

Equity Action Plan Digest: Small Business Administration

Summarized by Travis Reginal

This is one in a series of Urban Institute digests summarizing federal agencies', subagencies', and commissions' 2022 equity action plans, which were released in response to the Biden administration's January 2021 executive order, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government. The Small Business Administration's equity action plan is available at <https://www.sba.gov/sites/default/files/2022-04/SBA%20Equity%20Action%20Plan-508.pdf> (PDF).

Overview

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| What <i>problem</i> is the agency trying to solve? | Underserved communities face barriers in accessing SBA resources, specifically capital access, federal government procurement and contracting opportunities, disaster assistance, and business counseling, training, and services (p. 2). |
| Priority groups | Underserved communities |
| Historic harm mentioned? | No |
| Partners in implementation | Community financial institutions, including community development financial institutions; all other federal government agencies participating in procurement/contracting; Office of Management and Budget |
| Equity defined as | Not defined beyond executive order |

Pillars and Principles of Equity

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| Acknowledgement of past harm and present barriers | Small disadvantaged businesses face more barriers to capital and opportunity than non-underserved businesses (p. 4) |
| Impact goals | Reducing barriers and increasing access to capital, federal procurement and contracting opportunities, disaster assistance, and business counseling, training, and services (p. 2); conducting targeted listening sessions (p. 11); requiring small business development centers to improve collaboration with minority-serving institutions (p. 13) |
| Actions and activities | Will increase spending on small disadvantaged businesses (p. 2); will connect underserved small-business owners to community financial institutions to increase loans distributed to underserved entrepreneurs (p. 5); conducting an equity impact assessment to determine how program benefits apply to different groups of beneficiaries (p. 9) |
| Accountability measures and approaches | New contracting reforms that will require federal agencies to track and publicly report how they are bringing in new contractors and develop diversification strategies (p. 3); consistent updates to the public (p. 6); ongoing customer feedback (p. 6); SBA scorecard (p. 10); released disaggregated data across industries and sectors by race and ethnicity (p. 10) |

Note: For the rubric we used to evaluate these components of the equity action plans, see the appendix to the Urban Institute's 2023 brief "Pathways to Equity at Scale: An Analysis of the 2022 Federal Equity Action Plans and Recommendations for 2023 Plans," available at https://www.urban.org/sites/default/files/2023-03/Pathways%20to%20Equity%20at%20Scale%20Appendix_0.pdf.

Types of Equity and Related Activities

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| Procedural (example: expanding language and translation services; simplifying the vendor application process) | Opened majority of new women’s business centers in rural communities (p. 3); simplifying application requirements using technology (p. 5); providing an easier experience for both borrowers and community financial institutions (p. 5); reducing administrative burden for applicants (p. 9); on-demand translation service for disaster survivors (p. 13) |
| Distributional (example: creating new procurement program) | Tailored Office of Management and Budget’s category management program to serve disadvantaged businesses (p. 2); providing training to program participants (p. 8); leveraging the Community Navigator Pilot Program to strengthen outreach to underserved businesses (p. 13) |
| Structural (example: policy change via proposing legislation related to an equity goal; changing organizational functions) | Restored the Council on Underserved Communities to support prioritizing equity across its initiatives (p. 3); raised the goal of governmentwide spending with small disadvantaged businesses from 5 percent to 11 percent; proposed a rule in the Federal Register for new opportunities for nontraditional and new small businesses to compete for contracts (p. 3); hiring additional staff to advance SBA equity work, including a chief diversity officer (p. 16) |

Key Metrics to Measure Progress on Equity

- increase in dollars spent on small disadvantaged businesses by federal agencies (p. 9)
- increase in the number of federal procurement and contracting opportunities available for small business (p. 9)
- increase in the number of small disadvantaged businesses participating in federal procurement and contracting (p. 9)
- increase in the number of underserved disaster survivors utilizing SBA-referred financial counseling (p. 12)
- increase in the number of underserved disaster survivors utilizing SBA products and services (p. 12)
- increase in the number of organizations partnering with the SBA to assist underserved disaster survivors (p. 12)
- increase in the number of underserved entrepreneurs utilizing SBA resources (p. 14)
- increase in the number of organizations partnering with the SBA (p. 14)
- increase in the two-year survival rate for new businesses of underserved entrepreneurs (p. 14)

Looking Ahead: Key Reflections for Plan Implementation

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| Where is the agency set up for success? | Partnering with organizations that work with underserved communities; using disaggregated data |
| Areas for future investment and growth | Specify the needs of the groups that make up underserved communities as defined by the SBA; utilize data in priority settings; develop an outreach plan to reach target underserved communities; develop a staffing plan to support these equity initiatives; take accountability for historic harm and address root causes of barriers; ensure disaggregated data are used in reporting, benchmarking, and goal-setting processes |