



Testimony

Before the Subcommittee on  
Investigations, Oversight, and  
Regulations, Committee on Small  
Business, House of Representatives

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**SMALL BUSINESS  
ADMINISTRATION**

**Preliminary Observations  
on Efforts to Foster  
Entrepreneurship with  
Historically Black Colleges  
and Universities**

Statement of Anna Maria Ortiz, Acting Director,  
Financial Markets and Community Investment

# GAO Highlights

Highlights of [GAO-19-515T](#), a testimony before the Subcommittee on Investigations, Oversight, and Regulations, Committee on Small Business, House of Representatives

## Why GAO Did This Study

Historically Black Colleges and Universities play an important and unique role in the higher education system and in their local and regional economies. SBA works with many colleges and universities to provide entrepreneurial training and counseling on campuses. SBA is also part of a long-standing White House Initiative to expand the capacity of HBCUs, including their ability to participate in federal programs. However, little is known about the extent to which SBA has worked with the 101 HBCUs to foster entrepreneurship among students and others.

This statement is based on (1) GAO's March 2019 report (GAO-19-328R) on SBA's plans and programs for working with HBCUs and (2) preliminary observations from GAO's ongoing review of any HBCU-specific information SBA collects and reports and collaboration of selected HBCUs and SBA.

GAO reviewed recent executive orders related to enhancing HBCU capacities; agency documents, including SBA's 2018 agency plan for supporting HBCUs; and statutes and regulations for key programs and activities. GAO also interviewed SBA headquarters and selected district officials based on criteria including (1) the number of HBCUs in the state, and (2) agreements, if any, between HBCUs and SBA. GAO also interviewed six HBCUs based on their relationship with SBA.

## What GAO Recommends

GAO is not making recommendations in this testimony, but will consider them, as appropriate, as it finalizes its work.

View [GAO-19-515T](#). For more information, contact Anna Maria Ortiz at (202) 512-8678 or [OrtizA@gao.gov](mailto:OrtizA@gao.gov).

April 30, 2019

## SMALL BUSINESS ADMINISTRATION

### Preliminary Observations on Efforts to Foster Entrepreneurship with Historically Black Colleges and Universities

## What GAO Found

Small Business Administration (SBA) programs and activities that foster entrepreneurship have included, but do not specifically target, Historically Black Colleges and Universities (HBCU). SBA funds 63 Small Business Development Centers (SBDC) that are generally hosted by colleges or universities. Two of the 63 SBDCs are hosted by HBCUs—Howard University and the University of the Virgin Islands—and at least 16 of the more than 900 SBDC satellite locations have been at HBCUs. SBA's district offices also can initiate and oversee outreach activities to foster entrepreneurship. While these activities are not targeted to HBCUs, some district offices have worked with HBCUs. For example, district offices co-sponsored 10 counseling and training activities in 2013–2018 with six HBCUs and signed memorandums with at least 27 HBCUs to strengthen local small business development in 2008–2018.

#### Business Workshop at the Small Business Development Center at the University of the Virgin Islands



Source: GAO. | GAO-19-515T

GAO's preliminary observations indicate SBA has limited data on entrepreneurship-related efforts at HBCUs. In 2018, SBA established two goals for working with HBCUs: (1) to raise awareness and provide information to help raise the capacity of HBCUs to participate in federally funded programs, and (2) to promote collaboration among HBCUs, SBA resource partners, and SBA district offices. GAO's ongoing work identified that HBCU-specific data (such as the number of outreach events involving HBCUs or the number of HBCU students or alumni who participated) are incomplete at an agency-wide level. Moreover, SBA does not systematically collect written feedback from event participants, including for events involving HBCUs. GAO's preliminary observations also indicate that SBA resource partners, such as SBDCs, have established relationships with some HBCUs. GAO will continue to examine the extent of SBA efforts to foster entrepreneurship with HBCUs.

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Chairwoman Chu, Ranking Member Spano, and Members of the Subcommittee:

Thank you for the opportunity to discuss the Small Business Administration's (SBA) efforts for fostering entrepreneurship with Historically Black Colleges and Universities (HBCU). HBCUs play an important and unique role in the higher education system as well as in their local and regional economies.<sup>1</sup> SBA is part of a long-standing White House Initiative to expand the capacity of HBCUs to provide quality education, including by increasing HBCU access to and participation in federal programs. SBA also works with many colleges and universities to provide entrepreneurial training and counseling on campuses. But little is known about the extent to which SBA has worked with HBCUs to help students and others start, build, and expand businesses.

Today, I will discuss SBA's plans and programs for working with HBCUs and preliminary observations about our ongoing work on SBA's efforts to foster entrepreneurship with HBCUs. Specifically, I will discuss (1) SBA goals for working with HBCUs and the extent to which its activities targeted HBCUs, and (2) our preliminary observations on what information SBA collects and reports specific to HBCUs and collaboration of selected HBCUs and SBA. My statement is based on findings from our March 2019 report and ongoing work examining SBA efforts related to the White House Initiative on HBCUs, including to what extent SBA met its goals for working with HBCUs to foster entrepreneurship.<sup>2</sup>

For our March 2019 report, we reviewed executive orders relating to the White House Initiative and SBA's plan for addressing the initiative (a requirement of recent executive orders) for 2018 and identified SBA's goals for working with HBCUs. We reviewed SBA's congressional budget justifications (fiscal years 2008–2017), strategic plans, and standard operating procedures to identify key programs and counseling or training activities related to fostering entrepreneurship. We also reviewed statutes and regulations associated with the key programs and activities to

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<sup>1</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>2</sup>GAO, *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).

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determine the extent to which any target HBCUs. This report includes a detailed description of our scope and methodology.

To develop our preliminary observations, we interviewed SBA officials in the Office of Entrepreneurial Development and in eight district offices to better understand the information SBA has collected and the extent of collaboration with HBCUs. We selected the district offices based on (1) a high number of HBCUs in the state, and (2) a mixture of types of agreements SBA signed with the HBCUs (cooperative agreement, strategic alliance memorandums, and co-sponsored agreements). We also interviewed six HBCUs about those efforts. We selected HBCUs that had formal agreements with SBA or proximity to any SBA district office. We also reviewed additional documents that SBA provided related to its plans and reports for the White House Initiative and that we identified related to strategic alliance memorandums and SBA resource partners.

The work on which this statement is based was performed 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

### Executive Orders on White House Initiative

Executive Order 12232 (1980) established the White House Initiative on Historically Black Colleges and Universities to expand the capacity of HBCUs to provide quality education. Subsequent administrations issued executive orders to continue the initiative.<sup>3</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 at HBCUs, and (2) enhancing HBCUs'

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<sup>3</sup>For example, see Exec. Order No. 12320 (Sept. 15, 1981), Exec. Order No. 12766 (April 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.

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capabilities for helping young adults.<sup>4</sup> The initiative used to be located in the Department of Education, and has been housed in the Executive Office of the President since 2017 (although maintaining operational presence within the Department of Education), according to representatives from the initiative.

The more recent executive orders (from 2002, 2010, and 2017) require that each department and agency designated by the Secretary of Education prepare an annual plan on efforts to strengthen HBCU capacity.<sup>5</sup> SBA is among the agencies designated to prepare a plan. The 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 underutilize.<sup>6</sup>

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>7</sup> To prepare the report, the designated agencies were asked to provide data on funds awarded to HBCUs in the previous fiscal year. The annual reports generally were published on the

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<sup>4</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.

<sup>5</sup>For our ongoing work, we focused on SBA's partnerships with HBCUs during the last 10 years and therefore primarily reviewed Exec. Order No. 13256 (2002), Exec. Order No. 13532 (2010), and Exec. Order No. 13779 (2017).

<sup>6</sup>Exec. Order No. 13779, § 2(c) (2017). Agency plans are to describe, where appropriate, (1) how the agency intends to increase the capacity of HBCUs to compete effectively for grants, contracts, or cooperative agreements; (2) identify federal programs and initiatives in which HBCUs are not well represented, and improve HBCUs' participation; and (3) encourage public-sector, private-sector, and community involvement in improving the overall capacity of HBCUs. See also, Exec. Order No. 13256, § 7 (2002); Exec. Order No. 13523, § 2(d) (2010).

<sup>7</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. 13523, § 3(a) (2010).

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website of the White House Initiative on HBCUs.<sup>8</sup> We discuss the reports in more detail later in this statement.

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## SBA Offices and Partners with Business Development and Counseling Responsibilities

SBA's 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. Key resource partners include Small Business Development Centers (SBDC), Women's Business Centers, and SCORE chapters.

- SBDCs provide technical assistance to small businesses and aspiring entrepreneurs. The SBDC network has 63 lead centers (which generally must be hosted by institutions of higher education) and more than 900 service centers (subcenters and satellite locations).<sup>9</sup>
- More than 100 private nonprofit Women's Business Centers provide counseling and training to assist women in starting and growing small businesses.
- SCORE is a nonprofit organization that fosters the development of small businesses through mentoring and education. SCORE mentors (volunteers with prior business or entrepreneurial experience) provide free or low-cost mentoring and training to entrepreneurs through more than 300 chapters in the United States and its territories.

SBA also provides services through a network of 10 regional offices and 68 district offices. 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>10</sup>

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<sup>8</sup>See <https://sites.ed.gov/whhbcu/policy/reports-studies/>.

<sup>9</sup>More specifically, 63 organizations receive SBA funding to help operate SBDCs (in each state, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa). The recipient is responsible for establishing a lead center and a network of service centers for a designated area. According to SBA officials, service centers do not have a relationship with SBA; rather, they have a contractual agreement with the SBDC lead center. The institution hosting a lead center is to promote an inclusive vision of entrepreneurship, expand the scope of activities, and coordinate with SBA district offices, federal and local agencies, and nongovernmental entities.

<sup>10</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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SBA's district offices can initiate and oversee outreach activities to foster entrepreneurship. For example, SBA district offices can plan and conduct events (including training and informational sessions), participate in third-party activities, or co-sponsor activities such as counseling and training.<sup>11</sup> Moreover, district offices can enter into a 2-year strategic alliance memorandum with a nonprofit, institution of higher education, or government party to foster a working relationship designed to strengthen small business development in a local area.

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<sup>11</sup>SBA enters into co-sponsorship agreements with nonprofit and governmental entities (federal, state, or local) to provide training, education, and information to small businesses.

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## SBA's 2018 Plan Prioritizes Collaboration with HBCUs but Key Programs and Activities That Foster Entrepreneurship Do Not Specifically Target HBCUs

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### SBA's Goals for Working with HBCUs Include Raising Awareness of Its Programs and Promoting Collaboration

SBA's agency plan (2018) for the White House Initiative includes two goals.<sup>12</sup> The first goal is to raise awareness and provide information to help raise the capacity of HBCUs to participate in federally funded programs. More specifically, the plan states that SBA will engage with HBCUs and provide them with information needed to access and compete for federal grants and contracts.<sup>13</sup> The second goal is to promote collaboration among HBCUs, SBA resource partners, and SBA district offices. For instance, the plan states that SBA will encourage the formation of strategic alliance memorandums between SBA district offices and HBCUs to promote and support entrepreneurship in underserved markets.

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<sup>12</sup><https://www.sba.gov/document/report--white-house-initiative-historically-black-colleges-universities>

<sup>13</sup>For instance, the plan identifies the Small Business Innovation Research and Small Business Technology Transfer programs, which SBA oversees, as available resources that are underutilized by HBCUs. The Small Business Innovation Research 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 development efforts, and (4) foster and encourage participation in technological innovation by small businesses owned by women and disadvantaged individuals. The Small Business Technology Transfer program began in 1992 and has three main purposes: (1) stimulate technological innovation, (2) foster technology 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.



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While the three most recent executive orders (which covered the period of our review, 2008–2018) require designated agencies, including SBA, to prepare annual plans, SBA was unable to provide us with agency plans for 7 of the 10 years we reviewed. We discuss SBA’s limited information on activities at HBCUs that fostered entrepreneurship later in this statement.

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### SBA’s Key Programs and Activities for Fostering Entrepreneurship Are Not Targeted to HBCUs

SBA’s key programs and activities that foster entrepreneurship have included, but do not specifically target, HBCUs.<sup>14</sup> For instance, the SBDC program is a key program for fostering entrepreneurship but does not target HBCUs.<sup>15</sup> However, some HBCUs host SBDCs or have service centers. More specifically, 2 of the 63 lead SBDCs are hosted by HBCUs—Howard University in Washington, D.C. and the University of the Virgin Islands in St. Thomas, U.S. Virgin Islands—and at least 16 HBCUs have hosted SBDC service centers.<sup>16</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 District of Columbia SBDC has two subcenters in its network—at the Anacostia Economic Development Center and the Greater Washington Urban League. 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

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<sup>14</sup>As of December 2018, there were 101 HBCUs 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 (private).

<sup>15</sup>In fiscal year 2018, SBA allocated more than \$131 million for the SBDC program. 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). SBA has identified certain populations of business owners as special emphasis groups (thus, they do not include HBCUs). According to SBA officials, SBDCs target underrepresented groups in the population of business owners near HBCUs.

<sup>16</sup>As of September 2018, the 16 SBDC service centers that SBA identified were at Alabama State University, Bluefield State College, Delaware State University, Elizabeth City State University, Fayetteville State University, Florida A&M University, Jackson State University, Lincoln University of Missouri, North Carolina A&T State University, North Carolina Central University, Prairie View A&M University, South Carolina State University, Southern University and A&M College, Tennessee State University, Winston-Salem State University, and Xavier University of Louisiana. While SBA considers Hinds Community College-Utica as an HBCU with an SBDC subcenter, 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.

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resources at locations on St. Croix, St. Thomas, and St. John.<sup>17</sup> According to the Virgin Island SBDC representatives, they have two physical offices—St. Croix and St. Thomas (which also serves St. John).

Co-sponsored activities represent another key SBA effort to foster entrepreneurship. While co-sponsorship activities are not targeted to HBCUs, SBA has implemented them with HBCUs. SBA documented co-sponsored activities with six HBCUs to foster entrepreneurship in 2013–2018, mostly through collaborations with SBA district offices (see table 1).<sup>18</sup> For instance, SBA’s West Virginia district office and West Virginia State University in Institute, West Virginia coordinated workshops devised to help individuals over the age of 50 start and expand small businesses, while SBA’s North Florida district office and Edward Waters College in Jacksonville, Florida designed a series of entrepreneurial training sessions for students and the community.

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<sup>17</sup>Lead SBDCs hosted by colleges or universities that are not HBCUs also can establish relationships with HBCUs. For example, the SBDC at the University of Maryland in College Park, Maryland has an agreement with Morgan State University in Baltimore, Maryland to assist businesses in the region.

<sup>18</sup>SBA provided us with documentation for 14 co-sponsorship agreements with HBCUs made during 2013–2018. However, 4 of the 14 agreements did not cover counseling and training activities related to fostering entrepreneurship, which is the focus of our review. In the same period, SBA officials said they co-sponsored about 880 activities with other (non-HBCU) entities. It is possible that district offices co-sponsored additional activities with HBCUs that were not reported to SBA headquarters.

**Table 1: Documented Counseling and Training Activities to Foster Entrepreneurship That the Small Business Administration (SBA) Co-Sponsored with Historically Black Colleges and Universities, 2013–2018**

SBA office	Historically Black College or University	Activity
North Florida District Office	Edward Waters College	SBA/Edward Waters College Entrepreneurial Workshop Series
	Bethune Cookman University	SBA/HBCU Entrepreneurial Workshop Series
Louisiana District Office	Southern University and A&M College	“Connecting Businesses with Contracts” Procurement Conference
Baltimore District Office	Morgan State University	Emerging Leaders
Mississippi District Office	Jackson State University	Emerging Leaders
West Virginia District Office	West Virginia State University	Finding New International Customers Workshop
	West Virginia State University	Encore Entrepreneur (2014)
	West Virginia State University	Encore Entrepreneur (2015)
	West Virginia State University	How to Open a Rural Lodging Business (webinar series)
Office of Entrepreneurship Education	West Virginia State University	Encore Entrepreneur

Source: GAO analysis of SBA documents. | GAO-19-515T

SBA’s strategic alliance memorandums are key for fostering entrepreneurship in local communities, including HBCU communities. Strategic alliance memorandums are 2-year agreements that state the parties involved will develop and foster working relationships with the intent of strengthening small business development in a local area. SBA identified 24 HBCUs with which it had signed strategic alliance memorandums during 2008–2018; we determined that at least another three HBCUs signed strategic alliance memorandums during this period (see table 2)<sup>19</sup> As of April 2019, SBA officials were able to provide us with documentation of nine memorandums signed during 2008–2018. Each of the nine memorandums said SBA district office staff were to invite participating HBCUs to attend SBA events, workshops, and training. SBA staff told us that because a strategic alliance memorandum does not sanction, authorize, or fund an event or activity, by design it is largely symbolic. Additionally, SBA officials from five of the eight district offices with which we met with told us that strategic alliance memorandums are

<sup>19</sup>During the same time period, SBA officials said that they signed 206 strategic alliance memorandums with other (non-HBCU) entities. Nonprofit organizations and governmental agencies are eligible to enter into strategic alliance memorandums. We will continue to review SBA’s policies and procedures for retaining records related to the White House Initiative as a part of our ongoing work.

not necessary if the district office already has established a good working relationship with an HBCU.

**Table 2: Historically Black Colleges and Universities That Signed Strategic Alliance Memorandums with the Small Business Administration (SBA), by State, 2008–2018**

State	Historically Black College or University <sup>a</sup>
Alabama	Alabama A&M University <sup>b</sup> J.F. Drake State Technical College Lawson State Community College Miles College Stillman College Concordia College Alabama <sup>c</sup> Shelton State Community College Tuskegee University
Delaware	Delaware State University
Florida	Edward Waters College Florida A & M University Bethune-Cookman University Florida Memorial University
Georgia	Morehouse College Savannah State University
Louisiana	Dillard University
Mississippi	Rust College Alcorn State University Mississippi Valley State University Tougaloo College Coahoma Community College
North Carolina	Johnson C. Smith <sup>b</sup> Shaw University St. Augustine University
South Carolina	Benedict College <sup>b</sup>
Tennessee	LeMoyne-Owen College American Baptist College

Source: GAO analysis of SBA documents. | GAO-19-515T

<sup>a</sup>Schools listed signed one or more strategic alliance memorandums with SBA between 2008 and 2018.

<sup>b</sup>These schools were not previously identified in GAO-19-328R, which was based on information provided by SBA. We identified these schools through subsequent research on strategic alliance memorandums with HBCUs.

<sup>c</sup>Concordia College Alabama in Selma, Alabama closed at the end of spring semester 2018.

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Other SBA resource partners that foster entrepreneurship, including Women’s Business Centers and SCORE chapters, do not specifically target HBCUs. As of February 2019, there was one Women’s Business Center at an HBCU and no SCORE chapters at HBCUs, according to SBA officials.<sup>20</sup> But HBCUs can form relationships with these resource partners.<sup>21</sup> For instance, representatives from Morgan State University in Baltimore, Maryland told us that a SCORE mentor from the area chapter has office hours on campus to provide mentoring.

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## Preliminary Observations on SBA’s Efforts Related to HBCUs

As part of our ongoing work, we have been reviewing SBA agency plans for the White House Initiative on HBCUs and assessing the extent to which SBA met the goals in its annual plans. Our preliminary observations indicate that information about the SBA office in charge of the agency’s efforts related to HBCUs has been unclear; information about pre-2018 SBA plans, recent year efforts, and activities at HBCUs is limited; and relationships among SBA, its resource partners, and selected HBCUs varied. For example:

- **Changing information about agency office responsible for Initiative on HBCUs.** Until recently, SBA officials told us that no one office was responsible for the White House Initiative on HBCUs. In August 2018 officials told us that the agency’s Office of Entrepreneurial Development and Office of Strategic Alliance, a suboffice within the Office of Communications and Public Liaison, had responsibilities for programs or efforts that may involve HBCUs, but that neither office had primary responsibility for the initiative. SBA later determined that the SBA Administrator had designated the Office of Entrepreneurial Development as the program lead in 2018, and prior SBA leadership also designated this office as the lead in 2012.

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<sup>20</sup>According to SBA officials, the Maryland Women’s Business Center has a service center at Bowie State University in Bowie, Maryland.

<sup>21</sup>Statutory provisions for Women’s Business Centers and SCORE, which are not generally affiliated with colleges and universities, do not mention HBCUs. However, when SBA evaluates applicants for Women’s Business Centers, SBA must consider the ability of the applicant to “provide training and services to a representative number of women who are both socially and economically disadvantaged.” 15 U.S.C. § 656(f)(3). Provisions for SCORE do not specify any socioeconomic, gender, or ethnic/racial groups to be targeted. 15 U.S.C. § 637(b)(1)(B). According to SBA officials, Women’s Business Centers and SCORE do not specifically target HBCUs as institutional organizations but each specifically targets under-represented groups in the population of business owners served by HBCUs.

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- **Limited information on agency plans.** SBA appears to not have documentation of the agency plans it prepared for the White House Initiative for 7 of the 10 years in the period we reviewed (2008–2018). SBA prepared an annual plan in 2018 on its efforts to strengthen HBCUs capacity and according to SBA officials, has been finalizing its 2019 agency plan. SBA also prepared plans for 2010 and 2011 which describe the total amount of funding the agency planned to provide to HBCUs for SBDCs and other activities. SBA is not aware of records for other plans developed in 2008–2018, according to Office of Entrepreneurial Development officials.<sup>22</sup> According to officials from the White House Initiative, they are unable to comment on SBA agency plans prior to 2018.
  - **White House Initiative annual reports not available after 2013.** Annual reports on the results of agencies' efforts related to the White House Initiative, including data on SBA's funding for SBDCs hosted by HBCUs, are available for only 2008–2013. For example, the 2013 annual report noted that about 2 percent of SBA funding for SBDCs at institutions of higher education was distributed to HBCUs.<sup>23</sup> White House Initiative officials told us they are unable to explain why no reports were issued during 2014–2016. The officials also told us that the 2017 and 2018 reports had not yet been prepared because, as of April 2019, the President's Board under Executive Order 13779 had not yet been chartered, and is therefore prohibited from convening under the Federal Advisory Committee Act.<sup>24</sup>
  - **Minimal HBCU-specific data on entrepreneurship-related efforts.** HBCU-specific data—at an agency-wide level—on entrepreneurship-related efforts, such as the number of outreach events involving HBCUs or the number of attendees who are HBCU students or alumni, is incomplete. SBA officials told us that they track co-sponsored activities, but do not track such information by specific institution or category of institution (such as an HBCU), and that their

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<sup>22</sup>We will continue to follow up as part of our ongoing work.

<sup>23</sup>The reports issued for 2008–2013 were entitled *Annual Report to the President on the Results of the Participation of Historically Black Colleges and Universities in Federal Programs*.

<sup>24</sup>White House Initiative officials also told us that the Executive Director of the Initiative (established under Executive Order 13779) was appointed on or about October 2017, and that the Chairman of the President's Board of Advisors was appointed on or about February 2018. We will continue to examine the gaps in the annual report as part of our ongoing work.

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systems are not set up to collect data on an event or activity in that manner.<sup>25</sup>

SBA officials told us that because district offices directly connect with HBCUs, district offices would have more information about efforts with HBCUs than offices at headquarters. As we previously reported, district offices are considered by officials as SBA's "boots on the ground," delivering most SBA programs and services.<sup>26</sup> While each of the eight district offices with which we spoke said that they conduct outreach activities, there is not a systematic approach for these offices to use to collect data on their outreach with HBCUs.<sup>27</sup> For example, Maryland district office officials told us they are required to report the total number of annual outreach events to SBA headquarters but have no reporting requirements specific to HBCUs. Similarly, West Virginia district office officials said that they do not report any information to SBA headquarters on specific entities, which would include HBCUs. However, the West Virginia district office tracks its activities with the two HBCUs in its region—West Virginia State University in Institute, West Virginia and Bluefield State College in Bluefield, West Virginia. Of the eight district offices, two also told us they had never heard of the White House Initiative on HBCUs and six told us they could not comment on whether they were familiar with the initiative.

- **Feedback from event participants not collected systematically.** SBA does not systematically collect written feedback from event participants, including for events involving HBCUs. All eight districts offices with which we spoke said they have not collected feedback using a survey designed by SBA headquarters for co-sponsored events.<sup>28</sup> Some of the district offices with whom we met collect feedback using their own methods. For example, North Florida district office officials told us that they have their own satisfaction survey,

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<sup>25</sup>We will continue to examine the information SBA collects as part of our ongoing work.

<sup>26</sup>GAO, *Small Business Administration: Leadership Attention Needed to Overcome Management Challenges*, [GAO-15-347](#) (Washington, D.C.: Sept. 22, 2015).

<sup>27</sup>One district office added that it does not track participation by HBCU students or alumni.

<sup>28</sup>SBA's Outreach Event Survey (Form 20) includes questions on the quality of the presenter, usefulness of the event, and areas for improvement. According to SBA's standard operating procedures for outreach activities, Form 20 should be distributed to participants at the conclusion of co-sponsored activities, provided that there are staff available and it is not burdensome to distribute. The standard operating procedures also state that distribution of the form is optional for SBA-sponsored activities.

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which is not reported to SBA headquarters. Officials from the West Virginia district office told us that they collect oral feedback.

- **SBA resource partners have established relationships with some HBCUs.** Three SBDCs with whom we spoke have relationships (some long-standing) with HBCUs and engaged in a variety of entrepreneurship-related activities, particularly in cases in which HBCUs are host institutions. More specifically, the Washington D.C. SBDC, Virgin Islands SBDC, and one of the Alabama SBDC subcenters work with the students, faculty, and alumni of Howard University, the University of the Virgin Islands, and Alabama State University in Montgomery, Alabama, respectively. For example, Washington D.C. SBDC representatives told us they currently work with 10–15 Howard University student clients and provide research support to Howard University.<sup>29</sup> Similarly, Virgin Islands SBDC representatives told us they make presentations to upper-level business classes and freshmen development seminars at the University of the Virgin Islands. They also counsel students who participate in an annual entrepreneurial competition. The Alabama SBDC subcenter (housed in Alabama State University’s College of Business Administration) works with several faculty members who have provided training at SBDC workshops, and assisted the subcenter on specialized topics, such as marketing, according to Alabama SBDC representatives. Through its relationship with faculty members, the Alabama SBDC subcenter also conducts outreach to students.

Although Maryland’s resource partners—the state’s lead SBDC and a SCORE chapter—are not hosted by HBCUs, they have relationships with Morgan State University. For example, the Maryland SBDC has a formal partnership with Morgan State University’s College of Business and Management. As a result of this partnership, the school has provided office space for SBDC staff in the School of Business in exchange for counseling and business development assistance for Morgan State students, at no cost. Additionally, a SCORE mentor from an area chapter keeps office hours at Morgan State University to provide mentoring, according to university representatives.

- **Two HBCUs said they had little or no involvement with SBA or its resource partners.** Two HBCUs with which we spoke had little or no

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<sup>29</sup>From time to time, the Washington D.C. SBDC provides research support to Howard University on national and districtwide small business trends. Recent research includes characteristics of minority-owned businesses and data on access to capital for minority-owned enterprises.



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involvement with SBA or its resource partners. For example, a representative from Morehouse College in Atlanta, Georgia told us the school had little involvement with the Georgia SBA district office since signing a strategic alliance memorandum in April 2013. Officials from the Georgia district office agreed that little collaboration existed with the school because Morehouse College had not asked them to participate in any events.

Representatives from Coppin State University in Baltimore, Maryland (which is located near an SBA district office and a SCORE chapter) told us they have not interacted with any of SBA's offices or resource partners. The representatives said the school has an entrepreneurship program that began a few years ago, and would be interested in learning more about SBA, but were not aware of any outreach from SBA. Coppin State University representatives recognized that their School of Business is small and has not had the capacity to manage a formal relationship with SBA. SBA officials at the Maryland district office (which includes Coppin State University and Morgan State University in its network of HBCUs in its service area) said that their relationship with Coppin State University has not been as robust as their relationship with Morgan State University because the district office does not have a physical presence on Coppin State University campus.

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As part of our ongoing work, we will continue to examine the extent to which SBA has met its goals for fostering entrepreneurship with HBCUs and make recommendations, as appropriate.

Chairwoman Chu, Ranking Member Spano, and Members of the Subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

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## GAO Contacts and Staff Acknowledgements

For further information on this testimony, please contact Anna Maria Ortiz 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 major contributions to this report include Lisa Moore (Assistant Director), Chir-Jen Huang (Analyst in Charge), Rachel Beers, Benjamin Licht, Sulayman Njie, Maria Psara, Barbara Roesmann, Jessica Sandler, Jena Sinkfield, and Andrew Stavisky.

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## Strategic Planning and External Liaison

James-Christian Blockwood, Managing Director, [spel@gao.gov](mailto:spel@gao.gov), (202) 512-4707 U.S. Government Accountability Office, 441 G Street NW, Room 7814, Washington, DC 20548



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