

SBA's Community Navigator Pilot Program

March 15, 2022

Because of the extent of small business needs in the wake of the pandemic, Section 5004 of the American Rescue Plan Act, 2021 (ARPA, P.L. 117-2) authorized the Small Business Administration's (SBA) [Community Navigator Pilot Program](#) (CNPP) to help current or prospective small business owners access COVID-19 pandemic programs and resources. The program awards grants to eligible organizations (e.g., nonprofit organizations, economic development organizations, or local government entities) in order to provide no-cost management and technical assistance to small business owners. Program services target underserved businesses, such as minority-, women-, and veteran-owned businesses, and include "financial assistance and access to capital; contracting and procurement; marketing, operations, business development, and exporting; and industry-specific training." Congress appropriated \$100 million for CNPP grants.

The SBA awarded grants to [51 recipients](#) in October 2021, through a competitive process. Maximum grant awards ranged from \$1 million to \$5 million, based on the proposed project's geographic reach and population served. Grantees have a two-year performance period during which to carry out project activities. SBA's Office of Entrepreneurial Development is overseeing the CNPP until it sunsets in 2025.

Program Objectives

According to the [committee report](#) accompanying ARPA, the CNPP's primary purpose is

to make more equitable the awareness of and participation in COVID-19 relief programs for business owners currently lacking access, with priority for businesses owned by socially and economically disadvantaged individuals, women, and veterans.

While all small businesses may receive assistance through the CNPP, the program is designed to provide [targeted outreach](#) to businesses underserved by the SBA, through organizations with staff who are culturally and/or linguistically knowledgeable of underserved communities. In its CNPP [Frequently Asked Questions \(FAQ\)](#), SBA states that 20.7% of the more than 7.9 million establishments with fewer than 500 employees are in counties without any type of SBA service center (e.g., Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), Veteran's Business Outreach Centers, or Service Corps of Retired Executives (SCORE)).

Congressional Research Service

<https://crsreports.congress.gov>

IN11893

Program Design and Grant Award Process

The CNPP employs a “Hub and Spoke” service delivery model. A grantee becomes the lead organization, serving as a “Hub,” and is charged with mobilizing a network of no fewer than five “Spoke” organizations that directly serve businesses. Some Hubs are located within the same state or county as their Spokes while some may serve larger areas. According to the [Notice of Funding Opportunity](#) (NOFO), Hubs must have been in operation for two or more years and be one of the following entities:

- a 501(c) status nonprofit organization;
- an economic development or similar organization;
- a Native American tribal government, or tribal organization other than a federally recognized tribal government;
- a local government (state, county, city, or township);
- an SBA Resource Partner (e.g., an SBDC, WBC, Veterans Business Outreach Center);
- a Community Development Financial Institution (CDFI); or
- a nonprofit college or university.

Hubs are responsible for funding Spokes, overseeing program operations, and acting as intermediaries between the SBA and Spoke organizations. Although Hub organizations are not responsible for Spoke organization performance, they must assist Spokes in fulfilling their project obligations. In turn, Spokes provide direct assistance to business owners and represent a sector of small business owners to the SBA.

According to the NOFO, the SBA used a tiered proposal solicitation “to ensure the greatest amount of equity and diversity of geographical and service delivery reach possible.” The three project award tiers included:

1. “Tier 1” awards, which were capped at \$5 million and intended for multi-state projects serving more than 500,000 people;
2. “Tier 2” awards, which were capped at \$2.5 million for projects supporting a state, region, municipality, or city with at least 500,000 people; and
3. “Tier 3” awards, which were capped at \$1 million for projects supporting a region, municipality, city, or tribal or rural community with fewer than 500,000 people.

The SBA reviewed 502 applications for the CNPP and funded 51. Nearly 450 Spoke organizations are associated with the funded Hubs. Thirty-four states and Puerto Rico are home to a Hub and every state is home to at least one Spoke with the exception of North Dakota and Kansas. Five states, California, Ohio, Georgia, Texas, and Missouri, have more than 20 Spokes. States with only one Spoke are Maine, New Mexico, Nevada, and West Virginia.

Congressional Interests

There is some congressional discourse concerning the need for the CNPP, as well as the appropriateness of its scope. One Member and program advocate stated in the [Congressional Record](#) that the CNPP is needed to “help those who are not as sophisticated to be able to get the help that they need” and whose needs are not being met by SBA resources: “Yes, we have the Women’s Business Centers. Yes, we have the Small Business Development Centers. But we need more help.” Others, however, have expressed concern about the CNPP’s potential duplication of existing SBA programming and questioned whether the CNPP’s duration suits its pilot status (found in the [committee report](#) accompanying ARPA).

Prior to funding the CNPP, in FY2020, Congress appropriated \$261 million for entrepreneurial development programs in P.L. 116-93, plus an additional \$265 million for SBA training programs in the CARES Act (P.L. 116-136) to assist small businesses adversely affected by the pandemic. Congress may be interested in how CNPP services affect small business participation in SBA programs, and how CNPP grantee outreach differs from SBA service centers' and resource partners' typical outreach. Congress may be specifically interested in data provided in CNPP grantee reports to the SBA. According to the NOFO, the SBA will monitor CNPP performance metrics, including the number of:

- unique clients who receive assistance;
- clients approved for loan or grant funding (including new and existing businesses);
- jobs created or retained; and
- the percent of revenue increase (gross sale dollars).

As described in CRS Report R41352, *Small Business Management and Technical Assistance Training Programs*, Small Business Management and Technical Assistance Training Programs, discussions about the duplication of small business technical assistance services and opportunities for improved coordination, merger, or elimination of programs predate the CNPP, as does advocacy for tailored programs for specific demographic groups.

Author Information

R. Corinne Blackford
Analyst in Small Business and Economic Development
Policy

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.