

# GAO Highlights

Highlights of [GAO-25-107067](#), a report to congressional requesters

## Why GAO Did This Study

Racial and ethnic minorities, women, tribal groups, and other communities have historically faced barriers to accessing credit, capital, and other resources necessary to start and grow businesses, according to SBA. The American Rescue Plan Act of 2021 directed SBA to establish the Community Navigator Pilot Program, a new, short-term business assistance program to serve these communities.

GAO was asked to review the Community Navigator Pilot Program. This report examines (1) how the program reached underserved small business owners, (2) the program's alignment with leading practices for pilot program design, and (3) the program's efforts to manage fraud risk.

GAO analyzed SBA documents, interviewed officials, and compared the pilot program design and fraud risk management processes against leading practices. GAO also analyzed SBA and Census data and interviewed 18 navigators (chosen to reflect a mix of grant amounts, regions, and organization types) about their activities. GAO conducted three site visits reflecting a mix of geographic regions and organization types.

## What GAO Recommends

GAO recommends that SBA (1) evaluate the Navigator Program, incorporating a scalability assessment and input from a broad array of SBA staff and partner organizations; and (2) implement procedures for competitive grant program application reviews to obtain relevant information from district office staff with knowledge of applicants. SBA agreed with both recommendations.

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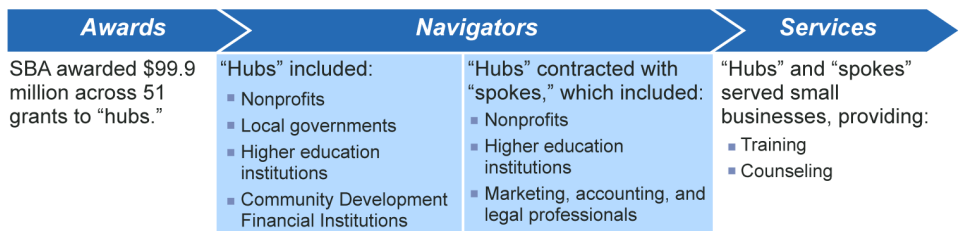
# SMALL BUSINESS PILOT PROGRAM

## SBA Has Opportunities to Evaluate Outcomes and Enhance Fraud Risk Mitigation

### What GAO Found

The Small Business Administration's (SBA) Community Navigator Pilot Program aimed to expand access to small business assistance resources for underserved communities. The program, which operated from December 2021 to May 2024, awarded grants to "hubs"—nonprofits, local governments, and other entities that partnered with smaller organizations, called "spokes" (see figure).

#### Overview of SBA Community Navigator Pilot Program



Source: GAO analysis of Small Business Administration (SBA) data. | GAO-25-107067

SBA data suggest the program served a higher proportion of clients from high-minority, high-poverty, and low-income areas compared to other SBA business assistance programs. Challenges that navigators identified included collecting sensitive client data and building effective partner networks.

The Navigator Program aligned with one and partially aligned with four leading practices for pilot program design. SBA established clear, measurable program objectives, such as increasing use of SBA services among underserved business owners, and developed a data gathering strategy and assessment methodology.

However, GAO identified opportunities for SBA to evaluate the pilot and mitigate broader program risks:

- Evaluation.** SBA does not plan to evaluate outcomes of the pilot. However, evaluations play a key role in strategic planning and program management. Conducting an evaluation would capture lessons learned from pilot activities. Additionally, by assessing scalability and incorporating input from a broad array of SBA staff and partner organizations, the evaluation could inform current and future programs and congressional decision-making.
- Fraud mitigation.** SBA took steps to address fraud risk for the program, such as completing a fraud risk assessment and training hubs on financial oversight. However, during application reviews, SBA staff did not consult local SBA offices with potential knowledge about applicants' risks. For example, staff in one district office said they could have flagged a local applicant that overstated its capacity to provide assistance. SBA officials said that to avoid potential bias and inconsistency, its competitive grant programs' application reviews do not include consultation with local SBA offices. However, GAO identified federal grantmaking agencies that incorporated local staff input while implementing safeguards to mitigate bias and maintain consistency. By developing procedures to obtain relevant information from local agency staff, SBA could improve its ability to assess applicants and address fraud risks.