

**LOST OPPORTUNITIES? SBA'S ENGAGEMENT WITH  
HISTORICALLY BLACK COLLEGES AND  
UNIVERSITIES**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON INVESTIGATIONS,  
OVERSIGHT, AND REGULATIONS  
OF THE  
COMMITTEE ON SMALL BUSINESS  
UNITED STATES  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

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# CONTENTS

## OPENING STATEMENTS

Hon. Judy Chu .....	Page 1
Hon. Ross Spano .....	3

## WITNESSES

Ms. Anna Maria Ortiz, Acting Director, Financial Markets and Community Investment, Government Accountability Office, Washington, DC .....	4
Mr. Allen Gutierrez, Associate Administrator, Office of Entrepreneurial Development, Small Business Administration, Washington, DC .....	6
Dr. Paulette Dillard, President, Shaw University, Raleigh, NC .....	19
Dr. Barron H. Harvey, Dean of the School of Business, Howard University, Washington, DC .....	20
Dr. Michael H. Casson, Jr., Dean of the School of Business, Delaware State University, Dover, DE .....	21
Dr. Roslyn Clark Artis, President and CEO, Benedict College, Columbia, SC .....	23

## APPENDIX

### Prepared Statements:

Ms. Anna Maria Ortiz, Acting Director, Financial Markets and Community Investment, Government Accountability Office, Washington, DC ....	32
Mr. Allen Gutierrez, Associate Administrator, Office of Entrepreneurial Development, Small Business Administration, Washington, DC .....	51
Dr. Paulette Dillard, President, Shaw University, Raleigh, NC .....	54
Dr. Barron H. Harvey, Dean of the School of Business, Howard University, Washington, DC .....	77
Dr. Michael H. Casson, Jr., Dean of the School of Business, Delaware State University, Dover, DE .....	84
Dr. Roslyn Clark Artis, President and CEO, Benedict College, Columbia, SC .....	88

### Questions for the Record:

None.

### Answers for the Record:

None.

### Additional Material for the Record:

None.



## LOST OPPORTUNITIES? SBA'S ENGAGEMENT WITH HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

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TUESDAY, APRIL 30, 2019

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON SMALL BUSINESS,  
SUBCOMMITTEE ON INVESTIGATIONS, OVERSIGHT, AND  
REGULATIONS,  
*Washington, DC.*

The Subcommittee met, pursuant to call, at 10:02 a.m., in Room 2360, Rayburn House Office Building, Hon. Judy Chu [chairwoman of the Subcommittee] presiding.

Present: Representatives Chu, Evans, Houlahan, Spano, and Burchett.

Also Present: Representative Adams.

Chairwoman CHU. Good morning. The Subcommittee will come to order. And I would like to thank everybody for joining us here this morning. And I would like to especially thank our witnesses.

Let me also welcome Representative Alma Adams, who will be joining us here today. Representative Adams served on the Small Business Committee in the last Congress and has been a formidable voice in Congress for historically black colleges and universities, or HBCUs. She founded the bipartisan HBCU Caucus, and her leadership on this important issue is commendable. And, in fact, it is she who pushed for this hearing to happen, and I thank her for that.

Welcome back.

Ms. ADAMS. It is good to be here.

Chairwoman CHU. Well, the purpose of today's hearing is to examine whether HBCUs are receiving adequate support from the Small Business Administration to help foster entrepreneurship.

Over 150 years ago, the first HBCUs were born out of adversity to ensure African-Americans had an opportunity to attend college. Today, there are more than 100 historic institutions across the country, serving nearly 300,000 students, many of whom are low-income and the first in their family to attend college.

HBCUs' contributions to our country are extraordinary, producing over 50 percent of African-American professionals. Many of our Nation's leaders in government, business, and academia graduated from HBCUs, including Supreme Court Justice Thurgood Marshall, Oprah Winfrey, and Langston Hughes, just to name a few.

HBCUs are so deeply rooted in their local communities, partnering with schools and community organizations to improve the quality of education for disadvantaged minority students and fostering entrepreneurship.

The positive economic impact HBCUs have provided to our Nation also cannot be understated. Data provided by the National Center for Education Statistics reveals that graduates are responsible for 24 percent of the degrees earned by African-Americans in STEM and generate \$14.8 billion in economic activity, creating nearly 135,000 jobs.

Recognizing the importance of HBCUs, President Jimmy Carter signed the first Executive order to establish a White House initiative to overcome the effects of discriminatory treatment and to strengthen the capacity of HBCUs to provide a quality education. Every administration since then has issued a similar Executive order continuing support for HBCUs.

Most recently, President Trump signed Executive Order 13779, which set two goals: first, to increase the private-sector role in strengthening HBCUs; and, secondly, to enhance the HBCUs' capabilities for helping young adults. As part of that initiative, the SBA is required to develop an annual plan detailing its efforts to support HBCU participation in its entrepreneurship programs.

At the request of Representative Adams and 19 Members of Congress, the Government Accountability Office examined SBA's entrepreneurship efforts with HBCUs. The GAO recently released its preliminary findings, which found SBA entrepreneurship activities and programs do not specifically target HBCUs but some collaboration does exist.

The GAO report found only two HBCUs host lead SBDCs, while there are 16 HBCUs with SBDC service centers on campus. They also concluded that, over a decade, SBA signed just 24 strategic alliance memorandums with HBCUs to support minority-owned businesses and that SBA cosponsored 6 counseling and training activities with HBCUs over a 5-year period.

Clearly, more needs to be done to strengthen the collaboration between SBA and the HBCUs, and that is why we are holding this hearing today.

HBCUs offer tremendous opportunities to foster entrepreneurship and drive economic growth, particularly in underserved communities. As many of us in this room already know, small-business owners in underserved communities face a number of challenges, which include access to affordable capital from traditional lenders, securing Federal contracting opportunities, and a lack of a business network and mentoring. During recent testimony before our Committee, Ms. Sharon Pinder testified that the loan denial rate is three times higher for people of color than non-minority firms and, if approved, minorities often have higher interest rates.

As the Chairwoman of the Subcommittee on Investigations, Oversight, and Regulations, I am committed to working with SBA and its entrepreneurial development ecosystem to help minority entrepreneurs overcome these challenges and develop a clear path to small-business ownership.

This ecosystem has the ability to reach entrepreneurs to make them aware of programs like the Community Advantage Pilot Pro-

gram, which is specifically designed to increase SBA-guaranteed loans to small businesses in underserved areas. We know that small-dollar loans greatly benefit emerging markets and startups, but these programs can't fully succeed if the SBA is not allocating resources to increase awareness and participation.

It is my hope that the first panel will provide members with a better understanding of SBA's current activities to promote collaboration with HBCUs and also identify ways to strengthen that collaboration.

I also look forward to the second panel, where we will hear from the leaders of four HBCUs. It is important to hear their perspectives on SBA's level of engagement with their faculty, students, and communities. Because, in the end, this is about supporting entrepreneurs, small business, and job growth in all of our communities.

And, with that, I yield to Ranking Member Spano for his opening statement.

Mr. SPANO. Thank you, Madam Chair. Good morning.

Good morning to everyone.

As a third-generation small-business owner myself, I am very familiar with the reciprocal relationship between entrepreneurs and their surrounding communities. Communities offer vital resources and support for entrepreneurs and small businesses, and, in return, those small businesses spark economic development and job growth.

Educational institutions are the bedrock of their local communities and a launch pad for leaders of the next generation. Our Nation's 101 historically black colleges and universities, or HBCUs, serve students and communities across many cultural and socioeconomic backgrounds.

The Small Businesses Administration, or SBA, offers a variety of programs that provide resources to socially and economically disadvantaged individuals. Business assistance services are provided through a nationwide network of field offices and nonprofit resource providers which are often located on or near college campuses. Given their complementary missions, collaboration between the SBA and HBCUs has enormous potential.

Recognizing this, last year, Congresswoman Alma Adams and former Congressman Dave Brat wrote a letter to the Government Accountability Office, or GAO, requesting a review of SBA's outreach to HBCUs. And we are here today to receive the GAO report generated by last year's request and discuss its findings with the author of the report and the SBA official responsible for entrepreneurial efforts with HBCUs.

We also have the privilege to hear from HBCU officials that have partnered with SBA to provide entrepreneurial assistance.

To quote the request letter, we want to ensure that SBA is leveraging HBCUs in the most effective way.

I would like to thank the witnesses on both panels this morning for joining us today.

And I yield back, Chair.

Chairwoman CHU. Thank you, Mr. Spano.

The gentleman yields back.

And if Subcommittee members have an opening statement prepared, we would ask that they be submitted for the record.

I would like to take just a minute to explain the timing rules. Each witness gets 5 minutes to testify, and the members get 5 minutes for questioning.

There is a lighting system to assist you. The green light will be on when you begin, and the yellow light begins when you have 1 minute remaining. The red light comes on when you are out of time. And we ask that you stay within that timeframe to the best of your ability.

I would like to introduce our witnesses on our first panel.

Our first witness is Ms. Anna Maria Ortiz, the Acting Director of Financial Markets and Community Investment at the Government Accountability Office. In that position, she oversees audits related to consumer financial protection, insurance, banking, housing, and financial services.

Ms. Ortiz graduated from Princeton with a degree in political economy and received her Ph.D. and Master of Arts in political science from the University of Michigan.

Welcome, Ms. Ortiz.

Our second witness on the first panel today is Mr. Allen Gutierrez, the Associate Administrator of the Office of Entrepreneurial Development at the Small Business Administration.

Prior to joining the SBA, he served as the national executive director of The Latino Coalition, where it grew to include 1.2 million Hispanic business owners and over 90 coalition partners. Before his time at The Latino Coalition, Mr. Gutierrez served as a senior advisor to the COO at the SBA from 2001 to 2006.

He earned his Bachelor of Arts in political science with a minor in business administration from the University of Southern California.

Welcome, Mr. Gutierrez.

And so, Ms. Ortiz, you are now recognized for 5 minutes.

**STATEMENTS OF ANNA MARIA ORTIZ, ACTING DIRECTOR OF FINANCIAL MARKETS AND COMMUNITY INVESTMENT, GOVERNMENT ACCOUNTABILITY OFFICE, WASHINGTON, D.C.; AND ALLEN GUTIERREZ, ASSOCIATE ADMINISTRATOR, OFFICE OF ENTREPRENEURIAL DEVELOPMENT, SMALL BUSINESS ADMINISTRATION, WASHINGTON, D.C.**

#### **STATEMENT OF ANNA MARIA ORTIZ**

Ms. ORTIZ. Thank you, Madam Chairwoman.

Chairwoman Chu, Ranking Member Spano, thank you for having me here today.

Historically black colleges and universities, HBCUs, play a critical role in supporting underserved students and communities. Among the African-Americans with advanced degrees in science, technology, math, and engineering, fully one-third earned their undergraduate degrees at HBCUs.

Meanwhile, among the major priorities of the Small Business Administration is to help Americans start, build, and grow businesses—that is, to become effective entrepreneurs.



Under the White House Initiative on Historically Black Colleges and Universities, SBA and other Federal agencies are tasked with enhancing HBCUs' capacity to compete for and participate in Federal programs and initiatives.

My testimony today concerns both SBA's work to promote entrepreneurship at HBCUs and preliminary observations on SBA's implementation of its goals under the White House initiative.

At heart, GAO's research suggests that SBA's uneven administration and record-keeping of its obligations underneath the White House initiative may result in it missing opportunities to capitalize on the unique role of the HBCUs in the American educational system.

GAO found that, although SBA's entrepreneurship programs and activities do not directly target HBCUs, some collaboration exists. Done well, these partnerships show the potential for SBA and HBCU collaboration to generate economic growth.

For example, the Small Business Development Center at one HBCU, the University of the Virgin Islands, counsels students in a competition to promote startup businesses. A graduate of the university told us how the training and counseling he received during the competition was critical in launching his customized event planning company.

Despite anecdotal examples of collaboration, SBA has provided GAO limited information on its activities with HBCUs. While SBA offices occasionally partner with HBCUs to offer workshops and training, several district offices report that they have no systematic approach to collecting data on their outreach activities.

SBA officials told us that, while they track cosponsored activities, their systems are not set up in a way to allow them to identify specific institutions with which they partner, such as HBCUs. These information gaps are significant because SBA needs reliable data on its activities to gauge progress towards the agency's stated goals.

Further, GAO has observed that SBA's administration of and record-keeping for the White House initiative has not been fully transparent. For example, the agency was inconsistent in responding to GAO questions about which SBA office had responsibility for leading the initiative, provided incomplete information on some of its activities, and was not able to provide evidence for 7 of 10 agency plans it was required to prepare for the initiative between 2008 and 2018. Without a cohesive leadership and oversight strategy, SBA cannot ensure that its program and district offices are taking appropriate steps to implement its agency's plans.

In its 2017 issuance of an Executive Order continuing the White House Initiative on HBCUs, the current administration has declared its commitment to ensuring that Federal agencies enhance the capacity of HBCUs and advance America's full human potential. Imagine the effects on the small-business ecosystem if technologically minded HBCU graduates were to channel their energy into entrepreneurship.

Effectively administering its obligations under the White House Initiative would enable SBA to leverage HBCUs' unique and critical role in the higher education system to spark business innova-

tion, promote entrepreneurship, and increase economic vitality in communities throughout the United States.

This concludes my oral statement. I welcome any questions you may have.

Chairwoman CHU. Thank you, Ms. Ortiz.

And now, Mr. Gutierrez.

#### **STATEMENT OF ALLEN GUTIERREZ**

Mr. GUTIERREZ. Thank you very much, Chairman Chu, Ranking Member Spano, and members of the Subcommittee, for inviting me to speak with you today.

In 2018, SBA Administrator McMahon asked that I take a lead role in coordinating the agency's work with the President's Executive order on HBCUs. Since then, our office has responsibility for preparing an annual plan, coordinating activities within SBA, attending interagency meetings related to broader Federal agency HBCU outreach, the most recent of which I attended just last week.

Prior to this assignment, I did not have much context to the agency's working response to similar previous Executive orders or even the agency's history of partnerships with HBCUs through our district offices. In this sense, the GAO review was helpful in defining where the agency can be better coordinated in our activities and better capture data in our engagement going forward.

SBA's district offices have a long history of interaction with HBCUs. Many of those examples I shared in my written testimony, and they include universities that we will hear from in the second panel. The agency has had strategic alliances with universities in Florida and Mississippi, to name a few. And five HBCU universities in North Carolina are part of our Resource Partner Network and host technology development centers.

Many of our alliances and partnerships are coordinated through the different program offices at SBA. Our Office of Field Operations, OFO, oversees 68 district offices and close to 700 staff members. OFO leadership and district directors work with HBCUs in their areas, like Howard University, which also serves as an example where there is a crossover into my program office.

My Office of Entrepreneurial Development oversees a network of programs and services that support small businesses. This network includes what we commonly refer to as resource partners—among them, small business development centers, SBDCs. SBDCs are university-based grantees that match Federal funding from SBA with State and private funding to provide counseling and training to small-business entrepreneurs. Howard University serves as an SBDC lead center in the Washington metropolitan area.

Over the last 2 years, Administrator McMahon traveled to all 68 district offices with the purpose of seeing firsthand how our programs and services are better delivered at a local level and to better align SBA headquarters with our district offices. The result of these efforts will include more integrated customer service activities, including those involving engagement with HBCUs.

Building on that, the GAO review has led to a positive internal discussion on how we can strengthen the initiatives going forward

across program offices. Among our goals will be to break down any existing silos within HBCU engagements, foster greater coordination with our Office of Field Operations, and ensure consistency in data collection.

Madam Chair, while the agency has a good record of partnership with HBCUs, the agency's past work with respect to the Executive orders has been inconsistent, and internal ownership of the initiatives has changed from office to office. In the future, I will take responsibility for making sure our agency is better coordinated across all our program offices and better in capturing and reporting on our activity.

Thank you again for the opportunity to testify. I look forward to continuing to work with you and Committee members on this and other areas of mutual interest. Thank you.

Chairwoman CHU. Thank you.

Well, I would begin by recognizing myself for 5 minutes for questioning.

Ms. Ortiz, during the investigation, did you consult with SBA's regional offices, and were they familiar with the White House initiative to promote excellence and innovation at historically black colleges and universities?

Ms. ORTIZ. We spoke specifically with eight of SBA's district offices, which the agency calls their boots on the ground when it comes to delivering services and collaborating with local institutions.

Of those eight offices, two told us they were not familiar with the White House initiative, and six said they could not comment on whether they were familiar with the initiative because it was a headquarters initiative.

Chairwoman CHU. In your view, to what extent is outreach to HBCUs a priority for the SBA?

Ms. ORTIZ. GAO's preliminary research suggests that outreach to HBCUs has not been a particular priority.

There are some cases—for example, when SBA partners with resource partners and HBCUs in their Small Business Development Centers, both the lead centers at Howard and the University of the Virgin Islands and a sub-center at Alabama State—where we see very effective collaboration. We also heard stories of anecdotal collaboration with district offices and local HBCUs.

However, the lack of centralized information on district offices' activities with HBCUs and the lack of a cohesive leadership strategy at SBA has really hindered, I think, its progress towards fully leveraging HBCUs.

Chairwoman CHU. How well is SBA measuring its progress in achieving its goals and priorities related to the White House Initiative on HBCUs, which is an initiative that has been around since the 1980s?

Ms. ORTIZ. GAO found that SBA had fairly limited data on its activities with HBCUs. It records strategic alliance memoranda, of which we identified 27 schools with which SBA and HBCUs had partnered. It also records some cosponsored activities. But, in general, specific activities that are going on at the district offices need not be reported back up to headquarters. So SBA doesn't have a

good feel for what is going on at the local level in terms of these partnerships and collaborations with HBCUs.

Chairwoman CHU. So the SBA identified in its 2018 agency plan for the White House Initiative on HBCUs to provide HBCUs with information on accessing and competing for Federal grants and contracts. In particular, 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.

In your investigation, did the SBA perform any specified outreach or programs to promote SBIR and STTR, which have a proven record of stimulating technological innovation?

Ms. ORTIZ. We narrowly focused our review on entrepreneurship programs, to encompass training and counseling, so we didn't look in particular at SBIR or STTR. However, we did observe that SBA participated in outreach activities at some HBCUs related to those programs.

Chairwoman CHU. So this was part of SBA's 2018 annual plan. So were the SBA's regional offices familiar with SBA's 2018 annual plan with regard to the HBCUs?

Ms. ORTIZ. So far as we could tell, district offices that we spoke with, the eight district offices we spoke with, were not generally familiar with the agency plan or the metrics for measuring outcomes under the initiative.

Chairwoman CHU. Okay.

And, Mr. Gutierrez, what are the three single most important steps SBA can take to strengthen the engagements with HBCUs?

Mr. GUTIERREZ. Thank you.

I would say that, as mentioned in the oral, is that certainly the buck stops with me, right? So we are moving forward and ongoing forward in terms of three, I think, significant steps that will improve all that we have been talking about so far, which will be setting up an intra-agency working group that would hold accountable all the different offices, specifically Field Operations, given that they do a lot of boots-on-the-ground and activity in certain parts of the country. And I think that that is going to be a mechanism to really work with the different offices within SBA so we can capture that.

The second part is data collection on a two-prong approach. One is we are going to be using the advances of technology that have been implemented at SBA and set up a SharePoint type of inter-agency, where the individuals will be able to upload their activity from the district offices or any offices if it is a SAM that has been created or activity with 8(a) or contracting or an event.

And, thirdly, we mentioned the SBIR. We recently announced in a press release the SBIR tour this coming year. And we are actively looking, and we will hopefully in the next couple weeks be able to announce at least, minimum, two HBCUs that will participate on campus, that we will do an SBIR with them.

Not only from that perspective, but also engage in all the different areas across the country where we are going to have the SBIRs, to outreach to the HBCUs so they can also promote and let them know the individuals, both from faculty, students, and alumni, to be able to participate as well.

Chairwoman CHU. Well, thank you.

My time has now expired, and the Ranking Member, Mr. Spano, is now recognized for 5 minutes.

Mr. SPANO. Thank you, Madam Chair.

I have a question for Ms. Ortiz.

Thank you for being here this morning, and thank you for the work that you have done on this.

GAO conducted extensive outreach, as you mentioned earlier, to SBA and HBCUs to complete the report. Which offices of the SBA provided documents and information for the report?

Ms. ORTIZ. To clarify, are you asking about the central offices or the regional district offices?

Mr. SPANO. Both.

Ms. ORTIZ. Okay.

We spoke with the Office of Entrepreneurial Development. We spoke with the Office of Strategic Alliance. We spoke with a representative from the Office of Faith-Based Initiatives.

We also spoke with eight district offices, including the Washington, D.C., office; the North Florida office; the Georgia office; the Maryland office; the Puerto Rico district office; and several others.

Mr. SPANO. Which of the regional offices were responsive to your request for information?

Ms. ORTIZ. All of the district offices were very responsive in talking with us about what activities they had. However, only a few of those district offices really tracked their activities. For example, the West Virginia district office informally tracks its specific activities with HBCUs. And the North Florida office also does some informal tracking of its activities with HBCUs.

Mr. SPANO. So those were the only two.

Ms. ORTIZ. No. In fact, all eight had some sort of information with respect to their activities, but in terms of tracking, the actual documentation is not consistent across the eight. Technically, they are required to report cosponsored activities back to headquarters, but we are not confident that we have a full record of all of those cosponsored activities.

Mr. SPANO. Is it your opinion that it is typically a good idea to track this type of information for the GAO to offer, really, you know, some kind of a credible opinion about whether the program is effective?

Ms. ORTIZ. Well, certainly for GAO's sake it is good to track this information, but, moreover, for SBA to gauge whether it is meeting its own agency goals.

Mr. SPANO. Right.

Ms. ORTIZ. It outlines five specific goals under the agency plan, including number of outreach events, number of attendees, HBCU partnerships established, percent of HBCUs that seek Federal funding, and percent of HBCUs that find it useful. But it does not collect systematic information that would allow it to measure its progress on any of those goals.

Mr. SPANO. To your understanding, what information is going to be included in your next report?

Ms. ORTIZ. In our next report, we are going to be speaking more with district offices and also with specific HBCUs about their activities.

We will also be talking with SBA some more about its reporting and tracking activities. There is evidently an activity contact report that district offices use to file information back up to headquarters, but we don't quite understand yet why it is that document isn't used consistently or can't be used to identify institutions with which SBA partners.

Mr. SPANO. Thank you so much.

Mr. Gutierrez, thank you for being here. And I hope you don't take this as kind of an accusatory approach with you. We just want to kind of get to the bottom of everything and make sure we are providing effective services to HBCUs.

What is it, in your opinion, that is—number one, I am assuming that you would agree that it is important that SBA work effectively with HBCUs to fulfill its purpose.

Mr. GUTIERREZ. Yes, sir. Definitely.

Mr. SPANO. Yeah. So do you think it is practical to expect that you are able to obtain the information necessary for us all, you know, here on this dais, the House, and certainly the GAO to verify, in fact, we are doing what we need to be doing with respect to that cooperation?

Mr. GUTIERREZ. Yeah, definitely. I think that, you know, as mentioned, you know, there is a lot of good work that we are doing out in the field. And certainly with this particular GAO and working with them and working with everybody in the agency, certainly this is going to help us as we move forward to improve, right?

And the improvement in terms of, as I mentioned, is really I am taking full responsibility, making sure that we, by the end of the year, have—we are implementing the systems that we can adequately be able to report what activity collectively, both from the field, Office of Field Operations, and other offices within the agency.

So, definitely, I think that it is important and certainly will be—it is an important initiative, and we will continue to work together.

Mr. SPANO. Thank you. Just really briefly, we talk a lot about—in my small-business community, we say: What gets measured gets done.

Mr. GUTIERREZ. Yes.

Mr. SPANO. What gets measured gets done. And so it is important that we can measure the effectiveness of the SBA. So thank you for your cooperation in that regard.

Mr. GUTIERREZ. Thank you.

Chairwoman CHU. Thank you.

The gentleman's time has expired.

So now the gentleman, Mr. Evans from Pennsylvania, who is the Vice Chair of the Subcommittee, is recognized for 5 minutes.

Mr. EVANS. Thank you, Madam Chair.

And I too want to thank Congresswoman Adams for her leadership on this. She has been relentless, so I compliment her first and foremost.

Mr. Gutierrez, you heard Ms. Ortiz, and there seems to be an inconsistency in what you are saying and what she is saying. And you just stated that you have three points: interagency task force, data collection, and the SBIR press release. How are we going to have confidence, after listening to the GAO report and hearing you

come before us and tell us this is what you plan to do for the future, how do we have confidence that that is going to become a reality?

Because we understand the importance of the historically black colleges, as the Chairwoman said, to the equality system, the entrepreneurial equality system. But you have stated something, and it seems like you are saying one thing, but it doesn't seem to be connected.

So I need you to be a little bit more direct than you have been, in my view. Congresswoman Adams knows far more about this than I do, but it seems like there is an inconsistency. So do you want to kind of respond to what Ms. Ortiz has said?

Mr. GUTIERREZ. Definitely, yes. Thank you for the question, sir.

I would say, you know, the confidence level is, you know, I am stating here publicly that it is under my watch now, it is my responsibility, and, moving forward, it is a priority. And we are going to make sure that at the next hearing, if there are any other ones, that I will be able to—from collectively making sure that the whole agency is on one page, right?

And I think that there is a lot that we have noticed that has been done in the field, but in terms of what was mentioned previously by Ms. Ortiz is that, collectively, in gathering that information in the past, which I wasn't involved with, was not something of the best practices. Moving forward, certainly it is something that, in my overview and oversight, I can guarantee you it will be much better.

Mr. EVANS. But the point of—I understand the usefulness of these strategic alliance memorandums. And this is to both of the panels. Can anyone give an experience with these memorandums? It seems to be ceremony and symbolism. It doesn't seem to actually do anything.

I see there is the White House. They have signed this Executive order. And then it turns around when it comes down to your agency, who has the responsibility for implementation. That is not occurring.

And, in the meantime, that means our constituents—in the case of Pennsylvania, we have Cheyney University, which was the first—I say to that my colleague from North Carolina—and then there is Lincoln University.

Ms. ADAMS. We are the largest.

Mr. EVANS. But the fact of the matter is, I just don't understand. So I need you—I mean, you know, both of you to talk about these strategic alliances. They seem like they are not worth the paper they are written on.

Mr. GUTIERREZ. Yeah. If I may, certainly, you know, I would say that, just recently, you know, we—and I know the next panel, we are excited, the next panel that is coming on afterwards, because they all have either a strategic alliance or a partnership with SBA, recently with Shaw University and Benedict College, that we are moving forward. Those are new SAMs, strategic alliances, in terms of holding—you know, if you don't measure them, you know, what good is it on paper, right? And I agree with you.

So, in terms of how we are moving forward with these strategic alliances, certainly, I know how we are going to be working together with the regional administrators at district offices and so forth and having joint 8(a) type of workshops or government contracting on how-to and so forth.

So, moving forward, I can definitely say that, you know, it is not just a photo opportunity in that aspect. From the past, I couldn't, unfortunately, answer to you on those.

Mr. EVANS. Let me get Ms. Ortiz in.

Ms. ORTIZ. I think it is important to realize that these strategic alliance memos are a really blunt instrument, and they are, by the agency's own acknowledgment, largely symbolic.

We heard from district offices that when they have a good relationship with an HBCU a strategic alliance memo is not necessary, so that it is possible that there are some district offices and some HBCUs that have had very positive experiences without having one of these memoranda in place.

However, we have also heard from other colleges, such as Morehouse College, that after the SBA and Morehouse cosigned a strategic alliance memo, the university heard very little from SBA and felt like there was no follow-through on the SBA's part.

Mr. EVANS. Thank you.

I yield back the balance of my time.

Chairwoman CHU. Thank you.

The gentleman's time has expired.

And now the gentleman from Tennessee, Mr. Burchett, is recognized for 5 minutes.

Mr. BURCHETT. Thank you, Chairlady, members of the Committee, Ranking Member—did I leave anybody out? Are we good?—staff members, everybody. Thank you all for being here.

I guess I come to this from a different perspective. My sweet mama—and for the record, Chairlady, I am an unrepentant mama's boy. My mama taught at Knoxville College, which was a wonderful school, and unfortunately it has kind of fallen on hard times, and we are trying to rebuild that now.

I can remember, shortly before my mama went to heaven, that the president, the former president, and his wife came to my mama's bed, and she was already pretty much—she was there in body, but I think she was pretty much already gone to heaven. And they prayed over her, and they sang with her, and I remember Ms. Turner even brushed my mama's hair.

So let one of our public universities try to do that. So I am kind of close to those folks. And when my mama died, they put her in their hall of fame, so that meant a lot to me and my family. And so I come at it from a little different angle.

And I guess, Ms. Ortiz—did I say that right? "Ortiz"?

Now, two of the colleges that signed on to this alliance, strategic alliance, with SBA you mentioned are in Tennessee. And what can I do as a Congressman on this Committee to help foster that relationship between those schools and the SBA in order to grow entrepreneurship in my home State?

I see a lot of it out there in the community, and I see young folks—you know, they just need something to kind of help them get a little boost up. And I am curious what you all have to say.



And thank you all again for being here.

Ms. ORTIZ. Surely. Thank you.

Yes, there are two colleges, or two HBCUs, in your State that have signed cosponsored agreements, although only one of those is currently not—I am sorry—I said cosponsored. I meant signed strategic alliance memo.

Mr. BURCHETT. Yes, ma'am.

Ms. ORTIZ. But only one of those is currently active.

I think, as a Congressperson, supporting HBCUs, checking in with district offices, asking what more could be done, finding out what the needs of students are, are all things that could contribute to advancing these partnerships.

We heard from some stakeholders that they didn't feel that the mandate from Congress was strong enough in terms of outlining SBA-HBCU collaboration. We also heard from one professor that told us that building a business is the last thing on a student's mind if they graduate with a lot of college debt.

Those were not issues that were a focus of our review, but they are things that Congress, in its broad oversight responsibility, could think about and implement policies to help with.

Mr. BURCHETT. All right. Thank you.

Mr. Gutierrez—did I say that right?

Mr. GUTIERREZ. You got it.

Mr. BURCHETT. Did I get it right?

Mr. GUTIERREZ. Yes.

Mr. BURCHETT. Say "Burchett."

Mr. GUTIERREZ. Next time.

Mr. BURCHETT. All right. Good answer.

All right. Can you elaborate on what the SBA intends to do with regards to the Small Business Innovation—the program Road Tours? And will this be on campuses across the country or in communities?

Because, like, Knoxville College, as I stated, it has pretty much gone away except for basically just somebody keeping up the buildings, and they are not able to even do that. But there is a huge community around there that still follows KC. I mean, the alumni association is still active. And when they have—actually, when they have reunions, there are more people on campus there than there are when the school was actually functioning. So—

Mr. GUTIERREZ. Sure. I would say on the SBIR Road Tour, I know in previous—last year, there were some done on campus. But it is a combination, a two-prong approach. Some are done on incubators or host organizations, from that standpoint. But one of the things that I will be working with the team that oversees the SBIR program, STTR, is really the emphasis on having at least a minimum of two on campus.

We are looking at—you know, coming up first is the central plains, southwest, and then eastern in Miami, Puerto Rico throughout this fiscal year. So we will be working on announcing those on that aspect, at minimum, to work with all the HBCUs to really make sure that they are aware of it so we can also engage them to participate, from that standpoint.

I would like to also add that we recently announced seven new regional innovative clusters. And one of the clusters, which is

AgLaunch, is a combination working together with Tennessee State University. So that is going to be a great opportunity, and it is working with an HBCU, from that standpoint.

Mr. BURCHETT. I have 6 seconds, but if you all come to east Tennessee, could you have somebody give me a call? I would like to just be a part of it. I don't need to be recognized or anything, but that would be great.

Mr. GUTIERREZ. Definitely, sir.

Mr. BURCHETT. Thank you, Chairlady.

Chairwoman CHU. Thank you.

And now the gentlelady from North Carolina, Ms. Adams, is recognized for 5 minutes.

Ms. ADAMS. Thank you, Madam Chair.

And thank you to the witnesses for being here today, for both panels, actually. I do want to recognize all of the administrators from our HBCUs, in particular Dr. Dillard from North Carolina.

Madam Chair, we have 10—11 HBCUs, actually. Let me just say, for a very long time, I have dedicated my life to HBCUs. It was an HBCU that took me in and moved me up the academic arena to get my college degree from North Carolina A&T State University, and I spent 40 years as a college professor at Bennett College, an HBCU in Greensboro.

So I know firsthand what our HBCUs do and how important they are to students like me, first-generation students. So I am not going to go into all of the statistics that you heard our Chair—and I want to thank our Chair and also the Chair of the Committee, of the overall Committee, Chairwoman Velázquez, for holding this hearing.

But I do want to say that we have, through the bipartisan HBCU Caucus, which I founded when I came here—and I am Chairing that with Congressman Bradley Byrne from Alabama. And, of course, we put this together to expand the dialogue nationally and to create a level of understanding here at the Congress about how valuable our HBCUs are.

And we are looking at a challenge which we unveiled, an HBCU partnership challenge, in 2017 to strengthen the public-private investments in HBCUs, because that is necessary. And we have 25 companies involved right now. I do want to just shout out Live Oak Bank and Intel.

I won't go through all the impressive statistics, but what I want to do is to get right to my questions. But just to say, as we have heard, historically, HBCUs have been at a disadvantage when it comes to Federal resources.

I have heard you talk about collaboration. I am hoping, if nothing else is remembered, that we can move from collaboration to contracts. Because, you know, words are words, and they mean things, but we have to do more than just talk the talk; we must walk it too.

But let me just begin with my first question. To Mr. Gutierrez, you testified and you mentioned that the SBA has a long history of working with HBCUs, including signing the strategic alliances. But your colleague mentioned that they are largely symbolic.

And I certainly appreciate the commitment that you are making here publicly, and we certainly want to follow you and hope that that will happen.

I don't personally think there is a lot going on with the White House initiative, quite frankly. I am going to be real honest about that. I think that is symbolic too, and we have to move past that.

But let me ask you, do you believe that HBCUs play an important role in our society?

Mr. GUTIERREZ. Definitely, they do.

Ms. ADAMS. All right.

Mr. GUTIERREZ. All do. Definitely.

Ms. ADAMS. Right.

Now, you mentioned that you had some plans to initiate—or you didn't say—you said strategic partnerships. What are your plans to initiate contracts with HBCUs? Because I understand there are only two, really, right now. You have 24 partnerships; you have 2 contracts.

Mr. GUTIERREZ. Yeah, the two grantees, those are through the SBDC network, definitely.

One thing that I—in my recent meeting last week, in looking at the multiplier effect and working with the other agencies as well, for example, Department of Energy, USDA, and so forth, in terms of, really, us being the conduit and helping on HBCUs with regards to the counseling and training, and then combining that with the opportunity of funding from the other agencies to really work as a win-win trifecta approach, from that standpoint. That is one way.

Ms. ADAMS. Right. Okay.

Ms. Ortiz, I want to thank you for actually getting busy and getting the study done. But small businesses are the backbone of our economy. How can SBA and the Federal Government better ensure that HBCU students are equipped with the tools and the resources to launch successful entrepreneurial endeavors?

You have about 19 seconds.

Ms. ORTIZ. Okay.

SBA, right now, has a plan. It has mandates under the White House Initiative. It has its own stated goals under its agency plan.

With a cohesive leadership strategy that focuses on this effort, increases communication with district offices about expectations, and sets some minimum record-keeping standards in order to make sure that we are really capturing the extent of SBA activities at the local level with HBCUs, SBA could definitely make progress toward that goal.

Ms. ADAMS. Thank you very much.

And thank you all for your testimony.

Thank you, Madam Chair.

And I want to invite you to come to North Carolina. We can have a roundtable. We can bring all of our HBCU presidents and administrators together. We think we can help you.

Thank you very much.

Chairwoman CHU. Thank you.

And now the gentlelady from Pennsylvania, Ms. Houlahan, is recognized for 5 minutes.

Ms. HOULAHAN. Thank you, Madam Chair.

And thank you very much for coming and speaking with us today.

I have so many questions, and I don't actually know where to start. I do agree with one of the prior folks who says it is very important to measure what matters, right? And if we are not measuring it, then we don't know where we are and the state of where we are.

But I actually would like to know the inverse. Do we measure in non-historically black colleges the impact and reach of the SBA?

Ms. ORTIZ. Yes.

Ms. HOULAHAN. Thank you.

Mr. GUTIERREZ. No, yes, we do. You know, Ms. Ortiz mentioned about the activity contact report that is done by all the district offices and all the activity that is done, what we do with all the different stakeholders in the communities and the partnerships and so forth as it relates to the different lanes, if it is counseling, if it is access to capital, if it is government contract, business development, if it is on the unfortunate side of disaster assistance and so forth. So we do track all that.

And, certainly, from our standpoint, from the Office of Entrepreneurial Development, we do, through the CBJ, or CJ, congressional justification, on a yearly basis upload those numbers and report them here to Congress.

Ms. HOULAHAN. So I represent the Sixth District in Pennsylvania. And, arguably, according to my research, Lincoln University is the Nation's oldest HBCU that is a degree-awarding university. And I actually am fascinated by the fact that it would appear as though there hasn't been any outreach from the SBA. It looks like, from my research as well, that there are two offices that potentially could have contact with them—one that is about 40 miles away, one that is about 60 miles away. Although that is a long distance, it is not an impenetrable distance.

Is there anything that you can think of, aside from having not measured this before, that would have prohibited SBA from contacting Lincoln University or having some sort of a relationship with them?

Mr. GUTIERREZ. What I would say is that, certainly, we will follow up with our district offices in surrounding areas. And as I mentioned, in terms of moving forward, certainly, it is not just those three areas that I mentioned about, but certainly an ongoing communication and outreach and really working with the head, my peer, in the Office of Field Operations, the AA, associate administrator, to really continue to stress and work with the district offices, the regional administrators, and so forth.

I was just in Pennsylvania, I forgot to mention to both of you, last month, meeting with all the lenders as well as all the different stakeholders on how we can continue to make ongoing impact in the great State of Pennsylvania. So we will continue to do that.

Ms. HOULAHAN. And do you have any idea, maybe off the top of your head, or could you get me the information, about colleges within the greater Philadelphia area that do have an existing relationship, just so that I can compare and contrast?

Because we are, I think, second to Boston in terms of the number of universities that are within our immediate, you know, geo-

graphical area, and I would love to know just how many of them you already are working with.

Mr. GUTIERREZ. Definitely. I will definitely get that from my staff and provide that to you.

Ms. HOULAHAN. And what do you think, short of having to have a formal relationship or a strategic alliance, do you have to do to be able to have a relationship with Lincoln University? Does it take a formal agreement, or can there be something that is informal?

Mr. GUTIERREZ. Yeah, that is a great question. That is what I was going to follow up on, on Ms. Ortiz's comment there. You know, maybe in the past, unfortunately, that was the case, but not necessarily how we are moving forward. It is not going to require a SAM to be able to have the district director offices to really engage and work with all.

Certainly, you know, ongoing from this administration is how we can do much better in all different facets and also in rural America as well. So all these components come together, really, on holding the outcomes related that we want from all the district offices in that aspect to put the pedal to the metal.

Ms. HOULAHAN. Thank you very much for that.

And I guess my last comment is more of a comment rather than a question.

Ms. Ortiz, you mentioned that people had given you feedback that it was hard to get traction when people were worried about their student debt and their student loans rather than worried about being an entrepreneur. I was fortunate. I had ROTC scholarships that allowed me to graduate without any debt, and I was able to be a successful entrepreneur as a consequence.

But there is, actually, pending legislation that is about exactly that issue, which is supporting young entrepreneurs who have ideas in underserved communities and want to be entrepreneurial and do have student debt, to either have it forgiven or reduced in some ways.

And so I would advocate for the Supporting America's Young Entrepreneurs Act, because I think that is something that would allow people to be able to reduce their debt and also be entrepreneurial at the same time.

And thank you. I yield the rest of my time.

Chairwoman CHU. Thank you very much.

And thank you to our distinguished panel for taking the time to walk us through our many questions. I am sure we will stay in touch on this issue as we work towards greater collaboration between the HBCUs and the SBA. You are now excused.

And we will now take a moment while we get our next panel set up.

Okay. We would like to call our second panel up.

And I would like to take a minute now to introduce each of you before turning it over for testimony.

Our first witness is Dr. Paulette Dillard, the president of Shaw University. Dr. Dillard is the 18th president of Shaw University, and she previously served as the university's vice president for academic affairs and dean of the College of Arts and Sciences.

Dr. Dillard graduated from Barber-Scotia College in Concord, North Carolina. She received her Master of Business Administration from Belmont University in Nashville, Tennessee, and a Master of Science in biology from Tennessee State University. She earned her Ph.D. in biological sciences from Atlanta University.

Welcome, Dr. Dillard.

Our second witness is Dr. Barron H. Harvey, the dean of the Business School at Howard University. Under the longstanding leadership of Dr. Harvey, Howard University Business School has been continuously ranked among the top business programs in the Nation.

Dr. Harvey is an internationally renowned business management training specialist and has appeared in many television programs to discuss business issues and cultural diversity. He has also published numerous scholarly works and founded several organizations, including the HBCU Business Deans Roundtable.

Dr. Harvey earned a Master of Business Administration in accounting and a Ph.D. in organizational behavior and management theory from the University of Nebraska.

Welcome, Dr. Harvey.

Our third witness is Dr. Michael Casson, the dean of the College of Business at Delaware State University. He is the founding executive director of the University Center for Economic Development and International Trade.

He received his undergraduate degree from Florida A&M University, a master's in economics from the University of Wisconsin, and a Ph.D. in agricultural and resource economics from the University of Connecticut. He belongs to numerous professional organizations and has published a number of reports on topics, including African-American small business and workforce inclusion.

Welcome, Dr. Casson.

I would now like to yield to our Ranking Member, Mr. Spano, to introduce our final witness.

Mr. SPANO. Thank you, Chairwoman Chu.

It is my honor to introduce our final witness, Dr. Roslyn Clark Artis.

Dr. Artis is the first female president for two education institutions, first at Florida Memorial University in Miami, Florida, and now at Benedict College in Columbia, South Carolina. Last year, she was named the female president of the year by HBCU Digest and was recognized as a woman of influence by the Columbia Regional Business Report.

Dr. Artis is a graduate of Vanderbilt University, where she earned a doctorate in higher education leadership and policy. She also holds a Juris Doctorate from West Virginia University College of Law and a Bachelor of Arts degree in political science from an HBCU, West Virginia State University.

Thank you so much for joining us today, Dr. Artis. We appreciate your expertise.

I yield back.

Chairwoman CHU. Thank you very much.

And now, Dr. Dillard, you are recognized for 5 minutes.

**STATEMENTS OF PAULETTE DILLARD, PH.D., PRESIDENT, SHAW UNIVERSITY, RALEIGH, NORTH CAROLINA; BARRON H. HARVEY, PH.D., DEAN OF THE SCHOOL OF BUSINESS, HOWARD UNIVERSITY, WASHINGTON, D.C.; MICHAEL H. CASSON, JR., PH.D., DEAN OF THE SCHOOL OF BUSINESS, DELAWARE STATE UNIVERSITY, DOVER, DELAWARE; AND ROSLYN CLARK ARTIS, PH.D., PRESIDENT AND CEO, BENEDICT COLLEGE, COLUMBIA, SOUTH CAROLINA**

**STATEMENT OF PAULETTE DILLARD, PH.D.**

Dr. DILLARD. Thank you for the opportunity to testify today. My name, as you have heard, is Dr. Paulette Dillard. I serve as the 18th president of Shaw University.

Shaw is a proud historically black college and university founded in 1865 and is the first HBCU in the South, located in Raleigh, North Carolina. With a mission to advance knowledge, facilitate student learning and achievement, to enhance the spiritual and ethical values of its students, and to transform a diverse community of learners into future global leaders, it is clear that Shaw is committed to student success.

I was asked to testify before the Subcommittee about Shaw's experiences and relationship with the Small Business Administration.

Shaw currently has a strategic alliance memorandum with the SBA. The initial SAM was signed on January 13, 2013. This contractual agreement with SBA, through the North Carolina district office, has a purpose of developing and fostering a working relationship to strengthen small businesses in the local area.

As part of that partnership, Shaw opened what is called the Small Business Resource Center, and that center was opened in fall of 2013. The SBRC partnership with the SBA provides the following: office space that includes a reception and resource materials area; a conference room for meetings and for workshops; an employee dedicated to managing and facilitating the activities; and assistance to students and members of the Raleigh community with resources to start, finance, and operate a successful business.

Not only does the SBA help to provide materials and services for the SBRC, but the Innovation and Entrepreneurship Center that is a partnership with Shaw also serves as a partner, and Shaw is able to host seminars and workshops on a variety of business subjects.

The SBA office and the surrounding business community provide resources and presenters for these activities. In addition, the SBA provides small-business resource materials, including pamphlets, brochures, website resource references, and contacts with key business community leaders.

Although Shaw has been able to benefit from the SAM, there is much more that we believe can be done. We believe that, in addition to workshops, it would be wonderful to be able to extend those workshops to include certifications that would allow students to be reasonably employed by small businesses in the community in which we reside.

In addition, access to websites that are owned by the SBA, to be able to readily provide information targeted to the questions that small businesses have at the moment. In addition, it would be

helpful if the SBRC at Shaw University had the benefit of a website social media link directly to the SBA.

I would like to thank Chairwoman Velázquez, Representative Alma Adams, and the remaining members of Congress for requesting that the Government Accountability Office look into SBA's relationship with entrepreneurs and HBCUs.

Chairwoman CHU. Thank you, Dr. Dillard.

Dr. Harvey, you are now recognized for 5 minutes.

#### **STATEMENT OF BARRON H. HARVEY, PH.D.**

Dr. HARVEY. Good morning. I want to express my appreciation to the Honorable Judy Chu and the Honorable Ross Spano and distinguished members of the Subcommittee for this opportunity to testify in support of enhancing and expanding SBA's partnership with historically black colleges and universities.

I would also like to thank the Honorable Alma Adams for her advocacy on behalf of HBCUs and who has created this wonderful opportunity for us to share information.

HBCUs represent a wonderful opportunity for the U.S. Small Business Administration to have greater impact and expand its programs and allow for more innovative kinds of programs and activities.

Howard University has had a great relationship with SBA and has hosted a lead SBD center for the last 4 years. However, in the time that I have, I would like to share recommendations that I think could be impactful going forward for SBA.

First and foremost, I think the small business development centers, in concert with HBCUs, should develop more college credit entrepreneurship training programs that will have a focus on students, particularly those in the sciences, technology, engineering, health, and medicine.

I would also like to challenge the SBA to require the small business development centers to track the number of students, particularly those of color, that they are able to attract to their program's workshops and activities.

I would also like to recommend to SBA that they encourage small business development centers with HBCUs to develop a student externship program, where students in business, engineering, technology, and the sciences can provide much-needed consulting services for African-American, women-owned, and minority-owned small businesses in their communities.

My next recommendation is that it is important that a serious and enriching and developing partnership with SBA would also have funding for HBCU faculty and its graduate students to conduct, on an annual basis, research about the problems and opportunities and challenges that are confronting African-American entrepreneurs and minority entrepreneurs and women in their specific community and geographic location.

One of the major challenges also, which we have heard, confronting African-American and minority entrepreneurs, has to do with access to capital, no question about it. I would like to recommend to SBA that, in partnership with HBCUs, that they develop a SBA loan candidacy program which would be designed to



prepare minority and women loan applicants for SBA-guaranteed loans.

As you know, the information that is contained in the literature today, many of minority and African-American entrepreneurs won't even apply for an SBA-guaranteed loan, for fear of rejection. This kind of program would address that issue.

I have heard that Mr. Gutierrez has spoken about the Road Show for the Technology Transfer program that is administered through the SBA and other government agencies. My recommendation is that they expand that program to have a 2-year cycle to visit as many HBCUs it can, with a goal of at least 80 in a year.

I would also like to suggest that the SBA convene a conference with SBA district directors, executive directors of small business development centers, and the National HBCU Business Deans Roundtable to engage in a dialogue about ways to expand and impact future strategies around helping HBCUs work with African-American and minority entrepreneurs.

My overarching recommendation to SBA is to implement a unique and special partnership with HBCUs, including expanding the number of SBDC sub-centers at HBCUs from 16 to 50 over the next 36 months.

Thank you for this opportunity to present this testimony on behalf of historically black colleges and universities.

Chairwoman CHU. Thank you, Dr. Harvey.

And now, Dr. Casson, you are recognized for 5 minutes.

#### **STATEMENT OF MICHAEL H. CASSON, JR., PH.D.**

Dr. CASSON. Good morning. I would like to thank the Subcommittee for the opportunity to share my testimony. I will start by just speaking about our current relationship with SBDC or SBA.

Delaware State University currently has—or has been a lead SBDC from 2001 to 2013, has also served as a site location, and has received PRIME Grant award funding, which we used to actually start a mobile entrepreneurship training initiative.

Now, this SBA support has provided specific clients with invaluable insight and resources for furthering their own enterprises. However, the impact of the SBA's funding and services could be exponentially more significant if the university and the SBA strategically work together to develop a targeted programming that effectively integrates the talent and resources of both entities.

So, to this end, there are three areas of focus that the SBA can engage the university that will further both of our missions: first, infrastructure; second, alumni community partnerships; and, third, student engagement.

So, regarding infrastructure, not unlike many universities across the country, research, teaching, and service represents the three pillars of higher education. However, there is one distinct difference when comparing HBCUs and predominantly white institutions: their ability to effectively monetize their research and service.

HBCUs have traditionally and currently focused their revenue-generation efforts on the enterprise of teaching, pressing their respective admissions offices to increase enrollment to support growing financial gaps, with little attention being given to research and

service. Contrarily, universities such as John Hopkins and the University of Washington garner up to \$2 billion in Federal funding alone for their research and service activities.

These institutions have effectively leveraged their full capacity of their brain trust by deploying the expertise of their faculty, staff, and students to solve many of the world's most challenging problems. The ability of these universities to effectively and efficiently deploy their resources for the public good is not by chance but, rather, by design. And it is this design that our university and many other HBCUs could utilize the expertise within the SBA to develop further.

SBA opportunities such as SBIR and STTR, in addition to the billions of products and services needs of the Federal Government and private sector, requires a university's infrastructure that is designed to leverage its assets both immediately and efficiently. For example, the SBA can play a critical knowledge role in HBCUs' pursuit of the creation of centers of excellence designed to respond to global products and service needs through innovation.

Regarding alumni community, the fastest growing population of entrepreneurs are African-Americans, specifically African-American women. However, even with this high propensity to become their own boss, African-Americans' road to business stability and expansion is paved with limited resources to capital, professional network, and technical know-how.

However, a viable partnership between HBCUs and the SBA, uniquely weaving and tailoring our various assets, could provide the necessary platform to engage the African-American small-business community as well as plug the resource gaps.

For example, HBCUs are uniquely linked to African-American community organizations such as fraternities and sororities, ministerial alliances, urban leagues, agricultural associations, all of whom have economic development as part of their mission.

Moreover, DSU, like many other HBCUs, have a large first-generation population, representing many of the metropolitan areas of the Northeast and Mid-Atlantic. Thus, the SBA, in partnership with HBCUs, can create a network of services that extends into the communities that they represent.

Finally, student engagement. Per a recent Young Entrepreneur Foundation survey, 90 percent of teachers and guidance counselors say their students are interested in becoming entrepreneurs. However, 75 percent of them say that their students have no idea where to go for guidance. Unfortunately, the cultivation of this phenomenon amongst incoming freshman and upperclassmen is often absent at our HBCUs due to lack of resources and/or capacity.

However, a strategic partnership with the SBA could be vital in our efforts to design and provide this type of knowledge and skill base via curricular and co-curricular activities. For example, the establishment of multidisciplinary innovation labs, shared entrepreneurship ideation spaces, and skills trainings are all areas where the SBA resources and expertise could play a vital role in the development of our students' business acumen.

Thank you.

Chairwoman CHU. Thank you, Dr. Casson.

And now, Dr. Artis, you are now recognized for 5 minutes.

**STATEMENT OF ROSLYN CLARK ARTIS, J.O. ED.D.**

Dr. ARTIS. Chairwoman Chu, Ranking Member Spano, members of the Subcommittee, thank you for the opportunity to testify here today.

I serve as the 14th president of Benedict College. Founded in 1870 by Bathsheba A. Benedict, the institution is a private, coeducational liberal arts institution with 2,200 students enrolled in its 34 baccalaureate degree programs as of the 2017-2018 academic year.

Benedict has been highly regarded and exceptionally ranked for its programs by several academic and traditional publications, including the Washington Monthly magazine, as one of the top baccalaureate colleges in the Nation for creating social mobility and producing cutting-edge research and scholarship.

I have been asked to testify before the Subcommittee about Benedict's experiences and relationship with the Small Business Administration.

Benedict has a college-sponsored business development center located on its campus, and the center currently has a strategic alliance memorandum, or SAM, with the SBA. The initial SAM was signed by Benedict on October 30, 2013, and the most recent SAM was signed on April 9, 2019. This agreement with the SBA, facilitated by the South Carolina district office, is designed to help start, maintain, and expand small businesses.

Through this agreement, since 2013, Benedict has been able to host three SBA Business Roundtable discussions in 2013, 2014, and 2015 respectively; complete an agreement with the FDIC regional office to utilize the Money Smart financial literacy curriculum with Benedict College students and community residents in 2014; host a business management training course for local entrepreneurs NX Level Training in 2016; and partner with the Benedict-Allen Community Development Center to provide technical assistance pertaining to marketing, accounting, and management to borrowers of the CDC's Benedict Minority Loan Fund from 2013 to 2016.

Most recently, we have been able to restructure the technical assistance and incubator programs within the BDC, and, finally, to create a student innovation hub program within our BDC in 2018.

Clearly, Benedict has been able to benefit from the SAM and the SBA. However, there are improvements that could be implemented to further enhance the relationship between the two entities: as part of the SAM, developing an action plan or timetable of program activities or events that can be implemented in partnership with Benedict and the SBA; designating specific resources, program funds, staffs, et cetera, that can be utilized by both parties for use in implementing the SAM; assisting the college through the use of new and existing SBA relationships; strengthening the SAM by committing financial resources from SBA to assist with business technical assistance through the college's BDC; and having SBA provide co-branding and marketing support with Benedict College and others to assist with marketing capacity and increase awareness in the surrounding communities of the services provided through the relationship with the SBA.

I would like to thank Chairwoman Nydia Velázquez, Representative Alma Adams, and the remaining members of Congress for requesting that the Government Accountability Office look into SBA's entrepreneurship efforts with HBCUs.

We have learned that SBA's goals, as identified in their 2018 strategic plan submitted to the Secretary of Education and the Executive Director of the White House Initiative on HBCUs, were to: one, raise awareness and provide information that would help raise the capacity of HBCUs to participate in federally funded programs; and, two, promote collaboration among HBCUs and SBA resource partners in district offices.

In an effort to accomplish goal number one, both the Small Business Innovation Research and Small Business Technology Transfer programs were mentioned. SBA indicates that these programs are underutilized by HBCUs. But what the report fails to disclose is that funding requested for these very same programs in the fiscal year 2020 budget request was significantly lower, at \$3 million, compared to the \$5.99 million that was enacted in fiscal year 2019, a \$2.99 million decrease.

SBA's stated goals are a direct response to the Executive Order 13779, and the 116th Congress has taken measures to codify this Executive order. While the United States Senate has already passed 461, the HBCU Propelling Agency Relationships Towards a New Era of Results for Students—PARTNERS—Act, there remains concern in the HBCU community regarding this legislation and whether or not it goes far enough to truly increase transparency within the Federal Government. H.R. 1054, the HBCU PARTNERS Act, is similar to the Senate bill but includes stronger provisions that would be supported by the HBCU community.

In conclusion, HBCUs are valuable institutions that not only contribute to society but provide an invaluable experience for our students, especially those who are low-wealth, first-generation. I hope to see greater collaboration between the Small Businesses Administration and HBCUs and also hope to see meaningful legislation passed in the 116th Congress to truly strengthen the Executive Order 13779.

Thank you.

Chairwoman CHU. Thank you so much. We appreciate all that you shared with us.

And now I will begin by recognizing myself for questioning for 5 minutes.

And this question is for any number of people that wish to respond on the panel.

HBCUs are fostering innovation for a disproportionate percentage of low-income and middle-income students across the country. They offer tremendous opportunities to drive economic growth, particularly in underserved communities.

In your view, what is the most impactful thing the SBA can do to help minority entrepreneurs overcome challenges and develop a clear path to small-business ownership?

Dr. HARVEY. From my perspective, I think very strongly that there should be a greater partnership around the programs that SBDC offers and the ability for our HBCU students to access those

programs. It also would be helpful if, as I stated in my brief remarks, that these programs be credit-granting as well.

I believe very strongly that there is a great opportunity for SBA and HBCUs to really educate the next generation of entrepreneurs by making sure that they are aware of not only the opportunities and challenges but also the programs that are offered by the SBA. When it is time for them to make that move, they will be very knowledgeable about how to navigate the SBA resources that will help them be successful.

Chairwoman CHU. Anyone else?

Dr. DILLARD. I would like to add that many of our HBCUs are located in underserved communities, and there are a number of small businesses in those communities that could benefit from having students help to get those businesses up and running.

I think that in addition to credit, I think there is great value to having certification-type workshops that you don't just attend for a couple of hours a day but that you participate in a series of workshops that yields a credential that is useful for the small business that you would be participating in, and you would have an opportunity to expand the community as well as the student learning. And I think it is an incredible opportunity.

Chairwoman CHU. Okay.

Dr. CASSON. So I guess the first thing I would say is, if we believe that—or if we subscribe to the notion that necessity is the mother of invention, then not providing the resources to these communities just doesn't make sense. We have incredibly talented youth and adults in these communities that are looking for opportunities to become entrepreneurs.

Having said that, I think the coordination of the dollars as well. So, working with the Economic Development Administration, for instance, and trying to create entrepreneurial ecosystems and thinking about how the Economic Development Administration can work or partner with the SBA and/or other community organizations, using the HBCU as the impetus for those type of engagements I think would be extremely impactful.

Dr. ARTIS. Recognizing time limitations, awareness, accountability, and access.

Awareness to the various opportunities provided by the SBA, including technical assistance and certainly micro-lending and other financial supports for young people who want to start businesses and simply don't know how to acquire resources necessary to do the same.

Accountability by virtue of the tracking that has been discussed here extensively here today.

And, finally, thinking through ways to improve capacity on the part of small businesses. We know that, as small businesses begin to grow, one of the biggest challenges for them, insurance, bonding capacity and the ability to compete for government contracts. So let's not limit ourselves to simply thinking about small mom-and-pop businesses but, rather, developing capacity among these businesses in low-resourced, underserved communities that can really develop capacity and strengthen our country.

Chairwoman CHU. And, again, for anybody on the panel, in the limited time I have left: Are you familiar with SBA's 2018 annual

plan, which was developed in response to the White House initiative promoting excellence and innovation at historically black colleges and universities? Can you provide feedback on this plan and on what more can be done to foster an ongoing dialogue between SBA and HBCUs?

Dr. DILLARD. I am familiar with the 2018 strategic plan, and I have some concerns about the gaps in the transparency of the organization in responding to some of the criteria within the plan. When you can answer a statement with a one-syllable “yes” or none, then it causes concerns about how, valid is that plan and how intentional.

So I would like to see some attention to requiring action items and plans and explanations for why particular aspects of the plan are not achieved.

Chairwoman CHU. Okay.

My time has expired, and so the Ranking Member, Mr. Spano, is now recognized for 5 minutes.

Mr. SPANO. Thank you, Madam Chair.

I just want to say initially, we have been involved in some mentorship programs in the small-business space back home in our district for several years. I just think they are incredibly exciting, incredibly effective.

Dr. Harvey, you mentioned an externship program.

Dr. Casson, you mentioned the possibility of an alumni mentorship program.

I mean, imagine a scenario where have alumni community partners who are engaged in, you know, a program that provides mentorship and externship programs for students. I mean, I get chills thinking about it and talking about it. How incredibly exciting that would be. To me, boy, SBA could really play a vital role in something like that. So I am excited about that.

I have a general question. And correct me if I am wrong. My understanding is that part of the impetus in placing these SBDCs in HBCUs, in addition to the other campuses across the country, part of it was to facilitate small-business growth, encouragement in the surrounding community itself, and part of it is to encourage the student body there in their small-business efforts and desires and whatnot.

So what is the proper balance? What has been the balance, looking back? And what is the proper balance between those two efforts moving forward?

Dr. HARVEY. From my perspective at Howard University, having a lead center, the ideal balance would be kind of an equal perspective. That is, there will be faculty as well student and graduate students participating in many of the SBDC’s programs, workshops, and activities, while still working with—SBDC working with the community itself and working with entrepreneurs surrounding Howard University.

However, the balance is really focused more on the entrepreneurs in the surrounding community, because those are also the areas in which they are held accountable and have to measure. And for as long as I have been the prime investigator on my SBA grant, I have constantly advocated for more information being available to

make sure that the SBDC knew that they had an obligation to work more with our students and our faculty.

Dr. CASSON. If I could add, I think the question also hinges on the entrepreneurialship of the university itself. So I think if a university, or HBCU in this case, is entrepreneurial in its endeavors, so it is currently engaging in prospective opportunities such as SBIR or just across the board, then that community engagement will happen naturally, right? Because your university is already part of the entrepreneurial ecosystem and entrepreneurial community.

So that goes to my original point when I was speaking about infrastructure and the importance of infrastructure for an HBCU to understand how to become entrepreneurial as an entity in and of itself.

Dr. DILLARD. I think that it is very important that it be recognized as almost equally balanced. Because, by virtue of where we are located, the engagement with students, with faculty, with community, we have determined that it is an incredible partnership between all of those stakeholders. And we find that, by having entrepreneurial thinking with the students, they are engaged with the small businesses. And we are using Shaw as that central location, in our case, to bring all of these groups together. And it, once again, has amazing potential if it is appropriately resourced.

Mr. SPANO. Uh-huh.

Dr. Artis?

Dr. ARTIS. You have obviously asked a great question. Everybody feels the need to chime in.

I would agree that a 50/50 balance is perhaps most appropriate.

Historically, Benedict has focused outwardly on the community, developing the surrounding areas and engaging young entrepreneurs in the neighborhoods in which we live, work, and play. Most of our HBCUs are not simply located in a community; they are of the community. They are a microcosm of the communities that they serve. And so it is critically important that we continue that outward focus.

At Benedict, we have created a student innovation hub that I am very excited about and hope to bring to life through the SBA SAM, where our students are actually engaged by businesses around the campus to solve real-world problems. They are having the opportunity to apply what they are learning in the classroom to serve a small business who could not otherwise afford that consulting support.

And so the students are learning and growing, the small businesses are developing, and it is a symbiotic relationship between the institution and the community. And that is the kind of thing we would like to grow and continue to perpetuate.

Mr. SPANO. Wow. So exciting. Thank you.

Madam Chair, I yield back.

Chairwoman CHU. Okay. Thank you.

The gentleman yields back.

And now the gentleman from Pennsylvania, Mr. Evans, who is the Vice Chair of the Subcommittee, is recognized for 5 minutes.

Mr. EVANS. Thank you, Madam Chair.

I would like to ask the panel—I want to kind of follow up on these SAM agreements in terms of effectiveness versus non-effectiveness and would like for each one of you to talk about your experiences.

Because you sort of heard Ms. Ortiz state the question about, this is really based on relationships. That is kind of what I heard. And then, also, my good colleague from the great State of North Carolina talked about those who just talk about it versus those who have contracts.

So I need you, in a very specific way—you have your chance to tell us, has this been effective or has it not?

Start wherever you want.

Dr. DILLARD. I will begin.

I have a SAM. I have had one—the original one was signed in 2013. We created the office, and we have great relationships with the SBA district office.

What we do not have is a specific plan of engagement to how to actualize what is laid out in the agreement. And, we have found that the office is very cooperative, but it is not a plan where we have specific, outcomes and targets that we are working towards.

But to address that, SBA has been a partner as we have created other partners. And so, together, we sort of are trying to work through this.

But it would be of great benefit if the plans had, or the agreements had, actual commitments associated with them other than the ability to access the resources that are available through SBA with some kind of definitive commitment. Because we are, as has been stated earlier, under-resourced, and resources are, a major need to make these agreements actual and effective in our communities.

Dr. HARVEY. Howard University has a great relationship with the SBA. That may, in fact, be having had a lead center since 1999. But, also, it may, in fact, be reflective of the fact that we are also here in Washington, D.C., with the district office. So we have strong communications, great interactions.

However, my perspective as the dean of the School of Business is that there is more that can be done and more innovation can move forward. But I want to state categorically that we do have a great relationship with the SBA.

Dr. CASSON. So, at Delaware State University, again, we serve several different capacities as a lead SBDC and also currently as a site. I think, effectively, in my experience, the office has been more outreaching and not necessarily in-reaching to the students. And I think there are a lot of opportunities there, again, to grow the student acumen and then leverage that for further developing the community efforts, which the SBA has pretty much focused on in our area.

Dr. ARTIS. I think what you are seeing is a consistent theme: Individual institutions have meaningful relationships with district offices. And those typically are in, if you will look, Raleigh, D.C.—think about Delaware State's location. We are in a capital city. We have a district office in our city.

And so you heard the Representative from Pennsylvania articulate the 40-mile distance, the 60-mile distance. Many of the institu-



tions that serve low-wealth, first-generation students of color in this country are not located in urban areas, they are not located in capital cities.

It is incumbent upon the SBA to outreach to those institutions, for they do not have the capacity to engage. We continue to see the language "underutilized by HBCUs." That language is offensive to me. HBCUs simply do not have the staffing, the resources, and the capacity to go and ferret out these opportunities.

If the SBA's commitment is firm to these institutions and to these communities, it is incumbent upon them to adopt a more active, engaged approach to reach into these HBCU communities and the neighborhoods in which they serve to ensure that the resources are made available and that the onus and the pressure is not placed on an under-resourced institution to go out and find them and scratch and claw and dig for those resources.

Mr. EVANS. Real quick, Madam Chair, I just want to get in one comment, because I know my time is up.

And maybe it is because I didn't ask my question clear enough. I want to make a distinction between relationship and effectiveness. So I will leave my comment with that. I heard about relationship, but I want to ask about effectiveness, meaning in terms of outcomes. I understand about relationships. You know, you can have a relationship, and that is fine. But what exactly does it mean for the constituencies that you are representing?

So I would just yield back the balance of my time. Thank you, Madam Chair.

Chairwoman CHU. Thank you.

And now the gentlelady from North Carolina, Ms. Adams, is recognized for 5 minutes.

Ms. ADAMS. Thank you very much, Madam Chair.

And to both of my madam presidents and brother deans, thank you for taking the time to participate today.

Our schools have incredible success stories to share. And with equitable resources and investment, our schools' and our students' limits would be endless. We have done a lot with a little for greater than a century. And some of our schools are, Madam Chair, 150 years old. But yet we have continued to produce and produce and produce.

Now, Dr. Dillard and Dr. Artis, you both mentioned strategic alliance memos. And if I heard you right, first of all, when did SBA reach out to you to set up the most recent strategic alliance memos?

Dr. ARTIS. As indicated in the record, our original was 2013, and most recently April 9 of 2019.

Ms. ADAMS. Dr. Dillard?

Dr. DILLARD. January 13, 2013, was the first one. The most recent, April 9, 2019.

Ms. ADAMS. So we are talking about a 6-year gap. It doesn't sound like much has happened in between that time, to me. Now, if I am wrong, somebody correct me. They haven't had a whole lot going on in those 6 years.

Dr. ARTIS. We have had an average of one to two engagements per year in the span between 2013 and 2016 at Benedict College.

Ms. ADAMS. Dr. Dillard?

Dr. DILLARD. Similar at Shaw. We have had a number of workshops, we have partnered with other entities to do some things, but it has been pretty much similar to what Benedict has described.

Ms. ADAMS. Right. Okay. So it sounds like—I was I listening to my colleague here—we need a little teeth in the plan. It is almost like sometimes we give mandates and no money. And so, in that sense, I think we do need to provide some support there.

But, Dr. Dillard, in your capacity as president of Shaw, would you discuss a little bit the benefits of your unique entrepreneurial project, particularly to the students and the surrounding communities? I mean, you have touched on some of that.

Dr. DILLARD. Shaw University partnered with an organization, the Carolina Small Business Development Fund, for the purpose of creating an innovation and entrepreneurship center. And the focus of that center has been on student development as entrepreneurs.

So we have had great participation from the business community, from some of the SBA offices, like SCORE, in helping us to promote students in innovation and entrepreneurship. We have had pitch contests, as Dr. Artis has mentioned.

But our IEC has been a very important link to the community, because not only have we had our students engaged, but we have been engaged with as many as 20 new business startups a year as part of a program to get more entrepreneurs into business in Raleigh, North Carolina.

Ms. ADAMS. Okay.

So let me—I have a couple things I want to ask. How do SAMs get created? And who initiates the engagements? If anybody can just respond to that, I have a little bit of time.

Dr. ARTIS. I can't speak to the 2013 agreement, but I can speak to 2019. We received communication from the field office in Columbia, South Carolina, asking us if we were amenable to renewing the agreement and reconsidering the depth of the engagement between the SBA and Benedict College, to which we readily agreed.

Ms. ADAMS. Okay.

Dr. DILLARD. Same with the district office in North Carolina, in Raleigh. We received a call, and we were certainly interested in continuing the relationship.

Ms. ADAMS. Great.

Dr. Harvey, you talked about some really interesting things. And so you have a good relationship with SBA as a lead small business—do you want to comment further on that? You have 35 seconds.

Dr. HARVEY. Thank you very much.

I believe very strongly that we benefit from being in the Nation's capital. We benefit, also, being able to go down the street or have them come up the street to work with us.

One of the things that I think is challenging, our relationship with other sub-centers, particularly other HBCUs, is the fact that there is a bit of economic discrimination in the policies that SBA has in the matching of funds. And that is something that SBA needs to consider, whether or not a school seeking to be a sub-center can apply for reduced or eliminated matching funds. I think that is extremely important.

Ms. ADAMS. Thank you very much. And you will have the benefit of some of my dollars coming with my grandson to HU—thank you—next year.

Dr. HARVEY. Thank you.

Chairwoman CHU. Well, we want to thank all the witnesses for taking time out of your schedules to be with us today. Thank you for sharing your tremendous expertise. You have shown us that HBCUs offer tremendous opportunities to foster entrepreneurship and to be a catalyst for long-term economic growth.

Now, SBA programs are designed to provide small-business owners with the resources and tools that they need to succeed. And while we have heard that SBA has taken steps to improve their level of engagement with HBCUs and share resources, clearly, more work still needs to be done. So the Subcommittee plans to continue with its oversight of SBA to ensure that the agency moves in the right direction in this regard.

I would ask unanimous consent that members have 5 legislative days to submit statements and supporting materials for the record.

Without objection, so ordered.

And if there is no further business to come before the Subcommittee, we are adjourned.

Thank you.

[Whereupon, at 11:43 a.m., the Subcommittee was adjourned.]

**APPENDIX**



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United States Government Accountability Office

Testimony

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

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For Release on Delivery  
Expected at 10 a.m. ET  
Tuesday, April 30, 2019

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**SMALL BUSINESS  
ADMINISTRATION**

**Preliminary Observations  
on SBA's 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.

April 30, 2019

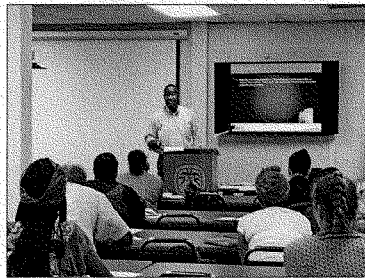
## SMALL BUSINESS ADMINISTRATION

### 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. For example, 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).



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

**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>

<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](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.

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,

<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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**Statement of Allen Gutierrez  
Associate Administrator  
Office of Entrepreneurial Development  
U.S. Small Business Administration**

**before the  
House Committee on Small Business  
Subcommittee on Investigations, Oversight, and Regulations**

**Hearing on SBA's Engagement with Historically  
Black Colleges and Universities**

**April 30, 2019**

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**Statement of Allen Gutierrez  
Associate Administrator  
U.S. Small Business Administration**

Thank you, Chairwoman Chu, Ranking Member Spano, and members of the subcommittee for inviting me to speak with you. In my testimony today, I would like to outline the role of the Office of Entrepreneurial Development (OED), as well as that of other SBA program offices, in working with Historically Black Colleges and Universities (HBCUs); share some history of how the agency has partnered with HBCUs over the years; comment on the GAO review; and identify how the agency can enhance our engagement in the future.

I serve as Associate Administrator for OED. Our program office oversees a network of programs and services that support small businesses. This network includes what we commonly refer to as our resource partners, among them, Small Business Development Centers (SBDCs). SBDCs are university based grantees that match federal funding from SBA with state and private funding to provide counseling and training to small business entrepreneurs. The SBDC system has 63 lead centers, and through them, 900 service centers.

The agency's Office of Field Operations (OFO) has responsibility for SBA's 68 district offices. OFO and their close to 700 staff serve as the primary interface of the agency with small business entrepreneurs. The Associate Administrator for OFO works with our 68 district office directors to implement SBA's programs and services. They also facilitate partnerships within their communities and work very closely with our SBDCs and other resource partners. It is at this local level and within this program office where the agency would intersect with HBCUs.

Along those lines, SBA district offices have a long history of working with HBCUs. Various SBA District Offices have signed strategic alliance memorandums with HBCUs over the years, such as Alcorn State; Mississippi Valley State; Florida A&M; Bethune-Cookman; and Morehouse College, to name a few. In North Carolina, all five HBCUs are part of our resource network and host Small Business Technology Development Centers (SBTDCs). Fayetteville State has also been a host to a veteran business outreach center, and schools like Shaw and Johnson C. Smith have had strategic alliance memorandums with our North Carolina District Office.

Other examples of collaboration include SBA's Washington Metropolitan District Office and their close working relationship with Howard University, which also serves as an SBDC lead center. Our Arkansas District Office and the University of Arkansas at Pine Bluff have participated in a veteran's services expo. Our Richmond District Office and Virginia State University have coordinated on a Boots-to-Business workshop, and our Philadelphia District Office has conducted workshops with Cheyney University. Lastly, our Baltimore District Office has collaborated on small business training and counseling activities with Morgan State, who also hosted a congressional field hearing last fall in which SBA testified on access to capital for underserved communities.

With that as background, let me turn next to the GAO review of SBA's activities in response to the President's Executive Order regarding federal agency collaboration with HBCUs.



The GAO's findings point to the need for a more holistic approach to the agency's efforts, which the agency has undertaken in order to make our implementation more consistent and to create more clear ownership of the initiative within the agency by program office.

Over the last two years, Administrator McMahon traveled to all 68 SBA district offices with the purpose of seeing firsthand how our programs and services are being delivered at the local level and to better align SBA headquarters with our district offices. The results of this effort will include more integrated customer service activities, including those involving engagement with HBCUs. For example, we plan to incorporate this in future Small Business Innovation Research program road tours, which is the federal government's research and development vehicle to support small businesses.

In previous years and administrations, responsibility for the HBCU initiative has resided in various SBA program offices. In 2018, in order to better align our activities with HBCUs, Administrator McMahon directed that my program office take a lead role in this effort. This includes participation by my office in interagency working groups, greater interaction with our field offices, preparation of annual agency plans, and the formation of an agency-wide intra-agency working group focused on HBCUs.

The GAO review has been instructive and has led to positive internal discussions on how we can strengthen the initiative going forward across program offices. Among our goals will be to break down any existing silos within our HBCU engagements, foster greater coordination with our Office of Field Operations, and ensure consistency and data collection.

Thank you again, Chairwoman Chu, for the opportunity to testify. I look forward to continuing to work with you and committee members on this and other areas of mutual interest.

**Testimony Provided to the  
Committee on Small Business' Subcommittee on Investigations,  
Oversight, and Regulations**

**United States House of Representatives**

Dr. Paulette Dillard

President

Shaw University

April 30, 2019

### Biography

Dr. Paulette Dillard, the 18th President of Shaw University, has a rich teaching history having taught biology for over 20 years at various institutions. Prior to her appointment as Shaw's interim President, she served as Vice President for Academic Affairs.

During her tenure at Shaw University, Dr. Dillard served as the Dean of the College of Arts and Sciences, Department Chair for Natural Sciences and Mathematics, and as an Associate

Professor of Biology. She also has served as Coordinator of undergraduate research infrastructure, and Co-Director of the academic enrichment programs for the National Institutes of Health funded National Institute on Minority Health and Health Disparities (NIMHD) Research Infrastructure in Minority Institutions (RIMI) project.

Dr. Dillard also served as a research mentor for interns as part of the Shaw in Jamaica-Mon International Student Research Training Project, a collaborative partnership with The University of the West Indies. During the summer, Dr. Dillard and the student research interns spent six weeks in Kingston, Jamaica conducting research and examining the knowledge, skills, and attitudes of Jamaican men of African descent who were diagnosed with prostate cancer. This study was of interest to Dr. Dillard since it is well documented that Jamaica men have the highest mortality rate from prostate cancer when compared with other ethnic groups.

Dr. Dillard serves on the boards for the Carolina Small Business Development Fund and the Dorothea Dix Conservancy. She has been involved with the Innovation and Entrepreneurship Center and the LaunchRALEIGH initiatives since inception. Throughout her career, Dr. Dillard has served on the boards of a number of professional and community organizations.

Dr. Dillard grew up in Mount Airy, North Carolina. She earned a Bachelor of Science degree in biology at Barber Scotia College in Concord, North Carolina and received a Master of Science degree in biology from Tennessee State University. She went on to earn an MBA from the Jack Massey School of Business at Belmont University and a Ph.D. in Biological Sciences from Clark Atlanta University (CAU), Atlanta, Georgia. Dr. Dillard completed postdoctoral training at the Center for Cancer Research and Therapeutic Development at CAU.

She was married to the late Reverend Moses C. Dillard, Jr. a renowned musician and social activist. She is a member of First Baptist Church, Wilmington Street in Raleigh, North Carolina.

### Executive Summary

Subcommittee Chairwoman Judy Chu, Ranking Member Ross Spano, and Members of the Subcommittee, thank you for the opportunity to testify today.

My name is Dr. Paulette Dillard, and I serve as the 18<sup>th</sup> President of Shaw University (Shaw). Shaw is a proud historically black college and university (HBCU) founded in 1865 and is the first HBCU in the South located in Raleigh, North Carolina. With a mission to advance knowledge; facilitate student learning and achievement; to enhance the spiritual and ethical values of its students; and to transform a diverse community of learners into future global leaders, it is clear that Shaw is committed to student success.

I was asked to testify before the subcommittee about Shaw's experiences and relationship with the Small Business Administration (SBA). Shaw currently has a Strategic Alliance Memorandum (SAM) with the SBA. The initial SAM was signed by Shaw and the SBA on January 13, 2013. This contractual agreement with the SBA through its North Carolina District Office has a purpose of developing and fostering a working relationship to strengthen small business development in the local area.

As part of this partnership, Shaw opened its Small Business Resource Center (SBRC) in the fall of 2013. This SBRC, in partnership with the SBA, provides the following:

- office space that includes a reception and resource materials area and a conference room for meetings and workshops;
- an employee dedicated to manage and facilitate the activities; and
- assistance to students and members of the Raleigh community with resources to start, finance, and operate a successful business.

Not only does the SBA help to provide materials and services for the SBRC, but the Innovation and Entrepreneurship Center, also serves as a partner and Shaw is able to host seminars and workshops on a variety of small business topics, including business planning, credit building and marketing. The SBA provides expert presenters from the SBA office and the surrounding business community, and the SBA provides small business resource materials including pamphlets, brochures, website resource references, and contacts with key business community leaders.

As a result of the relationship established between Shaw and the SBA, we have been able to offer workshops to our students, alumni, and community residents such as a small business start-up series:

- focusing on legal considerations and business plans;
- focusing on marketing and how to find your niche with the proper usage of social media;
- focusing on financing to learn more about investors and bank loans; and
- focusing on the importance of credit as a consumer and also as a potential business owner.

While Shaw has been able to benefit from the SAM with the SBA, there are needs that still remain. The following are some areas that would be of benefit if available:

- Access to online certifications for our students
  - Business related certifications do not only increase students understanding of the entrepreneurial environment but can also enhance their resumes and thus increase their chances of obtaining employment;
- Access to an SBA database of available resources, workshops, seminars, etc.
  - When current or aspiring entrepreneurs seek assistance, it would be helpful to be able to identify specific resources/upcoming workshops based on their areas of inquiry such as startups, marketing, financing (qualifying for SBA loans, grants), business structure/legal considerations, employment rules, health insurance, taxes (employment, sales), licenses, accounting, and franchising;
- Assistance in setting up an SBRC website/Social Media Links; and
- Assistance in developing an SBRC brochure.

I would like to thank Chairwoman Nydia M. Velazquez, Representative Alma Adams, and the remaining Members of Congress for requesting that the Government Accountability Office (GAO) look into SBA's entrepreneurship efforts with HBCUs. We learned that SBA's goals, as identified in their 2018 strategic plan submitted to the Secretary of Education and the Executive Director of the White House Initiative on HBCUs, were to "(1) [raise] awareness and [provide] information that would help raise the capacity of HBCUs to participate in federally funded programs, and (2) promote collaboration among HBCUs and SBA resource partners and district offices."

In an effort to accomplish goal number one, both the Small Business Innovation Research and Small Business Technology Transfer programs were mentioned. SBA indicates that these programs are underutilized by HBCUs, but what the report fails to disclose is that funding requested for these very same programs in the FY 2020 budget request was significantly lower at \$3 million compared to the \$5.99 million that was enacted in FY 2019, **a \$2.99 million dollar decrease.**

SBA's stated goals are a direct response to Executive Order (EO) 13779, and the 116<sup>th</sup> Congress has taken measures to codify this EO. While the United States Senate has already passed S. 461, the HBCU Propelling Agency Relationships Towards a New Era of Results for Students (PARTNERS) Act, there remains concerns in the HBCU community regarding this legislation and whether or not it goes far enough to truly increase transparency within the Federal government. H.R. 1054, the HBCU PARTNERS Act is similar to the Senate bill, but includes stronger provisions that would be supported by the HBCU community.

In conclusion, HBCUs are valuable institutions that not only contribute to society, but provide an invaluable experience for our students, especially our students who are low-income and first generation. I hope to see greater collaboration between SBA and HBCUs, and I also hope to see meaningful legislation passed in the 116<sup>th</sup> Congress to truly strengthen EO 13779.

For more information and details regarding my remarks, I ask that you read my written testimony submitted for your review.

Thank you.

## Full Testimony<sup>1</sup>

### Introduction

Subcommittee Chairwoman Judy Chu, Ranking Member Ross Spano, and Members of the Subcommittee, thank you for the opportunity to testify today.

My name is Dr. Paulette Dillard, and I serve as the 18<sup>th</sup> President of Shaw University (Shaw). Shaw is a proud historically black college and university (HBCU) founded in 1865 by Henry Martin Tupper who served as a soldier in the Union Army during the Civil War. Not only is Shaw a proud HBCU, but Shaw is the first HBCU in the South and is located in Raleigh, North Carolina. In addition, Shaw is the first institution in the nation to offer a four-year medical program, the first HBCU in the nation to open its doors to women, and the first HBCU in North Carolina to be granted an “A” rating by the State Department of Public Instruction. With a mission to advance knowledge; facilitate student learning and achievement; to enhance the spiritual and ethical values of its students; and to transform a diverse community of learners into future global leaders, it is clear that Shaw is committed to student success.

### HBCU History and Statistics

I would like to thank Chairwoman Nydia M. Velazquez and the remaining Members of Congress for requesting that the Government Accountability Office (GAO) look into SBA’s entrepreneurship efforts with HBCUs. I would be remiss if I did not make a special acknowledgement to Representative Alma Adams, co-Chair of the Bipartisan HBCU Caucus, for leading the request to the GAO regarding this study.

While shocking to some, this report did not reveal any new news that those of us in the HBCU community did not already know. But, before we dive into the findings in the report, I think that it is imperative that we all understand the history of HBCUs.

HBCUs were created as early as 1837 to provide African Americans access to higher education. Noted for their contributions in educating “black, low-income and educationally disadvantaged Americans,” the 101 accredited HBCUs today constitute the class of institutions that satisfy the statutory definition of the term “HBCU” as defined in the *Higher Education Act of 1965*.

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<sup>1</sup> This testimony largely mirrors the testimony given by Dr. Roslyn Clark Artis in that (1) both testimonies are from private HBCUs that are impacted in the same manner by the Federal government and (2) both HBCUs have SAMs with the SBA. You will find the main differences in testimony to be the details regarding the Strategic Alliance Memorandums with the Small Business Administration.



HBCUs disproportionately enroll low-income, first-generation and academically underprepared college students—precisely the students that the country most needs to obtain college degrees. In 2017:

- Nearly 300,000 students attended HBCUs<sup>2</sup>;
- More than 75 percent of HBCU students were African Americans; and
- 70 percent of all students at HBCUs received federal Pell Grants, and 78 percent of these students received federal loans.<sup>3</sup>

HBCUs comprised 3 percent of all two- and four-year non-profit colleges and universities, yet they:

- Enroll 10 percent of African American undergraduates;
- Produce 17 percent of all African American college graduates with bachelor's degrees; and
- Graduate 24 percent of African Americans with bachelor's degrees in STEM fields.<sup>4</sup>

A 2015 Gallup survey confirms that HBCUs are providing African American students with a better college experience than African American students at other colleges and universities.

- 55 percent of African American HBCU graduates say their college prepared them well for post-college life versus 29 percent for African American graduates of other institutions.<sup>5</sup>

HBCUs attained these results at an affordable price for students—that is, the cost of attendance at HBCUs is about 30 percent lower, on average, than other colleges—despite limited operating budgets and endowments that are roughly half the typical size of other four-year public and private non-profit colleges and universities.

Since our founding, HBCUs have been, and continue to be, under-resourced institutions. An issue brief produced by ACE (American Council on Education) and UNCF (United Negro College Fund, Inc.) revealed the following:

<sup>2</sup> U.S. Department of Education, National Center for Education Statistics. (2019). *Digest of education statistics 2018* [Table 313.20]. Retrieved from [https://nces.ed.gov/programs/digest/d18/tables/dt18\\_313.20.asp](https://nces.ed.gov/programs/digest/d18/tables/dt18_313.20.asp)

<sup>3</sup> UNCF Patterson calculations using U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System.

<sup>4</sup> Ibid.

<sup>5</sup> Gallup, Inc. (2015). *Gallup-USA funds minority college graduates report*. Retrieved from UNCF Website: [https://www.uncf.org/wp-content/uploads/PDFs/USA\\_Funds\\_Minority\\_Report\\_GALLUP-2.pdf](https://www.uncf.org/wp-content/uploads/PDFs/USA_Funds_Minority_Report_GALLUP-2.pdf)

- Public HBCUs rely more heavily on federal, state, and local funding in comparison with their non-HBCU counterparts (54 percent of overall revenue vs 38 percent);
- Private HBCUs depend a little bit more on tuition dollars than their non-HBCUs counterparts (45 percent compared with 37 percent);
- Private gifts, grants, and contracts constitute a smaller portion of overall revenue at private HBCUs compared to their non-HBCU counterparts (17 percent vs 25 percent);
- Public and Private HBCUs experienced the largest declines in federal funding per full-time equivalent student between 2003-2015; and
- In both the public and private sectors, HBCU endowments lag behind those of non-HBCUs by at least 70 percent.<sup>6</sup>

Despite being under-resourced institutions, HBCUs have a large economic impact that often goes unnoticed by most. In 2017, UNCF released a report detailing the economic impact of HBCUs. The report revealed that in 2014, the impact of HBCUs on their regional economies included:

- \$10.3 billion in initial spending, which includes spending by the institution for personnel services, spending by the institution for operating expenses, and spending by students;
- An employment impact of 134,090 jobs, which approximately 43 percent were on-campus jobs and 57 percent were off-campus jobs;
- \$10.1 billion in terms of gross regional product, which is a measure of the value of production of all industries;
- A work-life earnings of \$130 billion for the Class of 2014, which is 56 percent more than they could expect to earn without their 2014 certificates or degrees; and
- A total economic impact of \$14.8 billion.<sup>7</sup>

In addition to the positive impact HBCUs make on the overall economy, HBCUs also have a strong impact academically when observed at the state and local level. An upcoming report to be released by UNCF shows that:

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<sup>6</sup>Williams, K.L. & Davis, B.L. (2019). *Public and private investments and divestments in historically black colleges and universities*. Retrieved from American Council on Education Website: <https://www.acenet.edu/news-room/Pages/Public-and-Private-Investments-and-Divestments-in-HBCUs.aspx>

<sup>7</sup>Humphreys, J.M. (2017). *HBCUs make America strong: The positive economic impact of historically black colleges and universities*. Retrieved from UNCF Website: <https://www.uncf.org/programs/hbcu-impact>

- HBCUs comprised 8.5 percent of the four-year institutions across the 21 states and territories in the analysis;
- Across the 21 states and territories in the analysis, HBCUs enrolled, on average, 24 percent of all black undergraduates pursuing a bachelor's degree in a college or university in 2016;
- Across the 21 states and territories in the analysis, on average, 26 percent of all black bachelor's degree recipients graduated from an HBCU in 2016; and
- In my home state of North Carolina, HBCUs are 16 percent of the four-year institutions, but enroll 45 percent of all black undergraduates and award 43 percent of all black bachelor's degrees in the state.<sup>8</sup>

### GAO Report Findings

While the GAO report does not address the resources directly at HBCUs, this report does examine “(1) federal priorities and SBA goals related to working with HBCUs, and (2) SBA’s key programs and outreach activities for fostering entrepreneurship, particularly with HBCUs, and what is known about HBCU participation in these programs and activities.”<sup>9</sup> We learned that SBA’s goals, as identified in their 2018 strategic plan submitted to the Secretary of Education and the Executive Director of the White House Initiative on HBCUs, were to “(1) [raise] awareness and [provide] information that would help raise the capacity of HBCUs to participate in federally funded programs, and (2) promote collaboration among HBCUs and SBA resource partners and district offices.”<sup>10</sup> The report goes on to describe ways that HBCUs could collaborate with SBA by identifying Small Business Development Centers (SBDC), Women’s Business Centers, Strategic Alliance Memorandums, and SCORE chapters as ways for HBCUs to engage. From this, we learned that:

- out of 63 total organizations that receive funding for SBDCs, HBCUs only account for 2 of those organizations;
- out of more than 900 service centers in the SBDC network, HBCUs only account for 16 of those centers; and
- out of 206 strategic alliance memorandums, HBCUs only account for 24 of those memorandums.

<sup>8</sup> Saunders, K. & Nagle, B.T. (2018). *HBCUs punching above their weight: A state-level analysis of historically black college and university enrollment and graduation*. Washington, DC: UNCF Frederick D. Patterson Research Institute

<sup>9</sup> Ortiz, A.M. (2019). *Small business administration: Key entrepreneurship programs and activities do not specifically target historically black colleges and universities, but collaboration exists with some schools*. Washington, DC: U.S. Government Accountability Office.

<sup>10</sup> Ibid.

It is not surprising that there is not more HBCU representation in the aforementioned ways HBCUs could collaborate with SBA, but what is surprising is what I have to say next. The report goes on to explain SBA's first goal to provide HBCUs with information on accessing and competing for federal grants and contracts in a bit more detail. Both the Small Business Innovation Research and Small Business Technology Transfer programs are mentioned. SBA indicates that these programs are underutilized by HBCUs, but what the report fails to disclose is that funding requested for these very same programs in the FY 2020 budget request was significantly lower at \$3 million compared to the \$5.99 million that was enacted in FY 2019, **a \$2.99 million dollar decrease**. There are a total of 11 agencies that participate with the SBA regarding these two programs and only agencies with extramural budgets for research and development in excess of \$1 billion are required to set aside certain targeted amounts for small business innovation.

### Strategic Alliance Memorandum

#### Overview

I was asked to testify before the subcommittee about Shaw's experiences and relationship with the Small Business Administration (SBA). Earlier, I mentioned a Strategic Alliance Memorandum (SAM) as one of the ways an HBCU can engage with the SBA, and I am happy to share that Shaw currently has one of these agreements. The initial SAM was signed by Shaw and the SBA on January 13, 2013.<sup>11</sup> This contractual agreement with the SBA through its North Carolina District Office has a purpose of developing and fostering a working relationship to strengthen small business development in the local area.

As part of this partnership, Shaw opened its Small Business Resource Center (SBRC) in the fall of 2013. This SBRC, in partnership with the SBA, provides the following:

- office space that includes a reception and resource materials area and a conference room for meetings and workshops;
- an employee dedicated to manage and facilitate the activities; and
- assistance to students and members of the Raleigh community with resources to start, finance, and operate a successful business.

Not only does the SBA help to provide materials and services for the SBRC, but the Innovation and Entrepreneurship Center, also serves as a partner and Shaw is able to host seminars and workshops on a variety of small business topics, including business planning, credit building and marketing. The SBA provides expert presenters from the

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<sup>11</sup> Please see enclosure 1

SBA office and the surrounding business community, and the SBA provides small business resource materials including pamphlets, brochures, website resource references, and contacts with key business community leaders.

As a result of the relationship established between Shaw and the SBA, we have been able to offer workshops to our students, alumni, and community residents such as a small business start-up series:

- focusing on legal considerations and business plans;
- focusing on marketing and how to find your niche with the proper usage of social media;
- focusing on financing to learn more about investors and bank loans; and
- focusing on the importance of credit as a consumer and also as a potential business owner.

#### Further Needs

While Shaw has been able to benefit from the SAM with the SBA, there are needs that still remain. The following are some areas that would be of benefit if available:

- Access to online certifications for our students
  - Business related certifications do not only increase students understanding of the entrepreneurial environment but can also enhance their resumes and thus increase their chances of obtaining employment;
- Access to an SBA database of available resources, workshops, seminars, etc.
  - When current or aspiring entrepreneurs seek assistance, it would be helpful to be able to identify specific resources/upcoming workshops based on their areas of inquiry such as startups, marketing, financing (qualifying for SBA loans, grants), business structure/legal considerations, employment rules, health insurance, taxes (employment, sales), licenses, accounting, and franchising;
- Assistance in setting up an SBRC website/Social Media Links; and
- Assistance in developing an SBRC brochure.

### Policy Recommendation

The SBA submitted an agency plan to the Secretary of Education and the Executive Director of the White House Initiative on HBCUs due to Executive Order (EO) 13779 released on February 28, 2017 by President Donald J. Trump. In this EO, the Secretary of Education and the Executive Director of the White House Initiative on HBCUs are mandated to identify agencies that regularly interact with HBCUs and have them prepare an annual plan describing efforts to strengthen the capacity of HBCUs to participate in applicable Federal programs and initiatives.<sup>12</sup> As described in the GAO report, this type of EO was first written in 1980, under EO 12232, in the Administration of President Jimmy Carter and established the White House Initiative on HBCUs.

Although the Trump Administration followed suit and introduced an EO regarding the White House Initiative on HBCUs, this Administration also wanted to inquire about ways to further enhance the EO as well. Birthed from this were conversations with select representatives of the HBCU community and an introduction of S. 461, the HBCU Propelling Agency Relationships Towards a New Era of Results for Students (PARTNERS) Act. This bill, led by Senator Tim Scott and Senator Chris Coons, gained 15 bipartisan cosponsors and passed the United States Senate on February 12, 2019 by unanimous consent. In the United States House of Representatives, a similar bill was also introduced, H.R. 1054, the HBCU PARTNERS Act, led by Representative Alma Adams and Representative Mark Walker, with 8 bipartisan cosponsors.

While I am thankful that Congress is in the process of codifying EO 13779, I would be remiss if I did not express some concern from those of the HBCU community regarding the version that passed the Senate. The law is binding, but EO's have a greater degree of flexibility. I am happy that EO 13532 further enhanced the White House Initiative on HBCUs to express the importance of working with our institutions, and I am happy that an EO 13779 continued this effort.

S. 461 was intended to codify EO 13779 but made some changes to both strengthen and weaken the EO. For instance, the legislation strengthened the EO by adding additional language to:

- mandate that agencies who submit a plan describe any progress made towards advancing or achieving goals and efforts from previous agency plans;

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<sup>12</sup> Exec. Order No. 13779, 82 FR 12499 (2017).

- require the head of each applicable agency to submit their agency plans to the Senate Committee on Health, Education, Labor, and Pensions and the House Committee on Education and Labor; and
- mandate that the President's Board of Advisors advise the President in improving government-wide strategic planning related to HBCU competitiveness to align Federal resources and provide the context for decisions about HBCU partnerships, investments, performance goals, priorities, human capital development and budget planning.

The legislation weakened the EO by not including the requirement that the President's Board of Advisors "shall include representatives of a variety of sectors, including philanthropy, education, business, finance, entrepreneurship, innovation, and private foundations, as well as sitting HBCU presidents." S. 461 simply remains silent regarding who would serve on this important Board, and I believe that clarity should be provided especially since this is something that would be codified.

The legislation also allows the Secretary of Education, in consultation with the Executive Director of the White House Initiative on HBCUs, to determine which Federal agencies "regularly interact" with HBCUs in order to mandate those agencies to submit agency plans. While previous EOs have included language allowing the Secretary of Education to determine which agencies would need to submit agency plans, a looming question remains as to the consistency of the agencies that would be considered to "regularly interact" with HBCUs from Administration to Administration.

I strongly believe that our Federal government should be more transparent with their efforts to work with institutions like mine, and I believe that Congress could do a better job at oversight of the Federal government regarding their interactions with HBCUs if all agencies were required to submit an agency plan. I completely understand that not all agencies would have a relationship with HBCUs and in this case, it would be beneficial that these agencies simply state in their plan any efforts they could potentially take to identify specific HBCU initiatives and resources that could benefit the HBCU community. This proposal does not mandate that any resources be spent on HBCUs, but simply requests that all Federal agencies be transparent and tell Congress, the Secretary of Education, and the Executive Director on the White House Initiative on HBCUs what is happening within the agency as it pertains to HBCUs.

H.R. 1054 seeks to also codify EO 13779 and not only does it include the aforementioned language that strengthens the EO, it also mandates that all Federal agencies submit an agency plan.

**Conclusion**

In conclusion, HBCUs are invaluable institutions that not only contribute to society, but provide an invaluable experience for our students, especially our students who are low-income and first generation. I hope to see greater collaboration between SBA and HBCUs, and I also hope to see meaningful legislation passed in the 116<sup>th</sup> Congress to truly strengthen EO 13779.

It is an honor to be asked to present this testimony, and I commend you for your service and for addressing these important issues.

Thank you.





## Strategic Alliance Memorandum

*between the*

**United States Small Business Administration**

*and the*

**Shaw University**

### **I. PURPOSE**

The United States Small Business Administration (SBA) and the Shaw University (each a "Party" or, collectively the "Parties") are joined by a common mission; **helping start, maintain, and expand small businesses.** The Parties will work together in the spirit of cooperation and open communications, consistent with law, with the primary goal of meeting the needs of the small business community.

Shaw University is a private, historically black university (HBCU) in Raleigh, NC.

The mission of the SBA is to aid, counsel, assist and protect the interests of small business by providing financial, contractual and business development assistance and advocating on their behalf within the government. SBA district offices deliver SBA programs and services to the public. Each Party has separate services and resources which, when delivered in coordination with each other, will provide maximum benefits to the small business communities served.

The purpose of this Strategic Alliance Memorandum (SAM) is to develop and foster mutual understanding and a working relationship between the SBA and Shaw University in order to strengthen and expand small business development in the local area.

The Parties acknowledge that beyond the information sharing contemplated under this SAM, any specific joint training and outreach activities will require a separate signed agreement developed pursuant to SBA's Cosponsorship Authority.

In order to further their common goals, the Parties agree to the following:

## II. SCOPE AND RESPONSIBILITIES

### **SBA Undertakings:**

Within the limits of its available and/or appropriated resources, the SBA through its North Carolina District Office will:

- Provide **Shaw University** with up-to-date information about SBA's programs and services.
- Make available, upon request, information regarding SBA's resource partners, including but not limited to, the Small Business Development Centers (SBDCs), SCORE, and the Women's Business Centers (WBCs) (collectively, "SBA's Resource Partners").
- Make available, upon request and subject to their availability, SBA pamphlets, brochures, and other publications.
- Advise **Shaw University** of events that may impact its mission.
- Provide speakers, consistent with SBA rules and policy, to participate in **Shaw University** workshops, conferences, seminars and other activities to discuss SBA financing, government contracting and other business topics.
- Invite Shaw University's clients/members to attend local SBA-sponsored events and offer SBA-sponsored training at **Shaw University's** location when appropriate.
- Provide a text-only hyperlink from SBA's website to **Shaw University's** website pursuant to SBA's linking policies.
- Provide information to **Shaw University's** staff on SBA programs and services available to local small businesses.
- Assign a local point of contact to serve as liaison between SBA and **Shaw University**.

### **Shaw University Undertakings:**

Within the limits of its available resources, the **Shaw University** will:

- Cooperate with SBA's Resource Partners to provide information to its clients/members about business development services to small businesses when appropriate.
- Keep abreast of and disseminate up-to-date information provided by SBA when appropriate.
- Make available to its clients/members SBA pamphlets, brochures, and other publications.
- Inform **Shaw University's** small business clients/members of SBA's programs and services including referrals to SBA's Resource Partners when appropriate.
- Upon request, provide speakers for SBA-sponsored events when appropriate.

- Provide a text-only hyperlink from **Shaw University's** website to SBA's website.
- Assign a local point of contact to serve as liaison between **Shaw University** and SBA.

### III. USE OF SBA NAME AND LOGO

All materials bearing the SBA name or logo must be approved in advance by SBA's Responsible Program Official. Use of SBA's logo must be accompanied by the following statement: "Use of the SBA logo is authorized by a Strategic Alliance Memorandum. Reference to SBA is not an endorsement of the views, opinions, products or services of any person or entity." The SBA logo may only be used to promote SBA and/or its programs, activities, and services. SBA's logo cannot be used in a way that suggests the Agency is endorsing any individual, organization, product, or service or in a way which implies that an improper relationship exists between SBA and an outside party. SBA's logo also must not be used in any manner that is liable to bring the Agency into a negative light, such as in connection with any products or services related to alcohol, gambling or adult entertainment industries. Further, SBA's logo must not be used in connection with any political activities, lobbying efforts, or in conjunction with any religious activity.

The "U.S. Small Business Administration" name shall be used only in a factual manner, consistent with applicable law, and shall not promote or endorse any products or services of any entity including but not limited to **Shaw University**. Nothing in this SAM permits **Shaw University** to use the SBA official seal.

### IV. TERM

Cooperation under this SAM will commence upon signing by both Parties and will continue for a period of two years from date of signature unless otherwise terminated by one or both Parties as per paragraph VI below.

### V. AMENDMENT

The Parties agree to consult each other on any amendment, modification or clarification to the provisions of this SAM. This SAM may only be amended or modified in writing and shall be consistent with applicable laws, regulations and SBA policy.

### VI. TERMINATION

Either Party may discontinue its participation under this SAM at any time, with or without cause, upon thirty (30) days written notice to the other Party.

**VII. RELATIONSHIP**

This SAM does not authorize the expenditure of any funds. Accordingly, this SAM shall not be interpreted as creating any binding legal obligations between the Parties nor shall it limit either Party from participating in similar activities or arrangements with other entities. Nothing contained herein shall be construed to create any association, partnership, joint venture or relation of principal or agent or employer and employee with respect to **Shaw University** and SBA.

**VIII. RESPONSIBLE PROGRAM OFFICIAL**

The SBA Responsible Program Official for this Strategic Alliance Memorandum is **Michael Arriola**.

**IX. POINTS OF CONTACT**

The points of contact for administrative matters pertaining to this SAM are:

**Shaw University:**

Name: Dr. Mma Kalu

Title: Department Chair

Address: 118 E. South Street, Raleigh NC 27601

Email: [mkalu@shawu.edu](mailto:mkalu@shawu.edu)

**U.S. Small Business Administration:**

Name: Patrick Rodriguez

Title: Senior Area Manager

Address: 6600 Louisburg Road, Bldg D Room 351, Raleigh NC 27616

Email: [Patrick.rodriguez@sba.gov](mailto:Patrick.rodriguez@sba.gov)


**X. SIGNATURES**

The signatories below represent that they have the authority to make such commitments on behalf of their respective organization. This SAM may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

**U.S. Small Business Administration:**

  
\_\_\_\_\_  
Stephen Morris, Director of Strategic Alliances

4-9-19  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Ashley Bell, Regional Administrator  
Region IV

4-9-19  
\_\_\_\_\_  
Date

**Shaw University:**

  
\_\_\_\_\_  
Dr. Paulette Dillard, President

4-9-19  
\_\_\_\_\_  
Date



## Strategic Alliance Memorandum

*with the*

**United States Small Business Administration**

*and*

**Shaw University**

### **I. PURPOSE**

The United States Small Business Administration (SBA) and the **Shaw University** (each a "Party" or, collectively the "Parties") are joined by a common mission; **helping start, maintain, and expand small businesses**. The Parties will work together in the spirit of cooperation and open communications, consistent with law, with the primary goal of meeting the needs of the small business community.

Shaw University exists to advance knowledge, facilitate student learning and achievement, to enhance the spiritual and ethical values of its students, and to transform a diverse community of learners into future global leaders.

The mission of the SBA is to aid, counsel, assist and protect the interests of small business by providing financial, contractual and business development assistance and advocating on their behalf within the government. SBA district offices deliver SBA programs and services to the public. Each Party has separate services and resources which, when delivered in coordination with each other, will provide maximum benefits to the small business communities served.

The purpose of this Strategic Alliance Memorandum (SAM) is to develop and foster mutual understanding and a working relationship between the SBA and **Shaw University** in order to strengthen and expand small business development in the local area. The Parties acknowledge that specific joint training and outreach activities contemplated under this SAM require further negotiations and a separate signed agreement developed pursuant to SBA's cosponsorship authority. Nothing in this SAM permits **Shaw University** to use the SBA logo or seal. The "U.S. Small Business Administration" name shall be used only in a factual manner, consistent with applicable law, and shall not promote or endorse any products or services of any entity including but not limited to **Shaw University**.

In order to further their common goals, the Parties agree to the following:

### **II. SCOPE AND RESPONSIBILITIES**

#### **SBA Undertakings:**

Within the limits of its available and/or appropriated resources, the SBA through its **North Carolina** District Office will:

- Provide **Shaw University** with up-to-date information about SBA's programs and services.

- Make available, upon request, information regarding SBA's resource partners, including but not limited to, the Small Business Development Centers (SBDCs), SCORE, and the Women's Business Centers (WBCs) (collectively, "SBA's Resource Partners").
- Make available, upon request and subject to their availability, SBA pamphlets, brochures, and other publications.
- Advise **Shaw University** of events that may impact its mission.
- Provide speakers, consistent with SBA rules and policy, to participate in **Shaw University** workshops, conferences, seminars and other activities to discuss SBA financing, government contracting and other business topics.
- Invite **Shaw University** clients/members to attend local SBA-sponsored events and offer SBA-sponsored training at **Shaw University** location when appropriate.
- Provide a text-only hyperlink from SBA's website to **Shaw University** website pursuant to SBA's linking policies.
- Provide information to **Shaw University** staff on SBA programs and services available to local small businesses.
- Assign a local point of contact to serve as liaison between SBA and **Shaw University**.

**Shaw University Undertakings:**

Within the limits of its available resources, the **Shaw University** will:

- Cooperate with SBA's Resource Partners to provide information to its clients/members about business development services to small businesses when appropriate.
- Keep abreast of and disseminate up-to-date information provided by SBA when appropriate.
- Make available to its clients/members SBA pamphlets, brochures, and other publications.
- Inform **Shaw University** small business clients/members of SBA's programs and services including referrals to SBA's Resource Partners when appropriate.
- Upon request, provide speakers for SBA-sponsored events when appropriate.
- Provide a text-only hyperlink from **Shaw University** website to SBA's website.
- Assign a local point of contact to serve as liaison between Shaw University and SBA.

**III. TERM**

Cooperation under this SAM will commence upon signing by both Parties and will continue for a period of two years from date of signature unless otherwise terminated by one or both Parties as per paragraph V below.

**IV. AMENDMENT**

The Parties agree to consult each other on any amendment, modification or clarification to the provisions of this SAM. This SAM may only be amended or modified in writing and shall be consistent with applicable laws, regulations and SBA policy.

**V. TERMINATION**

Either Party may discontinue its participation under this SAM at any time, with or without cause, upon thirty (30) days written notice to the other Party.

**VI. RELATIONSHIP**

This SAM does not authorize the expenditure of any funds. Accordingly, this SAM shall not be interpreted as creating any binding legal obligations between the Parties nor shall it limit either Party from participating in similar activities or arrangements with other entities.

Nothing contained herein shall be construed to create any association, partnership, joint venture or relation of principal or agent or employer and employee with respect to **Shaw University** and SBA.

**VII. RESPONSIBLE OFFICIALS**

The responsible officials and points of contact for administrative matters pertaining to this SAM are:

**Shaw University:**

Name: Dr. MmaKalu  
Title: Department Chair  
Address: 118 E South Street  
Raleigh NC 27601  
Tel: 919-546-8344  
e-mail: mkalu@shawu.edu

**U.S. Small Business Administration:**

Name: Lynn Douthett  
Title: District Director  
Address: 6302 Fairview Road  
Charlotte NC 28210  
Tel: 704-344-6563  
e-mail: lynn.douthett@sba.gov

**VIII. SIGNATURES**

The signatories below represent that they have the authority to make such commitments on behalf of their respective organization:

**U.S. Small Business Administration:**

\_\_\_\_\_  
Mina Wales, Director of Strategic Alliance

\_\_\_\_\_  
Date

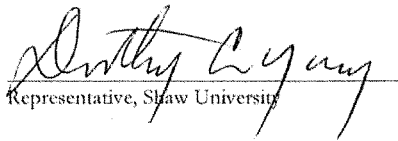
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Cassius Butts, Regional Administrator

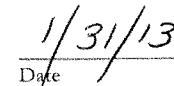
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\_\_\_\_\_  
Lynn Douthett, District Director  
North Carolina District Office

\_\_\_\_\_  
Date

**Shaw University:**

  
\_\_\_\_\_  
Representative, Shaw University

  
\_\_\_\_\_  
Date



CONGRESSIONAL TESTIMONY  
April 30, 2019

To

HOUSE COMMITTEE ON SMALL BUSINESS

Subcommittee on Investigations, Oversight, and Regulations

“Lost Opportunities? SBA’s Engagement with Historically Black Colleges and Universities.”

The Honorable Judy Chu, Chairwoman

and

The Honorable Ross Spano, Ranking Member

By

Barron H. Harvey, Ph.D., CPA

Dean and KPMG Endowed Professor

School of Business

Howard University

The Honorable Judy Chu and The Honorable Ross Spano and distinguished Members of the Subcommittee, thank you for the opportunity to testify in support of enhancing and expanding SBA’s partnership with Historically Black Colleges and Universities.

**Importance of Historically Black Colleges and Universities**

Historically Black Colleges and Universities (HBCUs) are more important today than ever! From an educational perspective, the nation’s one hundred and six HBCUs represent 3% of America’s Colleges and Universities and yet they represent nearly 20% of all African-Americans who receive college degrees and a little over 25% of African-American graduates in the areas of science, technology, engineering and mathematics. In a Gallup – Purdue survey it was noted that HBCU graduates were more likely to have felt supported while in college and to be thriving afterwards than their black peers who attended predominately white institutions. Historically Black Colleges and Universities are also top producers of African-Americans receiving PhD’s in Science and Engineering, as well.

The total economic impact of HBCU’s is significant and growing. It is estimated that HBCU’s generate more than \$15 billion in economic impact annually. Spending by National HBCUs and its students generates positive economic benefits. Historically Black Colleges and Universities are the economic engines in their communities, creating jobs, increasing economic well-being, providing social benefits such as arts and culture and graduating students who are going to have a positive impact in their communities and generate billions upon billions of dollars of economic benefit. Historically Black

Colleges and Universities serve as significant and essential economic drivers, both on their campuses and their local communities.

Howard University, for example, generates more than \$1.5 billion in total economic impact for its local and regional economies. This includes direct spending by Howard University on faculty, employees, academic programs and operations—and by students attending the institution, as well as the follow-on effects of that spending. Every dollar spent by Howard University and its students produces positive economic benefits for its local and regional economies. Communities and regions hoping to foster a more robust and diversified economic climate find HBCU-connected spending a critical component of that effort. Howard University generates 9,591 jobs for its local and regional economies. Of this total, 3,301 are on-campus jobs, and 6,290 are off-campus jobs. For each job created on campus, another 1.9 public- and private-sector jobs are created off campus because of Howard University-related spending. Finally, the estimated lifetime earnings for each Howard University's graduating class is more than \$6 billion.

Today, Historically Black Colleges and Universities are continuing their legacy of educational excellence. As a reflection of their importance, many HBCU's are seeing an increase in their enrollment. As was further stated, the Historically Black Colleges and Universities continue to produce a disproportionate number of college graduates, relative to their size and enrollment.

The importance of HBCUs also can be reflected in the role that these unique educational institutions provide in closing the racial wealth gap. Although many HBCU graduates have large student loan debt, compared to their white counterparts, their degrees have aided them in closing that wealth gap. As stated earlier, HBCU graduates are getting advanced degrees in STEM related disciplines. For example, more than 50% of black engineers and 65% of black doctors have earned their degrees from Historically Black Colleges and Universities.

Historically Black College and Universities have provided long standing resources for their communities and have served as a catalyst to produce sustainable economic growth. Historically Black Colleges and Universities have long collaborated with their communities to address workplace problems and find viable, sustainable solutions and new opportunities.

#### **State of Minorities and African-Americans Entrepreneurs and Small Business Owners**

Entrepreneurship and small business ownership for minorities including African-Americans have made impactful progress over the last six years, but there is still much more to be done. We should note that there are more than 2.5 million black-owned businesses in United States, which generates more than \$150 billion in revenue. However, a major challenge for African American small businesses is growing to size. For example, the top 100 Black Owned Businesses in a recent Black Enterprise Magazine's ranking show \$27 billion in revenue and employment of nearly 80,000 workers. These numbers do represent a continual growth over the previous years but if we look at it compared to some of the major Fortune 100 Companies, the collective impact of African-American top small businesses is minuscule. Walmart for example reports more than 20 times the revenue that the collective 100 black-owned businesses earn and employ more than 2.2 million workers. The data really states that entrepreneurship and small business ownership of African-Americans is still a significant challenge. U.S. Census data shows that over 90% of Latino and black-owned firms do not have even one employee other than its owner. Minority women are the fastest growing demographic in entrepreneurship and black women owned businesses have grown by nearly 68% in the five-year period of 2007 to 2012 according to U.S. Census data. Add to

that the proportion of owner only firms reaches close to 90% for African-American female business owners. The reality is that black-owned businesses are of small scale compared to their white counterparts, but this represents an opportunity for the Small Business Administration, Small Business Development Centers, and Minority and African-American businesses.

Today, more than 71% of all US businesses are white-owned, with African-Americans owning about 2.6 million businesses or 9.5% of all US businesses and Latinos owning 3.3 million businesses, which is nearly 12.2% of all U.S. businesses. However, the revenue and employment numbers are depressing. Of the 19 million businesses owned by White Americans, they have 88% of the overall sales and 87% of the U.S. employment while African-American businesses have 1.3% of the total U.S. revenues and 1.7 of the nation's employees. This represents significant challenges and great opportunities.

Entrepreneurship and small business ownership have always been a strategy that minorities and African-Americans have used to bridge the racial wealth gap. Small business ownership has long been seen, particularly by minorities and African-Americans, as the way to create wealth and economic impact in their communities. However, the racial wealth gap continues to be large and has not shown any signs of closing. The white households living near the poverty line typically have about \$18,000 in wealth, while black households in similar economic straits typically has zero wealth. At the other end of the spectrum, black families in the 99th percentile are worth \$1.6 million, while white families in the 99th percentile are worth \$12 million. African-Americans while representing 13% of the nation's population, collectively own less than 3% of the nation's total wealth. The take away here is that there is a need for new strategies in assisting black businesses in their development and growth, which will aid in bridging the racial wealth gap, as well as increasing employment and economic impact for their respective communities.

The challenge for minority business owners is that of access to capital. African-American owned businesses still have a harder time in securing financing than white owners of small businesses. In fact, more than one third of minority owned firms with gross revenues under \$500,000 would not apply for a business loan for fear of rejection. This presents a great opportunity for unique and special programs to prepare small business owners, particularly African-American business owners for the loan application process and to provide an opportunity for them to work with bankers around strategies for success.

To further reinforce the challenges that minority and African-American small-business owners have in securing SBA loans, a 2014 study at Brigham Young University recruited mystery shoppers to go and seek small business loans. Three were African-Americans, three were Hispanic, and three were White. They all wore the same clothing and had nearly identical backgrounds and asked for \$60,000 in business loans. What was found was that there is still significant racial bias in seeking business loans. The minority small business owners were given less long-term information, were asked more questions about their personal finance, and offered less application support than the White business owners. The study also found that continuous denial, rejection, and restricted access to loans for minority small business owners lead to lower self-esteem and impacted feelings of self-worth. The reality is that there is still a significant challenge for African-Americans and Minorities to be successful in securing small business loans even when their economic profile is exactly the same as their white counterpart.

Since the end of the great recession, the number of loans going to African-American business owners has declined and many are feeling as if the African-American business community is missing out on the economic recovery that America is experiencing. There are some concerns that SBA lending practices provide economic benefits to more affluent communities and less and those that are in need of economic stimulus. A study has shown that in 2009, 5% of SBA's 7a loans with African-American

businesses but by 2014 that figure had declined to 2%. The decrease was even worse for SBA's 504 loan guarantee program where lending to African-American businesses went from \$134 million in 2009 to \$48 million in 2014 representing a 64% decline.

#### **Historically Black Colleges and Universities and the U.S. Small Business Administration**

The U.S. Small Business Administration has a Small Business Development Center Network, which are service centers that offer a wide variety of support to small businesses, entrepreneurs, students and communities. The network is made up of 63 lead small business development centers which are funded by the small business administration. Of those 63, two are at Historically Black Colleges and Universities. There are also over 963 entities, including Colleges, Universities and Nonprofits that are part of the overall National Small Business Development Center Network. This means that 900 of these organizations in the network are subcontractors to the lead centers. Of these 900 entities in the network, only 16 are at HBCUs. It is important to note that SBA also operates more than 100 women business centers throughout its network and only one of those centers is located at an HBCU. It is also important to note that SBA co-sponsored 880 activities with non-HBCUs entities to foster and encourage entrepreneurship and just 10 activities with six HBCUs.

This points to a disparity on the part of SBA and its approach and process to foster and encourage education and small-business assistance to the minority community, specifically African-American communities. As stated previously, HBCUs have long been a significant source of education and economic development within minority communities. The Small Business Administration needs to increase its presence at HBCUs if it truly seeks to increase the participation rate of African-Americans and Minorities in its various programs.

Historically Black Colleges and Universities also can provide a tremendous opportunity for the Small Business Administration through its SBDCs to educate the next generation of entrepreneurs in the Minority and African-American communities. It is recommended that SBA and its SBDCs work with HBCUs to craft educational programs that will have college credit and at the same time increase knowledge and awareness of entrepreneurship and small business ownership of HBCU students. Part of the Small Business Administration's overall strategy to increase more minority and African-Americans participation in its programs and to gain success in entrepreneurship and small business ownership. Therefore, a unique and special partnership on behalf of the SBDCs and HBCUs to collaborate and offer for college credit courses for HBCU students in a variety of academic areas including Science, Technology, Engineering, Business and Medicine.

#### *Howard University and the District of Columbia Small Business Development Center Network*

The District of Columbia Small Business Development Center (DCSBDC) Network is a partnership between Howard University and the Small Business Administration. Established in 1979 we were invited to be in the pilot program that established the first Small Business Development Centers around the country. We are celebrating 40 years of an outstanding economic impactful partnership. Out of the 62 lead centers Howard University is one of two HBCU's in the program, the University of the US Virgin Islands in St. Thomas is the other. Howard University is the only private university that is a lead center. Additionally, there are close to 1000 centers located across the country. We at Howard University are very proud of the accomplishments of our Lead Center as well as our strategic partners across the District. Our economic impact in the District of Colombia since 2013 has been significant:

Clients Served	2,082
Jobs Created	2,255
Loan Assistance	\$33,196,941.00

As far as what the SBA could do, we believe much more can be done if each HBCU had the opportunity to be a part of the national SBDC network. The economic impact that Howard and our SBDC has on the Washington, DC community can be easily replicated across this country. Most if not all HBCU's are located in underserved communities, if the SBA spent more money helping the HBCU's in those communities to assist with establishing a SBDC to assist with small business development and job creation we will see real growth and economic prosperity in those communities.

#### **The opportunities of an Enhanced and Expanded Strategic Partnership**

##### *Education*

The SBA and its small business development center networks are missing out on a tremendous educational opportunity - providing education to the next generation of African-American and minority entrepreneurs and small businesses. The historically black colleges and universities including their students and faculty in the areas of science, engineering and technology, business and medicine should engage in a collaboration to develop a series of training courses that would be beneficial to HBCU students as they prepare for their professional careers. This is very important because this is a wonderful opportunity to provide essential entrepreneurship education and training, while also educating future entrepreneurs about programs that are available through the US small business administration and its SBDC network. A recommendation would be to have the faculty and the staffing of SBDCs develop a two-part series which would be equal to two elective courses for students as well as entrepreneurs and small businesses. The first part of the series would be a training and understanding of the SBA programs and activities available for current and future entrepreneurs and business owners. An example would be the SBA's young entrepreneur series that is offered by Johnson C Smith University in North Carolina. The second part of the series would focus on functional areas of small-business success such as marketing, strategic planning, finance, sales, and service etc. An example of this kind of training is offered by the University of Georgia Small Business Development Center and its Maximum Series, which focuses on six functional areas: marketing, human resources, service, social media, finance, and retail sales. It is also recommended that SBDCs have student training and education as part of their annual goals including minority and women participation.

##### *Research*

Another opportunity for SBA and it's SBDC Network to engage HBCUs and that is in research. Historically Black Colleges and Universities their faculty and graduate students provide an excellent resource for local and regional research on small business ownership challenges and identifying success strategies. Small Business Development Centers on a competitive basis can provide HBCU faculty in the areas of sciences, technology, engineering, business, and medicine, small supporting research grants to conduct surveys and research to identify unique problems and opportunities for that particular region, city, or locale. In addition, HBCU faculty would be very instrumental in working with SBA to develop new strategies that are more effective for financing for African-Americans and Minority business owners who are challenged currently by the process of obtaining SBA loans.

*HBCU SBDC Student Externship Program*

Small Business Development Centers should develop an externship program for HBCU students to assist African-American and Minority business owners, while receiving college credit. Since many African American small business businesses begin with only one employee, the owner, they are lacking in technical expertise. Historically Black Colleges and Universities business schools and engineering schools can provide up to 10 hours a week of student assistance to a business owner in the areas of accounting, marketing, technology, social media, innovation, etc. The program will have African-American entrepreneurs and Minority business owners filling out student technical assistance requests and specific to the areas of their need. The assignment will be for an entire semester and would be a maximum of 10 hours a week for the HBCUs student. Students will receive college credit and a small stipend for expenses. Finally, SBDCs should annually holds an annual conference on entrepreneurship for students and small business owners.

*HBCUs and Technology Transfer Programs*

The Small Business Innovation Research Program or SBIR and the Small Business Technology Transfer or STTR our program are significant contributors to U.S. innovation by the America's Small Business community. The SBIR program has four major goals: (1) to stimulate technological innovation; (2) to use more businesses to meet federal research and development needs; (3) foster and encourage participation in innovation and technology by minorities and disadvantage individuals; and (4) increased private-sector commercialization of innovation derived from federal research and development funding. The STTR program goals include, stimulating technological innovation, foster technology transfer through cooperative research and development between small businesses and research institutions, and increase private-sector commercialization of innovation derived from federal research and development. Important to note that the SBIR program has a legislative mandate to foster and encourage participation in innovation and entrepreneurship by minority and disadvantaged persons. Unfortunately, data from the U.S. small business administration shows that SBIR are awards to women and minorities fall far short of their representation and the potential applicant pool measured by business ownership. It is stated that women and minority owned businesses receive less than 16% of all SBIR awards. Of that amount, 6% go to women-owned firms and less than 10% go to minority owned firms. When you take into consideration the 51% of U.S. population is made up of women and women make up 27% of STEM graduates this number is appalling in addition African-American Asians and Native Americans constitute 36% of the U.S. population and 26% of the STEM graduates. Add to these sobering facts the fact that the Department of Defense has not made any sustain efforts to foster or encourage the participation of women and minority businesses and the SBIR program.

Historically Black College and Universities create a unique and special opportunity to increase the number of African-Americans awareness of the United States Government Technology Transfer Programs as well as increasing their participation in these very important programs. Each Lead SBDC center should be required to host at least one SBIR/STTR workshop on the campus of the HBCU's represented in their state. SBA should also allow funding for the advertising of this important program initiative. This should be a nationwide campaign initiated by SBA and implemented by the Small Business Development Centers across this nation.

I would also recommend that the Small Business Administration utilizing the SBDCs engage in an HBCU/ SBIR road tour. In 2018, the U.S. Small Business Administration, conducted a road tour to promote awareness of the small business innovation research program and the small business technology transfer program at selected HBCUs. The focus was to increase the awareness and education to faculty, students and small businesses in the surrounding communities of HBCU's. The HBCUs visited included Johnson C. Smith University, Clark Atlanta University, Alabama A&M University, and Jackson

State University. The recommendation would be that the road tours would visit all HBCU's in a two-year cycle. Again, the road tour would increase awareness of these technology transfer programs, serve as a forum for participation and collaboration, and foster future strategic planning on the part of HBCU's, their students as well as small business owners of that community.

#### Concluding Recommendations

- Small business development centers should be established at all HBCU's.
- Small business development centers should be required to track its assistance to minorities and women owned enterprises as well as HBCUs who have strategic memorandums and or sub centers on their campuses.
- SBDCs in concert with HBCUs should develop a college credit entrepreneurship training series with a focus on students in the sciences technology engineering business and medicine.
- SBDCs and HBCUs develop a student externship program where students in business engineering technology and the sciences can provide much-needed consulting services for African-American, women own and minority small businesses in their communities.
- Provide funding for HBCU faculty and graduate students to conduct research on the problems, opportunities, and challenges of African-American and minority entrepreneurs and small business owners in their specific community.
- It recommended that SBA, in partnership with HBCU's, develop an SBA Loan Candidacy program designed to prepare minority and women loan applicants for SBA guaranteed loans and for recently denied minority and women applicants. The SBA Loan Candidacy program implemented by the SBDC will work with candidates to provide a path to loan application success.
- U.S. Small Business Administration convene a conference with SBA District Directors, Executive Directors of Small Business Development Centers and The National HBCU Business Deans roundtable to engage a dialog and discussions about strategies and recommendations regarding enhancing and expanding the partnership. The National HBCU Business Deans Roundtable, established in 1999, consists of approximately 65 business programs across the country. The Roundtable was formed to provide a forum for deans of HBCU business schools to collaborate on opportunities and challenges with expanding business programs and initiatives. The organization also works to develop strategic partnerships with various businesses to provide essential tools and resources for student success.

An overarching recommendation is that SBA implement a unique and special partnership with HBCUs, including expanding the number of SBDC subcenters at HBCUs from 16 to more than 50, strategically located in communities and areas of great need for economic impact.

Thank you for this opportunity to present testimony on behalf of Historically Black Colleges and Universities.



# DELAWARE STATE UNIVERSITY

OFFICE OF THE DEAN

*College of Business*

April 26, 2019

Congress of the United States  
U.S. House of Representatives  
Committee on Small Business  
2361 Rayburn House Office Building  
Washington, DC 20515-6315

Dear Small Business Subcommittee on Investigations, Oversight, and Regulations:

Please accept my written testimony below in response to the Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations invitation to the hearing titled, "Lost Opportunities? SBA's Engagement with Historically Black Colleges and Universities."

## Experience

My tenure at Delaware State University (DSU) has included faculty and administrative roles in the division of both academic and student affairs. I have served in the role of an Associate Vice President for Student Affairs and as a Dean of both the Graduate School and currently the College of Business. Additionally, I serve as the founding Director and Principal Investigator (PI) of the Delaware State University Center for Economic Development and International Trade (UCEDIT), a U.S. Economic Development Administration University Center charged with leveraging University resources for economic development initiatives throughout the State of Delaware and the founding Director of the Economic Development and Leadership Institute at Delaware State University, which provides underrepresented students with theoretical, practical and experiential learning in the field of economic development while introducing and cultivating the tenants of effective leadership in developing economies both domestically and abroad.

It is through these experiences that I have had the opportunity to engage the Small Business Administration (SBA) on small business development initiatives as well as recognize several opportunities for the SBA to deepen its relationship with DSU.

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### Delaware State University's Current and Past Partnership with the Small Business Administration

- DSU served as a lead SBDC until 2004.
- The University's Delaware Center for Enterprise Development (DCED) received four SBDC sub-awards from the University of Delaware between 2014 and 2017 totaling approximately \$100k to provide technical assistance to clients in Kent County.
- DCED received an SBA PRIME grant from 2009-2011. The funds from the SBA PRIME grant were used to establish a Mobile Entrepreneurial Training initiative for small business owners and emerging entrepreneurs.
- In 2019, the DCED signed a service agreement with the University of Delaware's SBDC to provide services to Kent County residents.

### Potential Areas of Development

The SBA support referenced above has provided specific clients with invaluable insight and resources for furthering their own enterprises. However, the impact of the SBA's funding and services could be exponentially more significant if the University and the SBA strategically worked together to develop targeted programming that effectively integrates the talent and resources of both entities.

To this end, there are three areas of focus that the SBA can engage the University that would further both of their mission; (1) infrastructure, (2) alumni/community partnerships and, (3) student engagement.

1. **University Capacity Building:** Not unlike many universities across the country, Research, Teaching, and Service represent the three pillars in higher education. However, there is one distinct difference when comparing Historically Black Colleges and Universities (HBCU) to Predominantly White Institutions (PWI), their ability to effectively monetize their research and service. HBCUs have traditionally, and currently focused their revenue generation efforts on the enterprise of Teaching; pressing their respective Admission Offices to increase enrollment to support growing financial gaps with little attention being given to Research and Service. Contrarily, Universities such as John's Hopkins and the University of Washington garner up to \$2 billion in federal funding alone for their research and service activities. These institutions have effectively leveraged the full capacity of their brain trust by deploying the expertise of their faculty, staff, and students to solve many of the world's most challenging problems. The ability of these universities to effectively and efficiently deploy their resources for the public good is not by chance but rather by design. And it is this design that our University and many other HBCUs could utilize the expertise within the SBA to

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develop further. SBA opportunities such as SBIR and STTR, in addition to the billions of product and service needs of the federal government and private sector, requires a university's infrastructure that is designed to leverage its assets both immediately and efficiently. For example, the SBA can play a critical knowledge role in HBCUs' pursuit of the creation of Centers of Excellence designed to respond to global product and service needs through innovation.

2. **Alumni/Community:** The fastest growing population of entrepreneurs are African Americans, specifically African American women. However, even though this high propensity to become their own boss, African Americans' road to business stability and expansion is paved with limited access to capital, professional networks and technical "know how." However, a viable partnership between HBCUs and the SBA, uniquely weaving and tailoring their various assets, could provide the necessary platform to engage the African American small business community as well as plug the resource gaps. For example, HBCUs are uniquely linked to African American community organizations such as fraternities and sororities, ministerial alliances, Urban Leagues and agricultural associations (for the land grant institutions), all of whom have economic development as part of their mission. Moreover, DSU, like many other HBCUs, has a large first generation population representing many of the metropolitan areas of the Northeast and Mid-Atlantic. Thus, the SBA, in partnership with HBCUs, can create a network of services that extends into the communities that they represent.
3. **University Student Engagement:** Per a recent Young Entrepreneur Foundation survey, 90% of teachers and guidance counselors say their students are interested in becoming entrepreneurs; however, 75% of them say their students have no idea where to go for guidance. Unfortunately, the cultivation of this phenomenon amongst incoming freshmen and upperclassmen is often absent in our HBCUs due to lack of resources and/or capacity. However, a strategic partnership with the SBA could be vital in our efforts to design and provide this knowledge and skill base via curricula and co-curricular activities. For example, the establishment of multidisciplinary innovation labs shared entrepreneurial ideation, and development spaces and skills training are areas where the SBA's resources and expertise could play a vital role in the development of our students' business acumen.

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*College of Business*

Thank you,

A handwritten signature in cursive script, appearing to read "Michael H. Casson Jr.".

**Michael H. Casson Jr., Ph.D.**

Dean, College of Business

Director, University Center for Economic Development and International Trade (UCEDIT)

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**Testimony Provided to the  
Committee on Small Business' Subcommittee on Investigations,  
Oversight, and Regulations  
United States House of Representatives**

Dr. Roslyn Clark Artis

President

Benedict College

April 30, 2019

### **Dr. Roslyn Clark Artis**

Dr. Roslyn Clark Artis has earned, for the second time, the distinct honor of serving as the first-female President of a collegiate institution in the United States.

On June 30, 2017, Dr. Artis was unanimously appointed by the Board of Trustees as the 14th President of Benedict College. She is the first-female President in the 147-year history of the college which was founded by a woman, Mrs. Bathsheba Benedict, in 1870.

Intentional, professional and thoroughly committed to the proliferation and transformation of colleges and universities that serve underrepresented men and women of color, Dr. Artis brings to Benedict College a depth of knowledge in higher education and enthusiasm for students' success that is unmatched in today's higher education arena.

In her brief tenure at the helm of Benedict, Dr. Artis has led a remarkable institutional transformation that included lowering tuition, increasing academic standards, stabilizing the institution's financial position, streamlining academic degree programs and upgrading the institution's technology infrastructure. These efforts resulted in Benedict College receiving the 2019 ACE/Fidelity Investments Institutional Transformation Award, which recognizes institutions who have met higher education challenges in a particularly innovative or creative way and realized positive results in a relatively short period of time.

Dr. Artis comes to Benedict College from Florida Memorial University in Miami where she served for four years as the 13th President and the first female President in that University's 138-year history. During her tenure, she provided immeasurable leadership and direction to the Florida Memorial University family. Among her many achievements were the significant technology enhancements on campus, new facility construction, innovative partnerships, as well as increased national exposure and resource development for the institution in the areas of STEM, Cybersecurity, and Social Justice.

Dr. Artis is a graduate of Vanderbilt University, where she earned a Doctorate in Higher Education Leadership and Policy. She also holds a Juris doctorate from West Virginia University College of Law, and her Bachelor of Arts degree in Political Science from sister HBCU, West Virginia State University. The consummate professional, Dr. Artis also holds a Certificate of Fundraising Management from Indiana University and a Certificate of Mastery in Prior Learning Assessment from DePaul University.

A native of Beckley, WV, Dr. Artis enjoyed a robust civil litigation practice, prior to embarking on a career in academia. A strong community activist, Dr. Artis is past Chair of the WV Board of Law Examiners and a past president of the Mountain State Bar Association -- the oldest minority bar association in the country.

A prolific speaker, critical thinker and fierce advocate for educational access, Dr. Artis has been recognized for her work locally and nationally and is frequently engaged as a mentor, lecturer, and catalyst for strategic transformation. Her passion for education, youth development, and service to the community is manifested through her work with numerous organizations including Delta Sigma Theta Sorority, Inc., the Links, Inc. and Jack & Jill of America.

### Executive Summary

Subcommittee Chairwoman Judy Chu, Ranking Member Ross Spano, and Members of the Subcommittee, thank you for the opportunity to testify today.

My name is Dr. Roslyn Clark Artis, and I serve as the 14<sup>th</sup> President of Benedict College (Benedict). Founded in 1870 by a woman, Bathsheba A. Benedict, the institution is a private co-educational liberal arts institution with 2,100 students enrolled in its 34 baccalaureate degree programs during the 2017-2018 academic year. Benedict has been highly regarded and exceptionally ranked for its programs by several academic and traditional publications, including the Washington Monthly magazine as one of the top baccalaureate colleges in the nation for creating social mobility, producing cutting-edge scholarship, and research.

I was asked to testify before the subcommittee about Benedict's experiences and relationship with the Small Business Administration (SBA). Benedict has a College Business Development Center (BDC) located on campus and this center currently has a Strategic Alliance Memorandum (SAM) with the SBA. The initial SAM was signed by Benedict on October 30, 2013, and the most recent SAM was signed on April 9, 2019. This contractual agreement with the SBA through its South Carolina District Office has the purpose of helping start, maintain, and expand small businesses. Through this agreement since 2013, Benedict has been able to –

- Host three SBA business roundtable discussions in 2013, 2014, and 2015;
- Complete an agreement with the FDIC regional office to utilize the Money Smart Financial Literacy Curriculum with Benedict College students and Community residents in 2014;
- Host a Business Management Training Course for local entrepreneurs N X Level Training in 2016;
- Partner with the Benedict-Allen Community Development Center (CDC) to provide technical assistance pertaining to marketing, accounting, and management to borrowers of the CDC's Benedict Minority Loan Fund from 2013 to 2016;
- Restructure the technical assistance and incubator program within the BDC in 2018; and
- Create the student Innovation Hub program within the BDC in 2018.

While Benedict has been able to benefit from the SAM with the SBA, there are improvements that could be implemented to further enhance the relationship between the two entities such as:

- As a part of the SAM, developing an action plan or timetable of program activities or events that can be implemented in partnership between Benedict College and the SBA;
- Designating specific resources (program funds, staff, etc.) that can be utilized by both parties for use in implementing the SAM;
- Assisting the college through the use of new and existing SBA relationships;
- Strengthening the SAM by committing financial resources from SBA to assist with business technical assistance through the college's BDC; and
- Having the SBA provide co-branding support with Benedict College to assist with the marketing capacity to increase awareness in the surrounding community of the services provided through the relationship with the SBA.

I would like to thank Chairwoman Nydia M. Velazquez, Representative Alma Adams, and the remaining Members of Congress for requesting that the Government Accountability Office (GAO) look into SBA's entrepreneurship efforts with HBCUs. We learned that SBA's goals, as identified in their 2018 strategic plan submitted to the Secretary of Education and the Executive Director of the White House Initiative on HBCUs, were to "(1) [raise] awareness and [provide] information that would help raise the capacity of HBCUs to participate in federally funded programs, and (2) promote collaboration among HBCUs and SBA resource partners and district offices."

In an effort to accomplish goal number one, both the Small Business Innovation Research and Small Business Technology Transfer programs were mentioned. SBA indicates that these programs are underutilized by HBCUs, but what the report fails to disclose is that funding requested for these very same programs in the FY 2020 budget request was significantly lower at \$3 million compared to the \$5.99 million that was enacted in FY 2019, *a \$2.99 million dollar decrease*.

SBA's stated goals are a direct response to Executive Order (EO) 13779, and the 116<sup>th</sup> Congress has taken measures to codify this EO. While the United States Senate has already passed S. 461, the HBCU Propelling Agency Relationships Towards a New Era of Results for Students (PARTNERS) Act, there remains concerns in the HBCU community regarding this legislation and whether or not it goes far enough to truly increase transparency within the Federal government. H.R. 1054, the HBCU PARTNERS Act is similar to the Senate bill, but includes stronger provisions that would be supported by the HBCU community.

In conclusion, HBCUs are valuable institutions that not only contribute to society, but provide an invaluable experience for our students, especially our students who are low-income and first generation. I hope to see greater collaboration between SBA and HBCUs, and I also hope to see meaningful legislation passed in the 116<sup>th</sup> Congress to truly strengthen EO 13779.

For more information and details regarding my remarks, I ask that you read my written testimony submitted for your review.

Thank you.



### Full Testimony<sup>1</sup>

#### Introduction

Subcommittee Chairwoman Judy Chu, Ranking Member Ross Spano, and Members of the Subcommittee, thank you for the opportunity to testify today.

My name is Dr. Roslyn Clark Artis, and I serve as the 14<sup>th</sup> President of Benedict College (Benedict). Founded in 1870 by a woman, Bathsheba A. Benedict, the institution is a private co-educational liberal arts institution with 2,100 students enrolled in its 34 baccalaureate degree programs during the 2017-2018 academic year. Benedict has been highly regarded and exceptionally ranked for its programs by several academic and traditional publications, including the Washington Monthly magazine as one of the top baccalaureate colleges in the nation for creating social mobility, producing cutting-edge scholarship, and research.

Benedict offers several high-demand fields of study in STEM, Cyber Security, Mass Communication, Sport Management, Business Administration, Engineering, Computer Science, Biology, and Education. Benedict has a diverse faculty of which 80 percent are full-time, and 60 percent hold doctorates or the equivalent. The institution made front-page news in the spring of 2018 when it became the first South Carolina college to lower its tuition by 26 percent. Cutting tuition drew praise from the Commission on Higher Education, South Carolina's education oversight body. The commissioner noted the move that Benedict has made should be applauded because it offers students more access to higher education and affordability.

With a vision to be a leader in providing transformative learning experiences for a diverse student body, defined by superior cultural and professional competencies that are nurtured and developed by faculty, staff and stakeholders who value innovation, customer service, community and industry engagement, Benedict is an institution that is not only a best buy for students, but one that is intentional with how to bring about true student success.

#### HBCU History and Statistics

I would like to thank Representative Alma Adams for making the request and Chairwoman Nydia M. Velazquez and the remaining Members of Congress for joining her in requesting that the Government Accountability Office (GAO) look into

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<sup>1</sup> This testimony largely mirrors the testimony given by Dr. Paulette Dillard in that (1) both testimonies are from private HBCUs that are impacted in the same manner by the Federal government and (2) both HBCUs have SAMs with the SBA. You will find the main differences in testimony to be the details regarding the Strategic Alliance Memorandums with the Small Business Administration.

SBA's entrepreneurship efforts with HBCUs. Before we dive into the findings in the report, I think that it is imperative that we all understand the history of these rich and invaluable institutions we call HBCUs.

HBCUs were created as early as 1837 to provide African Americans access to higher education. Noted for their contributions in educating "black, low-income and educationally disadvantaged Americans," the 101 accredited HBCUs today constitute the class of institutions that satisfy the statutory definition of the term "HBCU" as defined in the *Higher Education Act of 1965*.

HBCUs disproportionately enroll low-income, first-generation and academically underprepared college students—precisely the students that the country most needs to obtain college degrees. In 2017:

- Nearly 300,000 students attended HBCUs<sup>2</sup>;
- More than 75 percent of HBCU students were African Americans; and
- 70 percent of all students at HBCUs received federal Pell Grants, and 78 percent of these students received federal loans.<sup>3</sup>

HBCUs comprised 3 percent of all two- and four-year non-profit colleges and universities, yet they:

- Enroll 10 percent of African American undergraduates;
- Produce 17 percent of all African American college graduates with bachelor's degrees; and
- Graduate 24 percent of African Americans with bachelor's degrees in STEM fields.<sup>4</sup>

A 2015 Gallup survey confirms that HBCUs are providing African American students with a better college experience than African American students at other colleges and universities.

<sup>2</sup> U.S. Department of Education, National Center for Education Statistics. (2019). *Digest of education statistics 2018* [Table 313.20]. Retrieved from [https://nces.ed.gov/programs/digest/d18/tables/dt18\\_313.20.asp](https://nces.ed.gov/programs/digest/d18/tables/dt18_313.20.asp)

<sup>3</sup> UNCF Patterson calculations using U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System.

<sup>4</sup> Ibid.

- 55 percent of African American HBCU graduates say their college prepared them well for post-college life versus 29 percent for African American graduates of other institutions.<sup>5</sup>

HBCUs attained these results at an affordable price for students—that is, the cost of attendance at HBCUs is about 30 percent lower, on average, than other colleges—despite limited operating budgets and endowments that are roughly half the typical size of other four-year public and private non-profit colleges and universities.

Since our founding, HBCUs have been, and continue to be, under-resourced institutions. An issue brief produced by ACE (American Council on Education) and UNCF (United Negro College Fund, Inc.) revealed the following:

- Public HBCUs rely more heavily on federal, state, and local funding in comparison with their non-HBCU counterparts (54 percent of overall revenue vs 38 percent);
- Private HBCUs depend a little bit more on tuition dollars than their non-HBCUs counterparts (45 percent compared with 37 percent);
- Private gifts, grants, and contracts constitute a smaller portion of overall revenue at private HBCUs compared to their non-HBCU counterparts (17 percent vs 25 percent);
- Public and Private HBCUs experienced the largest declines in federal funding per full-time equivalent student between 2003-2015; and
- In both the public and private sectors, HBCU endowments lag behind those of non-HBCUs by at least 70 percent.<sup>6</sup>

Despite being under-resourced institutions, HBCUs have a large economic impact that often goes unnoticed by most. In 2017, UNCF released a report detailing the economic impact of HBCUs. The report revealed that in 2014, the impact of HBCUs on their regional economies included:

- \$10.3 billion in initial spending, which includes spending by the institution for personnel services, spending by the institution for operating expenses, and spending by students;

<sup>5</sup> Gallup, Inc. (2015). *Gallup-USA funds minority college graduates report*. Retrieved from UNCF Website: [https://www.uncf.org/wp-content/uploads/PDFs/USA\\_Funds\\_Minority\\_Report\\_GALLUP-2.pdf](https://www.uncf.org/wp-content/uploads/PDFs/USA_Funds_Minority_Report_GALLUP-2.pdf)

<sup>6</sup> Williams, K.L. & Davis, B.L. (2019). *Public and private investments and divestments in historically black colleges and universities*. Retrieved from American Council on Education Website: <https://www.acenet.edu/news-room/Pages/Public-and-Private-Investments-and-Divestments-in-HBCUs.aspx>

- An employment impact of 134,090 jobs, which approximately 43 percent were on-campus jobs and 57 percent were off-campus jobs;
- \$10.1 billion in terms of gross regional product, which is a measure of the value of production of all industries;
- A work-life earnings of \$130 billion for the Class of 2014, which is 56 percent more than they could expect to earn without their 2014 certificates or degrees; and
- A total economic impact of \$14.8 billion.<sup>7</sup>

In addition to the positive impact HBCUs make on the overall economy, HBCUs also have a strong impact academically when observed at the state and local level. An upcoming report to be released by UNCF shows that:

- HBCUs comprised 8.5 percent of the four-year institutions across the 21 states and territories in the analysis;
- Across the 21 states and territories in the analysis, HBCUs enrolled, on average, 24 percent of all black undergraduates pursuing a bachelor's degree in a college or university in 2016;
- Across the 21 states and territories in the analysis, on average, 26 percent of all black bachelor's degree recipients graduated from an HBCU in 2016; and
- In my home state of North Carolina, HBCUs are 16 percent of the four-year institutions, but enroll 45 percent of all black undergraduates and award 43 percent of all black bachelor's degrees in the state.<sup>8</sup>

### GAO Report Findings

While the GAO report does not address the resources directly at HBCUs, this report does examine “(1) federal priorities and SBA goals related to working with HBCUs, and (2) SBA’s key programs and outreach activities for fostering entrepreneurship, particularly with HBCUs, and what is known about HBCU participation in these programs and activities.”<sup>9</sup> We learned that SBA’s goals, as identified in their 2018 strategic plan submitted to the Secretary of Education and the Executive Director of the White House Initiative on HBCUs, were to “(1) [raise] awareness and [provide] information that would help raise the capacity of HBCUs to participate in federally funded programs, and (2) promote collaboration among HBCUs and SBA resource

<sup>7</sup> Humphreys, J.M. (2017). *HBCUs make America strong: The positive economic impact of historically black colleges and universities*. Retrieved from UNCF Website: <https://www.uncf.org/programs/hbcu-impact>

<sup>8</sup> Saunders, K. & Nagle, B.T. (2018). *HBCUs punching above their weight: A state-level analysis of historically black college and university enrollment and graduation*. Washington, DC: UNCF Frederick D. Patterson Research Institute

<sup>9</sup> Ortiz, A.M. (2019). *Small business administration: Key entrepreneurship programs and activities do not specifically target historically black colleges and universities, but collaboration exists with some schools*. Washington, DC: U.S. Government Accountability Office.

partners and district offices.”<sup>10</sup> The report goes on to describe ways that HBCUs could collaborate with SBA by identifying Small Business Development Centers (SBDC), Women’s Business Centers (WBC), SCORE chapters, and Strategic Alliance Memorandums (SAM) as ways for HBCUs to engage. From this, we learned that:

- out of 63 total organizations that receive funding for SBDCs, HBCUs only account for 2 of those organizations;
- out of more than 900 service centers in the SBDC network, HBCUs only account for 16 of those centers; and
- out of 206 strategic alliance memorandums, HBCUs only account for 24 of those memorandums.

It is not surprising that there is not more HBCU representation in the aforementioned ways HBCUs could collaborate with SBA, but what is surprising is what I have to say next. The report goes on to explain SBA’s first goal to provide HBCUs with information on accessing and competing for federal grants and contracts in a bit more detail. Both the Small Business Innovation Research and Small Business Technology Transfer programs are mentioned. SBA indicates that these programs are underutilized by HBCUs, but what the report fails to disclose is that funding requested for these very same programs in the FY 2020 budget request was significantly lower at \$3 million compared to the \$5.99 million that was enacted in FY 2019, **a \$2.99 million dollar decrease**. There are a total of 11 agencies that participate with the SBA regarding these two programs and only agencies with extramural budgets for research and development in excess of \$1 billion are required to set aside certain targeted amounts for small business innovation.

### Strategic Alliance Memorandum

#### Initial SAM with SBA

I was asked to testify before the subcommittee about Benedict’s experiences and relationship with the Small Business Administration (SBA). Benedict has a College Business Development Center (BDC) located on campus and this center currently has a Strategic Alliance Memorandum (SAM) with the SBA. The initial SAM was signed between the BDC and the SBA on October 30, 2013.<sup>11</sup> This initial contractual agreement with the SBA through its South Carolina District Office had a purpose of developing and fostering a working relationship to strengthen small business development in the local area.

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<sup>10</sup> Ibid.

<sup>11</sup> See enclosure 1

The BDC was established in 2002 with a mission to expand Benedict's role and overall effectiveness in addressing the economic and business development needs of small and minority-owned businesses in the metropolitan area of Columbia, South Carolina and throughout the State. At the BDC's core, it seeks to aid in job creation, increased business development, and more entrepreneurial opportunities for low-to-moderate income persons. In practice the BDC seeks to do the following:

- expand and enhance the number of small and minority-owned businesses in the local community;
- provide financial and technical support to these small businesses;
- provide business training to local small businesses;
- reduce business formation overhead costs to small businesses; and
- provide a vehicle to increase contracting opportunities between small businesses and large corporations.

Through this agreement since 2013, Benedict has been able to –

- Host three SBA business roundtable discussions in 2013, 2014, and 2015;
- Complete an agreement with the FDIC regional office to utilize the Money Smart Financial Literacy Curriculum with Benedict College students and Community residents in 2014;
- Host a Business Management Training Course for local entrepreneurs N X Level Training in 2016;
- Partner with the Benedict-Allen Community Development Center (CDC) to provide technical assistance pertaining to marketing, accounting, and management to borrowers of the CDC's Benedict Minority Loan Fund from 2013 to 2016;
- Restructure the technical assistance and incubator program within the BDC in 2018; and
- Create the student Innovation Hub program within the BDC in 2018.

#### Second SAM with SBA

On April 9, 2019, the BDC signed another SAM with SBA<sup>12</sup>. This agreement was officialized to help start, maintain, and expand small businesses with the overall primary goal of meeting the needs of the business community. Specifically, SBA's role is to:

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<sup>12</sup> See enclosure 2

- provide the BDC with updated information about SBA's program and services;
- upon request, make SBDCs, SCORE, WBDs, and Veteran Business Outreach Centers (VBOCs) available to the BDC for support;
- provide access to SBA pamphlets, brochures, and other resource material upon request;
- advise the BDC of events that may impact its mission;
- provide speakers, counselors, and other technical assistance resources to participate in BDC workshops and other activities;
- invite BDC's clients and members to attend local SBA-sponsored events and offer SBA-sponsored training at BDC's sponsored events;
- provide a text-only hyperlink from SBA's website to the BDC's website;
- provide information and training to the BDC's staff on SBA programs and services; and
- assign a local point of contact to serve as liaison between SBA and the BDC.

BDC's role in the agreement includes:

- cooperating with SBA's resource partners (SBDCs, SCORE, WBDs, VBOCs, etc...) to provide necessary information to its clients and members about business development services;
- disseminating updated information provided by SBA when needed;
- distributing SBA pamphlets, brochures, and other publications;
- informing clients and members of SBA's programs and services, to include referrals to SBA's Resource Partners;
- providing speakers for SBA-sponsored events when needed;
- providing a text-only hyperlink from BDC's website to SBA's website; and
- assigning a local point of contact to serve as a liaison between the BC and SBA.

#### Further Needs

While Benedict has been able to benefit from the SAM with the SBA, there are improvements that could be implemented to further enhance the relationship between the two entities such as:

- As a part of the SAM, developing an action plan or timetable of program activities or events that can be implemented in partnership between Benedict College and the SBA;

- Designating specific resources (program funds, staff, etc.) that can be utilized by both parties for use in implementing the SAM;
- Assisting the college through the use of new and existing SBA relationships;
- Strengthening the SAM by committing financial resources from SBA to assist with business technical assistance through the college's BDC; and
- Having the SBA provide co-branding support with Benedict College to assist with the marketing capacity to increase awareness in the surrounding community of the services provided through the relationship with the SBA.

#### **Policy Recommendation**

The SBA submitted an agency plan to the Secretary of Education and the Executive Director of the White House Initiative on HBCUs due to Executive Order (EO) 13779 released on February 28, 2017 by President Donald J. Trump. In this EO, the Secretary of Education and the Executive Director of the White House Initiative on HBCUs are mandated to identify agencies that regularly interact with HBCUs and have them prepare an annual plan describing efforts to strengthen the capacity of HBCUs to participate in applicable Federal programs and initiatives.<sup>13</sup> As described in the GAO report, this type of EO was first written in 1980, under EO 12232, in the Administration of President Jimmy Carter and established the White House Initiative on HBCUs.

Although the Trump Administration followed suit and introduced an EO regarding the White House Initiative on HBCUs, this Administration also wanted to inquire about ways to further enhance the EO as well. Birthed from this were conversations with select representatives of the HBCU community and an introduction of S. 461, the HBCU Propelling Agency Relationships Towards a New Era of Results for Students (PARTNERS) Act. This bill, led by Senators Tim Scott and Chris Coons, gained 15 bipartisan cosponsors and passed the United States Senate on February 12, 2019 by unanimous consent. In the United States House of Representatives, a similar bill was also introduced, H.R. 1054, the HBCU PARTNERS Act, led by Representatives Alma Adams and Mark Walker, with 8 bipartisan cosponsors.

While I am thankful that Congress is in the process of codifying EO 13779, I would be remiss if I did not express some concern from those of the HBCU community regarding the version that passed the Senate. The law is binding, but EO's have a greater degree of flexibility. I am happy that EO 13532 further enhanced the White House Initiative on HBCUs to express the importance of working with our institutions, and I am happy that an EO 13779 continued this effort.

<sup>13</sup> Exec. Order No. 13779, 82 FR 12499 (2017).



S. 461 was intended to codify EO 13779 but made some changes to both strengthen and weaken the EO. For instance, the legislation strengthened the EO by adding additional language to:

- mandate that agencies who submit a plan describe any progress made towards advancing or achieving goals and efforts from previous agency plans;
- require the head of each applicable agency to submit their agency plans to the Senate Committee on Health, Education, Labor, and Pensions and the House Committee on Education and Labor; and
- mandate that the President's Board of Advisors advise the President in improving government-wide strategic planning related to HBCU competitiveness to align Federal resources and provide the context for decisions about HBCU partnerships, investments, performance goals, priorities, human capital development and budget planning.

The legislation weakened the EO by not including the requirement that the President's Board of Advisors "shall include representatives of a variety of sectors, including philanthropy, education, business, finance, entrepreneurship, innovation, and private foundations, as well as sitting HBCU presidents." S. 461 simply remains silent regarding who would serve on this important Board, and I believe that clarity should be provided especially since this is something that would be codified.

The legislation also allows the Secretary of Education, in consultation with the Executive Director of the White House Initiative on HBCUs, to determine which Federal agencies "regularly interact" with HBCUs in order to mandate those agencies to submit agency plans. While previous EOs have included language allowing the Secretary of Education to determine which agencies would need to submit agency plans, a looming question remains as to the consistency of the agencies that would be considered to "regularly interact" with HBCUs from Administration to Administration.

I strongly believe that our Federal government should be more transparent with their efforts to work with institutions like mine, and I believe that Congress could do a better job at oversight of the Federal government regarding their interactions with HBCUs if all agencies were required to submit an agency plan. I completely understand that not all agencies would have a relationship with HBCUs and in this case, it would be beneficial that these agencies simply state in their plan any efforts they could potentially take to identify specific HBCU initiatives and resources that could benefit the HBCU community. This proposal does not mandate that any resources be spent on HBCUs, but simply requests that all Federal agencies be

transparent and tell Congress, the Secretary of Education, and the Executive Director on the White House Initiative on HBCUs what is happening within the agency as it pertains to HBCUs.

H.R. 1054 seeks to also codify EO 13779 and not only does it include the aforementioned language that strengthens the EO, it also mandates that all Federal agencies submit an agency plan.

### **Conclusion**

In conclusion, Benedict is one of many HBCUs that are providing a high-quality education at an affordable price. Consistent with the mission of all HBCUs, Benedict is no stranger to taking a chance on those students who most would forget. Every low-income student deserves a chance to pursue their dreams and live a life free from poverty. I am proud to represent such a fine institution, and I am honored to present this testimony to you today. I hope to see greater collaboration between SBA and HBCUs, and I also hope to see meaningful legislation passed in the 116<sup>th</sup> Congress to truly strengthen EO 13779. I commend the Members of this committee for your service and for addressing these important issues.

Thank you.



## Strategic Alliance Memorandum

*with the*

United States Small Business Administration

*and the*

Benedict College Business Development Center

### I. PURPOSE

The United States Small Business Administration (SBA) and the **Benedict College Business Development Center (BDC)** (each a "Party" or, collectively the "Parties") are joined by a common mission; **helping start, maintain, and expand small businesses**. The Parties will work together in the spirit of cooperation and open communications, consistent with law, with the primary goal of meeting the needs of the small business community.

Established in 2002 as the brainchild of Benedict College's Harvard-educated President, Dr. David Swinton, the Benedict College Business Development Center (BDC) was created with a mission to expand the college's role and effectiveness in addressing the economic and business development needs of small and minority businesses. The center's goal is to create jobs, increase business development and provide entrepreneurial opportunities for low-to-moderate income persons.

The mission of the BDC is to act as a catalyst for business development by increasing the economic capacity of small and minority-owned business in the metropolitan Columbia area and throughout South Carolina. BDC's Core Objectives are to expand and enhance the number of small and minority-owned businesses in the community, provide financial and technical support, and business training to entrepreneurs, reduce business formation overhead costs to small businesses and provide a vehicle to increase contracting opportunities between small businesses and large corporations

The mission of the SBA is to aid, counsel, assist and protect the interests of small business by providing financial, contractual and business development assistance and advocating on their behalf within the government. SBA district offices deliver SBA programs and services to the public. Each Party has separate services and resources which, when delivered in coordination with each other, will provide maximum benefits to the small business communities served.

The purpose of this Strategic Alliance Memorandum (SAM) is to develop and foster mutual understanding and a working relationship between the SBA and **BDC** in order to strengthen and expand small business development in the local area. The Parties acknowledge that specific joint training and outreach activities contemplated under this SAM require further negotiations and a separate signed agreement developed pursuant to SBA's cosponsorship authority. Nothing in this SAM permits **BDC** to use the SBA logo or seal. The "U.S. Small Business Administration" name shall be used only in a factual manner, consistent with applicable law, and shall not promote or endorse any products or services of any entity including but not limited to **BDC**.

In order to further their common goals, the Parties agree to the following:

## II. SCOPE AND RESPONSIBILITIES

### **SBA Undertakings:**

Within the limits of its available and/or appropriated resources, the SBA through its **South Carolina District Office** will:

- Provide **BDC** with up-to-date information about SBA's programs and services.
- Make available, upon request, information regarding SBA's resource partners, including but not limited to, the Small Business Development Centers (SBDCs), SCORE, Women's Business Centers (WBCs) and the Veteran Business Outreach Centers (VBOCs) (collectively, "SBA's Resource Partners").
- Make available, upon request and subject to their availability, SBA pamphlets, brochures, and other publications.
- Advise **BDC** of events that may impact its mission.
- Provide speakers, consistent with SBA rules and policy, to participate in **BDC** workshops, conferences, seminars and other activities to discuss SBA financing, government contracting and other business topics.
- Invite **BDC's** clients/members to attend local SBA-sponsored events and offer SBA-sponsored training at **BDC's** location when appropriate.
- Provide a text-only hyperlink from SBA's website to **BDC's** website pursuant to SBA's linking policies.
- Provide information to **BDC's** staff on SBA programs and services available to local small businesses.
- Assign a local point of contact to serve as liaison between SBA and **BDC**.

### **BDC Undertakings:**

Within the limits of its available resources, the **Benedict College Business Development Center** will:

- Cooperate with SBA's Resource Partners to provide information to its clients/members about business development services to small businesses when appropriate.
- Keep abreast of and disseminate up-to-date information provided by SBA when appropriate.
- Make available to its clients/members SBA pamphlets, brochures, and other publications.
- Inform **BDC's** small business clients/members of SBA's programs and services including referrals to SBA's Resource Partners when appropriate.
- Upon request, provide speakers for SBA-sponsored events when appropriate.
- Provide a text-only hyperlink from **BDC's** website to SBA's website.
- Assign a local point of contact to serve as liaison between **BDC** and SBA.

## III. TERM

Cooperation under this SAM will commence upon signing by both Parties and will continue for a period of two years from date of signature unless otherwise terminated by one or both Parties as per paragraph V below.

## IV. AMENDMENT

The Parties agree to consult each other on any amendment, modification or clarification to the provisions of this SAM. This SAM may only be amended or modified in writing and shall be consistent with applicable laws, regulations and SBA policy.

**V. TERMINATION**

Either Party may discontinue its participation under this SAM at any time, with or without cause, upon thirty (30) days written notice to the other Party.

**VI. RELATIONSHIP**

This SAM does not authorize the expenditure of any funds. Accordingly, this SAM shall not be interpreted as creating any binding legal obligations between the Parties nor shall it limit either Party from participating in similar activities or arrangements with other entities. Nothing contained herein shall be construed to create any association, partnership, joint venture or relation of principal or agent or employer and employee with respect to BDC and SBA.

**VII. RESPONSIBLE OFFICIALS**

The responsible officials and points of contact for administrative matters pertaining to this SAM are:

**Benedict College BDC:**

Gerald H. Smalls  
Dean of the School of Business  
1600 Harden Street  
Columbia, SC 29204  
803-517-6223  
[smalls@benedict.edu](mailto:smalls@benedict.edu)

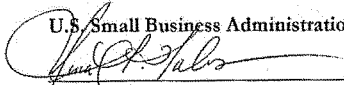
**U.S. Small Business Administration:**

Elliott O. Cooper  
SBA District Director, South Carolina  
1835 Assembly Street, Room 1425  
Columbia, SC 29201  
803-765-5339  
[elliott.cooper@sba.gov](mailto:elliott.cooper@sba.gov)

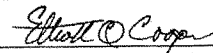
**VIII. SIGNATURES**

The signatories below represent that they have the authority to make such commitments on behalf of their respective organization:

**U.S. Small Business Administration:**

  
Mina Wales, Deputy Assistant Administrator  
Office of Public Communications and Public Liaison

10-31-13  
Date

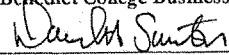
  
Elliott O. Cooper, District Director, South Carolina

10-30-13  
Date

  
Cassius F. Butts, Regional Administrator, Region IV

10-30-13  
Date

**Benedict College Business Development Center:**

  
Dr. David H. Swinton, CEO and President of Benedict College

10-30-13  
Date



## Strategic Alliance Memorandum

United States Small Business Administration (SBA)

And

Benedict College Business Development Center

The above mentioned parties hereby acknowledge receipt of the Strategic Alliance Memorandum  
on

April 9, 2019.

A handwritten signature in black ink, appearing to be "Ashley Bell", written over a horizontal line.

Mr. Ashley Bell, SBA Regional Administrator, Region 4

A handwritten signature in black ink, appearing to be "R. Gregg White", written over a horizontal line.

Mr. R. Gregg White, SBA South Carolina District Director

A handwritten signature in black ink, appearing to be "Dr. Roslyn Artis", written over a horizontal line.

Dr. Roslyn Artis, President, Benedict College



## Strategic Alliance Memorandum

*with the*

**United States Small Business Administration**

*and the*

**Benedict College Business Development Center**

### **I. PURPOSE**

The United States Small Business Administration (SBA) and the Benedict College Business Development Center are joined by a common mission; **helping start, maintain, and expand small businesses**. The Parties will work together in the spirit of cooperation and open communications, consistent with law, with the primary goal of meeting the needs of the small business community.

The Benedict College Business Development Center (BDC) was established in 2002 and created with a mission to expand the college's role and effectiveness in addressing the economic and business development needs of small and minority businesses. The center's goal is to create jobs, increase business development and provide entrepreneurial opportunities for low-to-moderate income persons.

The mission of the SBA is to aid, counsel, assist and protect the interests of small business by providing financial, contractual and business development assistance and advocating on their behalf within the government. SBA district offices deliver SBA programs and services to the public. Each Party has separate services and resources which, when delivered in coordination with each other, will provide maximum benefits to the small business communities served.

The purpose of this Strategic Alliance Memorandum (SAM) is to develop and foster mutual understanding and a working relationship between the SBA and Benedict College Development Center in order to strengthen and expand small business development in the local area.

The Parties acknowledge that beyond the information sharing contemplated under this SAM, any specific joint training and outreach activities will require a separate signed agreement developed pursuant to SBA's Cosponsorship Authority.

In order to further their common goals, the Parties agree to the following:

## **II. SCOPE AND RESPONSIBILITIES**

### **SBA Undertakings:**

Within the limits of its available and/or appropriated resources, the SBA through its South Carolina District Office will:

- Provide the BDC with up-to-date information about SBA's programs and services.
- Make available, upon request, access and support regarding SBA's resource partners, including but not limited to, the Small Business Development Centers (SBDCs), SCORE, Women's Business Centers (WBCs) and the Veteran Business Outreach Centers (VBOCs) (collectively, "SBA's Resource Partners").
- Make available, upon request and subject to their availability, SBA pamphlets, brochures, and other resource materials.
- Advise the BDC of events that may impact its mission.
- Provide speakers, counselors and other technical assistance resources consistent with SBA roles and policy, to participate in BDC workshops, conferences, seminars and other activities to discuss SBA financing, government contracting and other business topics.
- Invite the BDC's clients/members to attend local SBA-sponsored events and offer SBA-sponsored training at BDC's sponsored events when appropriate.
- Provide a text-only hyperlink from SBA's website to the BDC's website pursuant to SBA's linking policies.
- Provide information and training to the BDC's staff on SBA programs and services available to local small businesses.
- Assign a local point of contact to serve as liaison between SBA and the BDC.

### **BDC Undertakings:**

Within the limits of its available resources, the Benedict College Business Development Center (BDC) will:

- Cooperate with SBA's Resource Partners to provide information to its clients/members about business development services to small businesses when appropriate.
- Keep abreast of and disseminate up-to-date information provided by SBA when appropriate.
- Make available to its clients, members SBA pamphlets, brochures, and other publications.
- Inform the BDC's small business clients/members of SBA's programs and services including referrals to SBA's Resource Partners when appropriate.
- Upon request, provide speakers for SBA-sponsored events when appropriate.
- Provide a text-only hyperlink from BDC's website to SBA's website.
- Assign a local point of contact to serve as liaison between the BDC and SBA.

## **III. USE OF SBA NAME AND LOGO**

All materials bearing the SBA name or logo must be approved in advance by SBA's Responsible Program Official. Use of SBA's logo must be accompanied by the following



statement: "Use of the SBA logo is authorized by a Strategic Alliance Memorandum. Reference to SBA is not an endorsement of the views, opinions, products or services of any person or entity." The SBA logo may only be used to promote SBA and/or its programs, activities, and services. SBA's logo cannot be used in a way that suggests the Agency is endorsing any individual, organization, product, or service or in a way which implies that an improper relationship exists between SBA and an outside party. SBA's logo also must not be used in any manner that is liable to bring the Agency into a negative light, such as in connection with any products or services related to alcohol, gambling or adult entertainment industries. Further, SBA's logo must not be used in connection with any lobbying efforts, any political activities, or any religious symbols.

The "U.S. Small Business Administration" name shall be used only in a factual manner, consistent with applicable law, and shall not promote or endorse any products or services of any entity including but not limited to **Benedict College Business Development Center**. Nothing in this SAM permits **Benedict College Business Development Center** to use the SBA official seal.

#### **IV. TERM**

Cooperation under this SAM will commence upon signing by both Parties and will continue for a period of two years from date of signature unless otherwise terminated by one or both Parties as per paragraph VI below.

#### **V. AMENDMENT**

The Parties agree to consult each other on any amendment, modification or clarification to the provisions of this SAM. This SAM may only be amended or modified in writing and shall be consistent with applicable laws, regulations and SBA policy.

#### **VI. TERMINATION**

Either Party may discontinue its participation under this SAM at any time, with or without cause, upon thirty (30) days written notice to the other Party.

#### **VII. RELATIONSHIP**

This SAM does not authorize the expenditure of any funds. Accordingly, this SAM shall not be interpreted as creating any binding legal obligations between the Parties nor shall it limit either Party from participating in similar activities or arrangements with other entities. Nothing contained herein shall be construed to create any association, partnership, joint venture or relation of principal or agent or employer and employee with respect to **Benedict College Business Development Center** and SBA.

#### **VIII. RESPONSIBLE PROGRAM OFFICIAL**

The SBA Responsible Program Official for this Strategic Alliance Memorandum is R. Gregg White

#### **IX. POINTS OF CONTACT**

The points of contact for administrative matters pertaining to this SAM are:

**Benedict College Business Development Center:**

Name: Dr. Roslyn C. Artis  
 Title: President and CEO, Benedict College  
 Address: 1600 Harden Street, Columbia, SC 29204  
 Email: roslyn.artis@benedict.edu

**U.S. Small Business Administration:**

Name: R. Gregg White  
 Title: SBA District director, South Carolina  
 Address: 1835 Assembly Street, Columbia, SC 29201  
 Email: Richard.white@sba.gov

**X. SIGNATURES**

The signatories below represent that they have the authority to make such commitments on behalf of their respective organization. This SAM may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

**U.S. Small Business Administration:**

  
 Stephen Morris, Director of Strategic Alliances

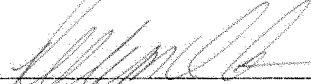
3-28-19  
 Date

**U.S. Small Business Administration:**

  
 R. Gregg White, District Director, South Carolina

4/9/19  
 Date

**Benedict College Business Development Center:**

  
 Dr. Roslyn C. Artis, President and CEO, Benedict College

4/9/19  
 Date