

## MESSAGE FROM THE ADMINISTRATOR

November 16, 2015



Under my tenure, one motto has driven our work at the SBA: “Smart, Bold and Accessible.” That means we support our nation’s 28 million small businesses through smart systems. We help them reach bold new markets. And we serve entrepreneurs of every age, ethnicity, and background. An important piece of that work is to detail the performance of our finances and our programs. In that spirit, I am pleased to present the U.S. Small Business Administration’s FY 2015 Agency Financial Report.

In the pages to follow, we have highlighted some of our key accomplishments during the fiscal year. These accomplishments cover our work in the areas of capital, contracts, counseling, and disaster relief. SBA financial and performance data in this report are reliable and complete. Our auditors issued an unmodified opinion on our FY 2015 financial statements and found no material weaknesses.

It was a big year for capital. In FY 2015, the SBA supported nearly \$33 billion in lending through our 7(a) and 504 loan programs. These loans supported over 680,000 jobs across the country. The SBA did not require a credit subsidy appropriation for the 7(a) loan program. Instead, we utilized fees to cover the costs of our most popular credit offering. We accomplished this despite zeroing out fees for 7(a) loans of \$150,000 or less, beginning in FY 2014 and extending to FY 2015, to boost loan approvals to women, minorities, veterans, and business owners in distressed urban and rural areas.

In FY 2015, we made significant progress in our ongoing efforts to modernize the Agency’s capital access programs. Our goal was 100 percent electronic submission of loan applications, which we met this past year. We continued development work with our Fiscal Transfer Agent to construct and implement further enhancements to SBAOne, our newly-created online lending platform. This system provides significantly more data on 7(a) loans and makes available additional information that enhances program risk management, streamlines payment and reporting, and improves efficiency of secondary market functions. This builds on previous capability that implemented a predictive credit scoring model on smaller dollar loans to create an underwriting system that promotes more equitable distribution of capital and speeds our response time on 7(a) loan applications.

The Small Business Investment Company (SBIC) Debenture program had another record year of growth. Investment funds licensed as SBICs provided more than \$6 billion in capital to small businesses, a 15 percent increase over last fiscal year. In FY 2015, the SBA licensed 25 new SBIC funds, and licensing times averaged 8.4 months. This helped the SBIC program execute more than \$2.5 billion in commitments, one-quarter of which helped capitalize companies that are minority-owned, women-owned, veteran-owned, or located in low-to-moderate income areas.

As with our work in capital, the SBA also reached an important milestone promoting greater federal contracting opportunities for small businesses. For the second consecutive year, in FY 2014, the federal government surpassed its statutory prime contracting goal, and the Agency achieved its priority goal by awarding 24.99 percent of federal prime contracts to small businesses. This achievement occurred despite the fact that overall federal contract spending has been reduced over the past several years. In FY 2014, the federal government also exceeded its small business contracting goals for businesses owned by service-disabled veterans (3.68 percent) and businesses considered socially or economically disadvantaged (9.46 percent).

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Many of these achievements are the result of SBA's efforts to provide mentoring, business advice, and training assistance to more than 1 million entrepreneurs and small businesses each year. These efforts help entrepreneurs create viable business plans, acquire capital, and access numerous supply chains. This year, we recognized the 35th anniversary of America's Small Business Development Center network, an SBA resource partner that provides high quality advising, mentoring, and training to hundreds of thousands of businesses in more than 900 centers each year.

This business counseling made an especially big impact in the veteran community. In FY 2015, the SBA trained more than 14,000 transitioning service members at 184 military installations nationwide through our Boots to Business program. This program, coupled with veteran's loan advantage, provides the needed support to our hardworking military service members interested in starting their own business.

Finally, the SBA reaffirmed its commitment to aid Americans in their hours of greatest need by continuing to improve and streamline our disaster assistance programs. In FY 2015, the SBA approved more than 11,400 disaster loans totaling more than \$371.6 million and worked 255 active declarations across the country. While our disaster assistance loan volume was down from previous years, we continued to make strides in processing payments more quickly and efficiently. The SBA exceeded its priority goal for disaster loan applications returned, with a return rate of 98 percent. This higher application return rate means a greater number of disaster survivors received SBA's assistance in rebuilding or recovering from an economic injury. We also made process improvements by adding multiple points for disaster survivors to apply for SBA loans.

SBA services continue to be a vital resource for small businesses and an important driver of America's economic growth. In FY 2016, we plan to build upon these accomplishments in order for more small businesses to expand, create jobs, and help America's economy thrive.

Sincerely,



Maria Contreras-Sweet  
Administrator