Services, National Aeronautics and Space Administration, and National Science Foundation.

development efforts, and (4) foster and encourage technological innovation by small businesses owned by women and disadvantaged individuals.

The STTR program began in 1992 and has three main purposes: (1) stimulate technological innovation, (2) foster technological transfer through cooperative research and development between small businesses and research institutions, and (3) increase private-sector commercialization of innovations derived from federal research and development.

Both programs are similar in that participating agencies identify topics for research and development projects and support small businesses, but the STTR program requires the small business to partner with a nonprofit research institution, such as a college or university or federally funded research and development center.<sup>3</sup>

SBA has made some recent efforts to increase awareness among HBCUs about opportunities to access these programs. For example:

- SBA participated in the HBCU and Minority-Serving Institution Technology Infusion Road Tour, which was organized by the National Aeronautics and Space Administration.<sup>4</sup> As a part of this effort, SBA participated in presentations on the SBIR and STTR programs at three HBCUs: Tennessee State University (Nashville, Tennessee) in April 2017, Johnson C. Smith University (Charlotte, North Carolina) in February 2018, and Clark Atlanta University (Atlanta, Georgia) in March 2018.
- In 2018, SBA conducted an SBIR Road Tour to raise awareness of available research and development funding. As part of the tour, the agency conducted workshops and presentations at two HBCUs:

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<sup>3</sup>Federally funded research and development centers are government-funded entities operated by nongovernmental organizations to meet long-term research or development needs that cannot be met as effectively by existing governmental or contractor resources. These entities typically assist government agencies with scientific research and analysis, systems development, and system acquisition.

<sup>4</sup>The Road Tour provided opportunities for HBCU and representatives of minority-serving institutions to learn of opportunities to participate in National Aeronautics and Space Administration contracts and programs, including SBIR and STTR.

Alabama A&M University (Huntsville, Alabama) and Jackson State University (Jackson, Mississippi).<sup>5</sup>

- SBA participated in the 2018 National HBCU Week Conference hosted by the White House Initiative on HBCUs. SBA staff served as speakers and panelists in sessions related to access to federally funded programs (such as SBIR and STTR), and science, technology, engineering, and mathematics.
- The North Carolina Small Business and Technology Development Center, an SBA resource partner, hosted a workshop in April 2018 at an HBCU—North Carolina Central University (Durham, North Carolina)—focused on preparing proposals for the SBIR and STTR programs.

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<sup>5</sup>According to SBA, SBIR Road Tour planned stops in 2019 in states that have HBCUs, including Florida, Maryland, Oklahoma, Pennsylvania, and Texas.

# Appendix IV: Small Business Administration Information Systems and Forms on Counseling and Training Activities

The Small Business Administration's (SBA) information systems collect a variety of information about SBA's Small Business Development Centers (SBDC) and district office activities, including counseling and training.<sup>1</sup>

**Partner Identification Management System.** SBDC lead centers are required to maintain their lead center and service center information in SBA's Partner Identification Management System. This information includes each SBDC service location by name, host institution, and physical address. Additionally, SBDC locations are identified as the lead center, service center, or satellite location.<sup>2</sup> There is no data field to identify the type of host institution (such as institution of higher education) or whether the host institution is a Historically Black College and University (HBCU).

**Entrepreneurial Development Management Information System.** SBDCs are required to report their program data, including counseling and training activities, through SBA's data collection system, known as the Entrepreneurial Development Management Information System.

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<sup>1</sup>The SBDC program delivers individualized business counseling and technical assistance to existing small businesses and aspiring entrepreneurs.

<sup>2</sup>Entities eligible to receive SBDC funding and host SBDCs are primarily institutions of higher education. The host institution is responsible for establishing a lead center and network of service centers for a designated service area. According to the SBDC program announcement, SBDC service centers operate on a full-time basis to provide counseling and training services in an area designated by the SBDC lead center. SBDC satellite locations operate on a full- or part-time basis under the direct management of an SBDC lead center or service center. According to SBA officials, the number of service centers (including satellite locations) fluctuates from year to year.

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**Appendix IV: Small Business Administration  
Information Systems and Forms on  
Counseling and Training Activities**

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According to the user manual, the system is designed around two primary forms: SBA's counseling information form and SBA's management training report. These forms include data fields for users to enter demographic information on clients and training participants, such as race, gender, and veteran status. Figure 4 shows the data fields related to demographic information included in SBA's counseling information form.

Appendix IV: Small Business Administration Information Systems and Forms on Counseling and Training Activities

Figure 4: Selected Data Fields from SBA's Counseling Information Form

The image shows the SBA Counseling Information Form (SBA Form 641) with a 'CLEAR FORM' button and 'OMB Approval No. 3245-0324' and 'Expiration Date: 10/31/2020'. The form is divided into several sections:
 

- Section 1-3:** Office information (Name, City/State, Type of Client).
- Section 4-6:** Contact information (Email, Telephone, Fax).
- Section 7:** Business address (Street Address/PO Box, City, State, Zip).
- Section 11:** Consent and information use.
- Section 12:** Appointment date and time.
- Section 13:** Client signature and date.
- Section 14-17 (PART II):** Client Intake (Race, Ethnicity, Gender, Disability).
- Section 18:** Veteran status.
- Section 19:** Referred by (SBA District, Lender, Business Owner, SBA Web site, etc.).
- Section 20a-20b:** Business status and exporting.
- Section 21:** Name of Business.
- Section 22:** Type of Business (Mining, Manufacturing, Finance & Insurance, etc.).
- Section 23:** Business ownership.
- Section 24:** Date Business Started.
- Section 25:** Do you conduct business online?
- Section 26:** Are you a home based business? Are you 8(a) certified?
- Section 27:** Total No. of Employees.
- Section 28:** For your most recent full business year, what were your Gross Revenues/Sales?
- Section 29:** What is the legal entity of your business?
- Section 28b:** Amount of your Gross Revenues/Sales related to exporting.
- Section 30:** What is the nature of counseling you are seeking?

**PART II: Client Intake (to be completed by all Clients)**

<p><b>14. Race (mark one or more)</b></p> <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White	<p><b>15. Ethnicity</b></p> <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino	<p><b>16. Gender</b></p> <input type="checkbox"/> Male <input type="checkbox"/> Female	<p><b>17. Do you consider yourself a person with a disability?</b></p> <input type="checkbox"/> Yes <input type="checkbox"/> No																				
<p><b>18. Veteran Status</b> <input type="checkbox"/> No military, Reserve, or National Guard service <input type="checkbox"/> Veteran <input type="checkbox"/> Service-Disabled Veteran <input type="checkbox"/> Member of the Reserve <input type="checkbox"/> Active Duty <input type="checkbox"/> Member of the National Guard <input type="checkbox"/> Spouse of Military Member</p>																							
<p><b>19. Referred by? (Mark all that apply)</b></p> <table border="0"> <tr> <td><input type="checkbox"/> SBA District</td> <td><input type="checkbox"/> SBDC</td> <td><input type="checkbox"/> Other Client</td> <td><input type="checkbox"/> Magazine/Newspaper</td> <td><input type="checkbox"/> Other (specify) _____</td> </tr> <tr> <td><input type="checkbox"/> Lender</td> <td><input type="checkbox"/> SCORE</td> <td><input type="checkbox"/> Educational Institution</td> <td><input type="checkbox"/> Word of Mouth</td> <td><input type="checkbox"/> USEAC</td> </tr> <tr> <td><input type="checkbox"/> Business Owner</td> <td><input type="checkbox"/> WBC</td> <td><input type="checkbox"/> Local Economic Development Official</td> <td><input type="checkbox"/> Television/Radio</td> <td><input type="checkbox"/> Boots to Business</td> </tr> <tr> <td><input type="checkbox"/> SBA Web site</td> <td><input type="checkbox"/> VBOC</td> <td><input type="checkbox"/> Chamber of Commerce</td> <td><input type="checkbox"/> Internet (please indicate website) _____</td> <td></td> </tr> </table>				<input type="checkbox"/> SBA District	<input type="checkbox"/> SBDC	<input type="checkbox"/> Other Client	<input type="checkbox"/> Magazine/Newspaper	<input type="checkbox"/> Other (specify) _____	<input type="checkbox"/> Lender	<input type="checkbox"/> SCORE	<input type="checkbox"/> Educational Institution	<input type="checkbox"/> Word of Mouth	<input type="checkbox"/> USEAC	<input type="checkbox"/> Business Owner	<input type="checkbox"/> WBC	<input type="checkbox"/> Local Economic Development Official	<input type="checkbox"/> Television/Radio	<input type="checkbox"/> Boots to Business	<input type="checkbox"/> SBA Web site	<input type="checkbox"/> VBOC	<input type="checkbox"/> Chamber of Commerce	<input type="checkbox"/> Internet (please indicate website) _____	
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<input type="checkbox"/> SBA Web site	<input type="checkbox"/> VBOC	<input type="checkbox"/> Chamber of Commerce	<input type="checkbox"/> Internet (please indicate website) _____																				
<p><b>20a. Are you currently in business?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No (if no, skip to 30) <b>20b. If yes, are you currently exporting?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes to 20b, please go to Appendix A on page 3 to indicate the markets to which your company currently exports (mark all that apply).</p>																							

Source: Small Business Administration (SBA). | GAO-20-41

**Appendix IV: Small Business Administration  
Information Systems and Forms on  
Counseling and Training Activities**

Figure 5 shows data fields related to demographic information included in SBA's management training report.

**Figure 5: Selected Data Fields from SBA's Management Training Report**

The image shows a screenshot of the SBA Form 888 (10/24/2017) Management Training Report. The form is titled "U.S. Small Business Administration Management Training Report" and includes the SBA logo and OMB Approval No. 3245-0324. It contains various sections for reporting training activities, including organization details, training location, and demographic information.

Two callout boxes highlight specific data fields:

- 8. Total Number Trained**: This section includes fields for "Currently in Business", "Not Yet in Business", "People with Disabilities", "Women", "Total Veterans", "Service-Disabled Veterans", and "Members of Reserve or National Guard". A note indicates "(please complete to the extent information is available)".
- 9. Total Number of Minorities Trained**: This section includes fields for "Race" (Asians, Blacks or African Americans, Native Americans or Alaskan Natives, Native Hawaiians or other Pacific Islanders, White) and "Ethnicity" (Hispanic Origin, Not of Hispanic Origin).

Arrows from the callout boxes point to the corresponding sections on the form. The form also includes sections for training topics, resource partners, program format, attendee fees, and sponsor information.

Source: Small Business Administration (SBA) . | GAO-20-41

There are no data fields for users to enter information related to whether a client or training participant is associated with an institution of higher education, including an HBCU. The Entrepreneurial Development Management Information System enables SBA management to generate reports based on demographic information, such as the number of



minority participants trained by SBDCs, but not on the number of HBCU-affiliated clients and training participants.

**Activity contact report.** Until July 2019, district offices were required to report activities (including training, presentations, and interactions with stakeholders) that aligned with their goals and measures to the Office of Field Operations through SBA's activity contact report.<sup>3</sup> District office staff reported their activities in categories that included general inquiries, training, presentations, counseling and technical assistance, outreach, meetings, and special initiatives.<sup>4</sup>

Activity contact report forms did not include data entry fields specific to the type of institution (such as institutions of higher education, including HBCUs) that hosted or participated in the district office's activity. Additionally, the activity contact report forms did not include data entry fields to identify whether participants were affiliated with an HBCU (students, faculty, or alumni).

For some activity contact report categories, the forms included additional data entry fields for the event location and name of the organization involved. For example, the activity contact report form for meetings included optional data fields for the event location and organization name, as shown in figure 6.<sup>5</sup>

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<sup>3</sup>SBA officials told us that after July 15, 2019, the activity contact report system would no longer be used due to budgetary constraints. Officials stated that the Office of Field Operations developed a temporary reporting tool, known as the goals and measures activity tracking tool, for district office reporting.

<sup>4</sup>The now-discontinued activity contact report included special initiatives as a category of activities for district office reporting. According to Office of Field Operations guidance, special initiatives include training, counseling, and outreach that support agency priorities and could include district-level special initiatives, such as supporting increased access to SBA services in underrepresented markets. According to SBA officials, as of late July 2019, the Office of Field Operations' temporary reporting tool for district offices included HBCU-related activities as a special initiative.

<sup>5</sup>According to Office of Field Operations guidance, meetings can be held for different business-related purposes that align with the SBA strategic plan or district office strategic plan, including planning, sharing information, and providing counseling, training, outreach, or oversight.

Appendix IV: Small Business Administration  
Information Systems and Forms on  
Counseling and Training Activities

Figure 6: SBA Activity Contact Report Form for Outreach Events, Meetings, and Visits

**Outreach Events/Meeting/Visits**  
Note: Outreach/Meetings/Visits must be greater than 30 minutes as well as meet the definition for Outreach or Meetings in the ACR Dictionary to qualify for entry

ARC Role? [Please check this box if you are entering RA data]

**GENERAL INFORMATION**

Subject:  Date of Event:

Role:  CE Yes/No:  Yes  No

Critical Element:  Completed per Plan:  No  Yes

Conducts or Participates:  Yes  No Leads or Manages:  No  Yes

Presents:  No  Yes

**GOALS AND MEASURE**  
[Note: Please select only one Goal and/or one Measure per Activity]  
G & M:  No  Yes

**EVENT DETAILS**  
Event Type:  Event Location:

**VISIT DETAILS**  
Organization Name:  First Name:  Last Name:   
Phone Number:  Email Address:  Street Address:

**ACTIVITY INFORMATION**  
Attachments:  Referral:  Open Email:  Notes:

Next Step:  Activity Type:

Purpose/Activity Description:

**STATUS**  
Status:  Submit:

**EVENT DETAILS**  
Event Type:  \*  Event location:

**VISIT DETAILS**  
Organization Name:  First Name:  Last Name:   
Phone Number:  Email Address:  Street Address:

Outreach events/meeting/visits

Source: Small Business Administration (SBA) . | GAO-20-41

According to SBA officials, the temporary reporting tool (used since late July 2019 in place of the activity contact report) includes an optional data field for district offices to identify whether their activity was HBCU-related.

# Appendix V: Comments from the Small Business Administration



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

October 23, 2019

Anna Maria Ortiz  
Director  
Natural Resources and Environment  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Director Ortiz:

Thank you for providing the U. S. Small Business Administration (SBA) with a copy of the Government Accountability Office (GAO) draft report titled "Opportunities Exist to Strengthen Engagement with Historically Black Colleges and Universities," GAO-20-41 (102831). This report examines SBA's efforts to foster entrepreneurship through programs and activities with HBCUs in recent years as well as SBA's plans for the White House Initiative on HBCUs. In addition, the draft report examines the extent to which SBA collected and recorded information specific on HBCUs.

As the Associate Administrator for the SBA Office of Entrepreneurial Development (OED), it is my responsibility to administer programs and initiatives that provide technical assistance, primarily counseling and training, to small business entrepreneurs. These programs, also known as Resource Partners, include the Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), and SCORE.

GAO's study on SBA's engagement with HBCUs has provided us with an excellent opportunity to obtain a comprehensive perspective of the great work the SBA team has already been doing in this area. We recognize there is room for improvement as it relates to how we coordinate our activities and collect and record information specific to our efforts with HBCUs.

With that in mind, I would like to highlight some of our recent accomplishments and short-term plans:

1. For the first time in SBA's history, OED has incorporated in the funding opportunity announcements and the cooperative agreements of each of the Resource Partners a requirement for them to partner with their respective SBA Regional and District Offices and HBCU leadership (the university president, dean, chancellor, etc.) to develop a small business outreach plan. This plan is to be submitted within 90 days after the start of FY 2020. The small business outreach plan should describe how the Resource Partner will

Ana Maria Ortiz, Director, GAO  
Natural Resources and Environment  
Page 2

partner with their respective HBCUs; provide a timeline for hosting events (workshops, training conferences, etc.); and identify the points of contacts for the Resource Partner and HBCU. The plan must include conducting at least one small business workshop or event with the school. The plan will be submitted to the partner HBCU and my office.

2. From April 15, 2019, through September 30, 2019, SBA Regional and District Offices conducted 17 entrepreneurship summits at various HBCUs. HBCU Entrepreneurship Summits introduced faculty, students, and alumni to the resources the SBA provides to entrepreneurs and small business owners. Attendees were provided with information regarding the SBA resources available to help businesses start, grow or expand. They learned about the HUBZone program, federal contracting, and the SBDCs, WBCs and SCORE.
3. In Columbus, OH, our District Office has teamed up with Central State University. The District Office is providing their expertise in assisting the business school on how to build an entrepreneur program. The Ohio District Office is actively engaged in supporting the recently signed Strategic Alliance Memorandum (SAM) with Central State University and Wilberforce University, along with the Cincinnati African American Chamber of Commerce, Central Ohio African American Chamber of Commerce, City of Columbus and Ohio Department of Transportation.
4. Closer to our area, my office is working with SBA's Washington District Office on a Pilot Youth Entrepreneurship Summit at Bowie State University's Entrepreneurship Academy. The Youth Entrepreneurship Summit will be used as a vehicle to help examine the state of entrepreneurship among college students and provide innovative ways to support them.

Further, the SBA has reviewed and agrees with the three recommendations identified in the draft report. Additional details are provided below:

**Recommendation 1:** The SBA Administrator should assign and document clear roles, responsibilities, and reporting lines for headquarters offices' implementation of SBA's plan for addressing the White House Initiative on HBCUs in a timely manner.

**SBA Response:** Concur. OED is the office responsible for White House Initiative on HBCUs. We have begun identifying key stakeholders from other program offices as well as the Office of Field Operations in order to better coordinate and track the Agency's activities.

**Recommendation 2:** The Associate Administrators of the Office of Entrepreneurial Development and Office of Field Operations should communicate planned efforts to support HBCUs, including expectations, goals, and related measures, to the district offices and small business development centers with HBCUs in their service areas.

**SBA Response:** Concur. The Agency is communicating and coordinating these efforts.

Ana Maria Ortiz, Director, GAO  
Natural Resources and Environment  
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**Recommendation 3:** The Associate Administrator of the Office of Entrepreneurial Development should take and document steps to ensure that its reporting mechanisms collect the information needed to establish a baseline for, and also inform future monitoring and assessment of, efforts to support HBCUs.

**SBA Response:** Concur. OED will utilize the information from the Resource Partners outreach plans and the District Offices activities/events as a baseline in FY 2020 to determine next steps.

Thank you for the opportunity to comment on this draft report. SBA appreciates GAO's consideration of our comments prior to publishing the final report.

Sincerely,



Allen Gutierrez  
Associate Administrator  
Office of Entrepreneurial Development

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## Text of Appendix V: Comments from the Small Business Administration

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October 23, 2019

Anna Maria Ortiz Director

Natural Resources and Environment

U.S. Government Accountability Office 441 G Street, NW

Washington, DC 20548 Dear Director Ortiz:

Thank you for providing the U. S. Small Business Administration (SBA) with a copy of the Government Accountability Office (GAO) draft report titled "Opportunities Exist to Strengthen Engagement with Historically Black Colleges and Universities," GAO-20-41 (102831). This report examines SBA's efforts to foster entrepreneurship through programs and activities with HBCUs in recent years as well as SBA's plans for the White House Initiative on HBCUs. In addition, the draft report examines the extent to which SBA collected and recorded information specific on HBCUs.

As the Associate Administrator for the SBA Office of Entrepreneurial Development (OED), it is my responsibility to administer programs and initiatives that provide technical assistance, primarily counseling and training, to small business entrepreneurs. These programs, also known as Resource Partners, include the Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), and SCORE.

GAO's study on SBA's engagement with HBCUs has provided us with an excellent opportunity to obtain a comprehensive perspective of the great work the SBA team has already been doing in this area. We recognize there is room for improvement as it relates to how we coordinate our activities and collect and record information specific to our efforts with HBCUs.

With that in mind, I would like to highlight some of our recent accomplishments and short-term plans:

1. For the first time in SBA's history, OED has incorporated in the funding opportunity announcements and the cooperative agreements of each of the Resource Partners a requirement for them to partner with their respective SBA Regional and District Offices and HBCU leadership (the university president, dean, chancellor, etc.) to develop a small business outreach plan. This plan is to be submitted within 90 days after the start of FY 2020. The small business outreach plan should describe how the Resource Partner will

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## Page 2

partner with their respective HBCUs; provide a timeline for hosting events (workshops, training conferences, etc.); and identify the points of contacts for the Resource Partner and HBCU. The plan must include conducting at least one small business workshop or event with the school. The plan will be submitted to the partner HBCU and my office.

2. From April 15, 2019, through September 30, 2019, SBA Regional and District Offices conducted 17 entrepreneurship summits at various HBCUs. HBCU Entrepreneurship Summits introduced faculty, students, and alumni to the resources the SBA provides to entrepreneurs and small business owners. Attendees were provided with information regarding the SBA resources available to help businesses start, grow or expand. They learned about the HUBZone program, federal contracting, and the SBDCs, WBCs and SCORE.
3. In Columbus, OH, our District Office has teamed up with Central State University. The District Office is providing their expertise in assisting the business school on how to build an entrepreneur program. The Ohio District Office is actively engaged in supporting the recently signed Strategic Alliance Memorandum (SAM) with Central State University and Wilberforce University, along with the Cincinnati African American Chamber of Commerce, Central Ohio African American Chamber of Commerce, City of Columbus and Ohio Department of Transportation.
4. Closer to our area, my office is working with SBA's Washington District Office on a Pilot Youth Entrepreneurship Summit at Bowie State University's Entrepreneurship Academy. The Youth Entrepreneurship Summit will be used as a vehicle to help examine the state of entrepreneurship among college students and provide innovative ways to support them.

Further, the SBA has reviewed and agrees with the three recommendations identified in the draft report. Additional details are provided below:

Recommendation 1:

The SBA Administrator should assign and document clear roles, responsibilities, and reporting lines for headquarters offices' implementation of SBA's plan for addressing the White House Initiative on HBCUs in a timely manner.

SBA Response: Concur.

OED is the office responsible for White House Initiative on HBCUs. We have begun identifying key stakeholders from other program offices as well as the Office of Field Operations in order to better coordinate and track the Agency's activities.

Recommendation 2:

The Associate Administrators of the Office of Entrepreneurial Development and Office of Field Operations should communicate planned efforts to support HBCUs, including expectations, goals, and related measures, to the district offices and small business development centers with HBCUs in their service areas.

SBA Response: Concur. The Agency is communicating and coordinating these efforts.

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Recommendation 3:

The Associate Administrator of the Office of Entrepreneurial Development should take and document steps to ensure that its reporting mechanisms collect the information needed to establish a baseline for, and also inform future monitoring and assessment of, efforts to support HBCUs.

SBA Response: Concur.

OED will utilize the information from the Resource Partners outreach plans and the District Offices activities/events as a baseline in FY 2020 to determine next steps.

Thank you for the opportunity to comment on this draft report. SBA appreciates GAO's consideration of our comments prior to publishing the final report.

Sincerely,

Allen Gutierrez Associate Administrator



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Office of Entrepreneurial Development

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# Appendix VI: GAO Contact and Staff Acknowledgements

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## GAO Contact

Anna Maria Ortiz, (202) 512-8678 or [ortiza@gao.gov](mailto:ortiza@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Lisa Moore (Assistant Director), Chir-Jen Huang (Analyst in Charge), Rachel Beers, John Karikari, Ben Licht, John Mingus, Sulayman Njie, Maria Psara, Barbara Roesmann, Jessica Sandler, Jena Sinkfield, and Andrew Stavisky made key contributions to this report.

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