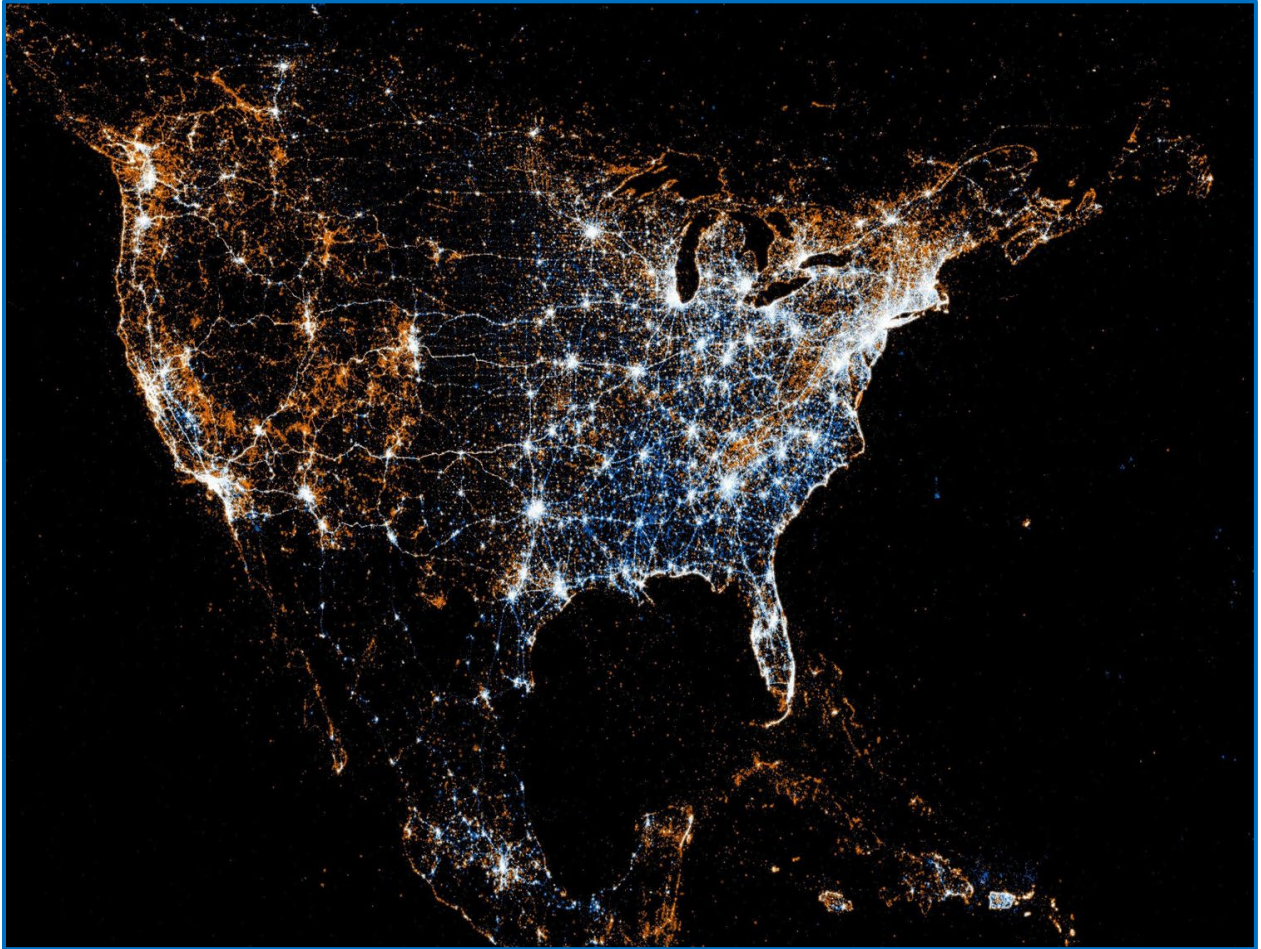


STATE TRADE EXPANSION PROGRAM
(YEAR 8) ANNUAL REPORT TO
CONGRESS

2021



U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INTERNATIONAL TRADE



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1. Introduction

1.1. Small Business Resilience Through International Trade

U.S. small businesses that trade internationally are key to our nation's economic competitiveness, and during the pandemic, their contribution to U.S. resilience and recovery was invaluable. Nearly 98 percent of U.S. exporters are small businesses, and they represent a third of the U.S.'s \$2 trillion export value. The benefits of exporting are significant. Small business exporters grow faster, are more financially stable, and create higher paying jobs than non-exporters. Moreover, exporting helps these businesses to stabilize their sales and stay in business longer as they are not dependent upon a single market.

Yet too often, U.S. small businesses overlook the opportunity of global sales. Only one percent of U.S. businesses engage in export activities, and less than half export to more than one country. Entering a new market can be expensive for firms. Information about these markets can be costly for businesses to gather on their own. Nevertheless, advancements in virtual tools, eCommerce platforms, digital marketing, and online resources are removing barriers to make exporting more accessible and profitable and to help small businesses reach 95 percent of the world's consumers living outside of the U.S.

1.2. STEP Background

The State Trade Expansion Program (STEP), originally authorized under the Small Business Jobs Act of 2010, was created to allow eligible small business concerns (ESBCs) to “enter and succeed in the international marketplace.”¹ The program, managed at the federal level by the U.S. Small Business Administration (SBA), offers competitive grants to all 50 states; the District of Columbia; and the Territories of Puerto Rico, the U.S. Virgin Islands, the Commonwealth of the Northern Mariana Islands, Guam, and American Samoa. The first grants were offered in 2011; after eight years, in 2020, there were 48 grantees (i.e., states and territories), with a total award value of \$18 million. STEP supports small business export development, including participation in trade missions and foreign market sales trips, export trade shows, international marketing efforts, and export training.

1.3. STEP Objectives

STEP has the following primary objectives: 1) To increase the number of small businesses that are exporting 2) To increase the value of exports for small businesses that are currently exporting 3) To increase the number of U.S. small businesses exploring significant new trade opportunities. To achieve these objectives, SBA provides state-level grantees with funding for nine activities, including participation in foreign trade missions, export training, international marketing efforts and trade show exhibitions.

¹ [State Trade Expansion Program: 10 Years of Success \(sba.gov\)](https://www.sba.gov/state-trade-expansion-program-10-years-success)

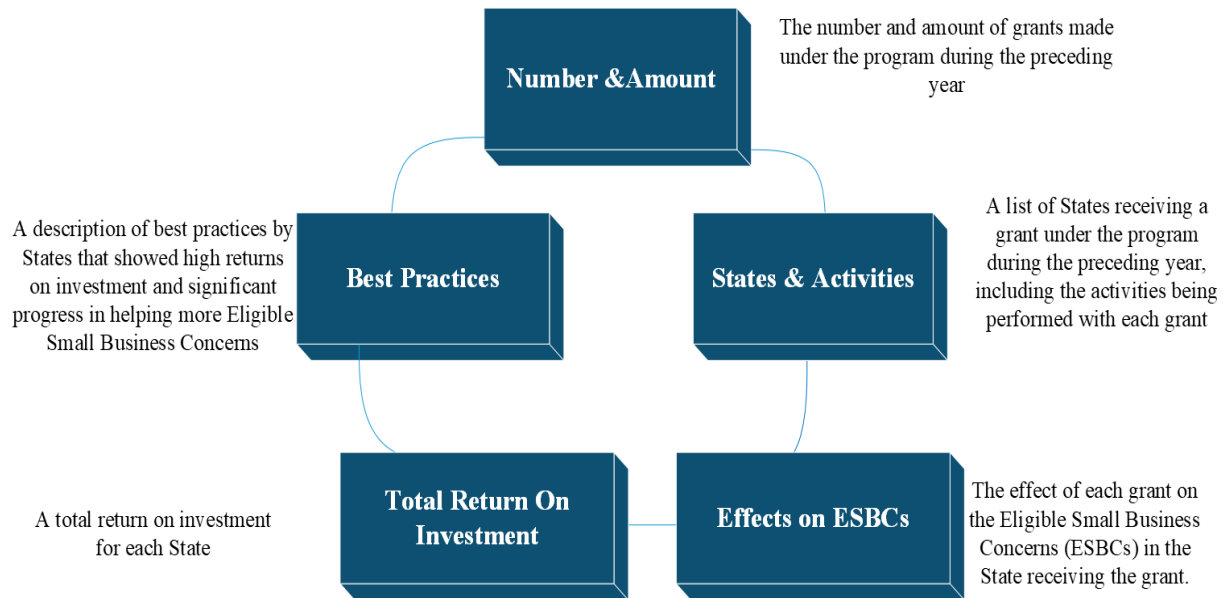
1.4. STEP Funding

By law, the ratio of federal to state matching funds is 75 percent to 25 percent, except for high exporting states, for which the ratio is 65 percent to 35 percent. Matching funds requirements are waived for the Virgin Islands, Guam, Commonwealth of the Northern Mariana Islands, and American Samoa. This structure is by design: SBA requires states with large export value to contribute more funding to STEP. The states that are considered high exporting are the top three states by export sales based on census data (California, New York and Texas).

1.5. STEP Annual Report to Congress

This 2021 STEP (Year 8) Annual Report to Congress outlines the SBA’s Office of International Trade’s approach to respond as required by statute per Section 22(1)(7)(B) of the Small Business Act.

Figure 1: Annual Congressional Reporting Requirements for STEP



2. The Number and Amount of Grants Made Under STEP During the Preceding Year

2.1. Awarded Grants

In addition to the 47 STEP 7 grants which continued for their second year, SBA awarded STEP 8 grants through a competitive process² to 41 States³ for a total of \$18,000,000 (FY 2019). This constituted 100 percent of the appropriation for the STEP program.

Table 1: Number and Amount of Grants Awarded for STEP 7 (2018) and STEP 8 (2019)

Number	State	Total Amount of Grants Awarded for STEP 7 = \$18,000,000		Total Amount of Grants Awarded for STEP 8 = \$18,000,000	
		Amount of Grant	Percent of Total Amount	Amount of Grant	Percent of Total Amount
1	Alabama	\$151,857	0.84%	\$ 154,924	0.86%
2	Arizona	\$300,057	1.67%	\$ 303,442	1.69%
3	Arkansas	\$150,000	0.83%	\$ 200,000	1.11%
4	California	\$650,000	3.61%	\$ 600,000	3.33%
5	Colorado	\$324,804	1.80%	\$ 480,000	2.67%
6	CNMI*	\$150,000	0.83%		
7	Connecticut	\$300,000	1.67%	\$ 300,000	1.67%
8	Delaware	\$268,096	1.49%	\$ 268,096	1.49%
9	Guam	\$150,000	0.83%		0.00%
10	Hawaii	\$450,000	2.50%	\$ 511,786	2.84%
11	Idaho	\$600,000	3.33%	\$ 400,000	2.22%
12	Illinois	\$700,000	3.89%	\$ 700,000	3.89%
13	Indiana		0.00%	\$ 495,000	2.75%
14	Iowa	\$200,000	1.11%	\$ 200,000	1.11%
15	Kansas	\$200,000	1.11%		0.00%
16	Kentucky	\$400,000	2.22%	\$ 300,000	1.67%

² The STEP grants were awarded through a competitive process initiated by Funding Opportunity Announcement (FOA) OIT-STEP-2019-01.

³ The Trade Facilitation and Trade Enforcement Act of 2015 provides that STEP grants may be awarded only to "States," meaning any of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, the Commonwealth of Northern Mariana Islands, and American Samoa. Therefore, only non-Federal entities that met this definition were eligible for an award under the program. For the purposes of the program, an "eligible non-federal entity" means a state agency or other entity that, prior to the date of application for the program, has been officially designated by the state governor, or equivalent thereof (e.g., mayor of the District of Columbia), as the sole applicant and lead entity for conducting the state's trade and export activities.



17	Louisiana	\$200,000	1.11%	\$ 200,000	1.11%
18	Maine	\$344,500	1.91%	\$ 344,500	1.91%
19	Maryland	\$550,000	3.06%	\$ 550,000	3.06%
20	Massachusetts	\$500,000	2.78%	\$ 500,000	2.78%
21	Michigan	\$800,000	4.44%	\$ 900,000	5.00%
22	Minnesota	\$144,750	0.80%		0.00%
23	Mississippi	\$540,000	3.00%	\$ 683,550	3.80%
24	Missouri	\$350,000	1.94%	\$ 480,000	2.67%
25	Montana	\$325,000	1.81%	\$ 499,488	2.77%
26	Nebraska	\$500,000	2.78%		0.00%
27	Nevada	\$150,000	0.83%	\$ 257,914	1.43%
28	New Hampshire	\$250,000	1.39%	\$ 241,233	1.34%
29	New Jersey	\$700,000	3.89%	\$ 900,000	5.00%
30	New Mexico	\$200,000	1.11%	\$ 200,000	1.11%
31	New York	\$700,000	3.89%	\$ 700,000	3.89%
32	North Carolina	\$700,000	3.89%	\$ 774,514	4.30%
33	North Dakota	\$247,614	1.38%	\$ 326,865	1.82%
34	Ohio	\$700,000	3.89%	\$ 457,786	2.54%
35	Oklahoma		0.00%	\$ 299,000	1.66%
36	Oregon	\$562,500	3.13%	\$ 562,500	3.13%
37	Pennsylvania	\$500,000	2.78%	\$ 500,000	2.78%
38	Puerto Rico	\$300,000	1.67%	\$ 300,000	1.67%
39	Rhode Island	\$374,002	2.08%	\$ 374,002	2.08%
40	South Carolina	\$360,400	2.00%	\$ 360,400	2.00%
41	Tennessee	\$150,000	0.83%		0.00%
42	Texas	\$600,000	3.33%	\$ 500,000	2.78%
43	Utah	\$300,000	1.67%	\$ 500,000	2.78%
44	Vermont	\$306,420	1.70%	\$ 300,000	1.67%
45	Virginia	\$200,000	1.11%	\$ 200,000	1.11%
46	Virgin Islands	\$150,000	0.83%		0.00%
47	Washington	\$750,000	4.17%	\$ 900,000	5.00%
48	West Virginia	\$250,000	1.39%		0.00%
49	Wisconsin	\$300,000	1.67%	\$ 275,000	1.53%
	Total Grant	\$18,000,000	100.00%	\$18,000,000	100.00%
	Number of Grantees	47		41	

*CNMI refers to Commonwealth of Northern Mariana Islands

3. States and Activities

3.1. STEP Activities

STEP allows grantees to award funds to eligible small businesses for approved activities. STEP activities are managed and provided at the local level by organizations designated by the state or territory. Grantees vary in the array of strategies they employ to advance trade among small businesses in their states. The underlying premise of STEP is to supplement non-federal entities' funds for export activities, not to use federal funds to cover costs that grantees would otherwise cover. The following nine activity types are allowed by STEP:

Table 2: Allowable Export Activities under STEP

Activity	Description ⁴
Activity 1: Foreign Trade Mission	Eligible small business travel, with more than one person traveling together with similar accommodations to the same location in a foreign country, that will enable them to explore or expand international business opportunities.
Activity 2: Reverse Trade Mission	Bringing buyers to the U.S. to meet with potential suppliers of U.S. manufactured goods and services.
Activity 3: Commerce Subscription Service	Utilization of services available from the U.S. Commercial Service, the trade promotion arm of the U.S. Department of Commerce's International Trade Administration, to assist eligible small business with entering or expanding their markets.
Activity 4: Website Translation, SEO, Localization	This activity includes translation of websites into foreign languages, localization for foreign markets, and Search Engine Optimization SEO for eligible small businesses
Activity 5: International Marketing Media	Marketing media includes the following: brochures, social media platforms, websites, billboards, newspapers, branding and advertising, posters, and advertisements in international magazines.
Activity 6: Trade Show Exhibition	An exhibition for eligible small businesses to showcase and demonstrate their products and services. This exhibition includes both foreign and domestic trade shows.
Activity 7: Export Training Workshops	Workshops and courses that directly benefit and assist eligible small businesses in gaining credible knowledge of export policies, regulations, and/or best practices.
Activity 8: Export	Only allowable after eligible small business consults with the U.S. Department of Commerce to avoid duplication of services.
Activity 9: Other Export Initiative	Must be determined appropriate by SBA's Office of International Trade. Foreign market sales trips are an appropriate use of funds under this activity.

3.2. STEP Activity Data

During FY 2020, each STEP awardee reported on the progress in achieving their approved milestone goals and supporting export activities via quarterly Performance Progress Reports (PPR).⁴ Based upon these PPRs, the activities completed by each awardee with their state’s Eligible Small Business Concerns (ESBCs) are summarized below.

Tables 3 shows the number and type of activities participated by ESBCs by each grantee during the second year of STEP 7 (Q5-Q8) and first year of STEP 8 (Q1-Q4) grants. ESBCs can participate in more than one activity. In FY 2020, STEP awardees reported that a total of 3,942 ESBC activities were supported, with 2,789 (71 percent) for Market Expansion (ME) firms, and 1,153 (29 percent) for New to Export firms (NTE).

The five states with the highest Total ESBC Activities in FY 2020 are: 1) Maine (512); Washington (420); Montana (380); Michigan (244) and Utah (210). The five states with the highest NTE Activities in FY 2020 are the same five, in a slightly different order: 1) Maine (206); 2) Montana (174); 3) Washington (134); 4) Utah (80); and Michigan (52).

Table 3: STEP 7, Q5-Q8 & STEP 8, Q1-Q4 - Number and Type of Activities Performed by ESBCs

State	STEP 7, Q5-Q8				STEP 8 Q1-Q4				FY2020		
	NTEs Firms	ME Firms	Total Firms	Distinct List of Activity	NTEs Firms	ME Firms	Total Firms	Distinct List of Activity	NTEs Firms	ME Firms	Total Firms
Alabama	0	0	0	N/A	4	6	10	6,9	4	6	10
Alaska				No Award				No Award	0	0	0
Arizona	24	38	62	2,3,5,9	21	40	61	6	45	78	123
Arkansas	11	10	21	1,6,7	11	7	18	1,4,5,6	22	17	39
California	15	56	71	1,6,9	7	19	26	6	22	75	97
Colorado	1	5		6,9	6	15	21	5,9	7	20	27
Connecticut	4	11	15	3,4,5,6	3	25	28	4,5,6	7	36	43
Delaware	14	40	54	1,7,9	0	16	16	1,9	14	56	70
Florida				No Award				No Award	0	0	0
Georgia				No Award				No Award	0	0	0
Hawaii	11	18	29	6,7,9	18	46	64	6,7,9	29	64	93
Idaho	10	46	56	6,7,9	0	0	0	N/A	10	46	56
Illinois	12	5	17	1,7,9	14	43	57	1,4,7,9	26	48	74

⁴ This report covers activities and achievements during Fiscal Year 2020 (October 1, 2019, through September 30, 2020). During this period, STEP 7 grants completed the second year of their two-year grants, and the STEP 8 grants were in the first year of their two-year grant. States that received an award but reported no STEP 7 results used their STEP 8 grants instead as noted in Table 5.



Indiana				No Award	2	5	7	4,6,9	2	5	7
Iowa		26	32							33	41
Kansas		12	16					No Award		12	16
Kentucky	19	26	45			29	31		21		76
Louisiana		10	14							17	22
Maine	52	100	152	2,5,6,7,8,9	154	206	360	7,9	206	306	512
Maryland	11	28	39	3,6,9	5	16	21	3,6,9	16	44	60
Massachusetts	0	0	0	N/A	0	16	21	1,3,4,5,6,9	0	6	6
Michigan	0	0	0	N/A	52	192	244	1,4,5,6,7,9	52	192	244
Minnesota				56				No Award			
Mississippi			34			17	19			44	53
Missouri			31		20	74	94	3 4,5,6,7	20	74	94
Minnesota	1	3	4	5,6				No Award	1	3	4
Mississippi	7	27	34	1,4,7,8,9	2	17	19	4,8	9	44	53
Missouri	0	0	0	4,5,6,7	20	74	94	3,4,5,6,7	20	74	94
Montana	14	17	31	3,5,6,7,8,9	160	189	349	1,3,4,5,6,7,8,9	174	206	380
Nebraska	17	73							17	73	90
Nevada	9	73	12	1,6,9	4	10	14	1,6,9	13	13	26
New Hampshire	7	9	16	7,9	21	28	49	3,6,7,9	28	37	65
New Jersey	19	24	43	1,2,3,4,6,7	12	27	39	6	31	51	82
New Mexico	6	5	11	1,6,7	0	0	0	N/A	6	5	11
New York	3	28	31	1,4,5,6,7,9	11	40	51	6,7,9	14	68	82
North Carolina	0	8	8	1,6,7,9	11	103	114	6,7,8,9	11	111	122
North Dakota	14	31	45	1,6,9	7	19	26	1,6,8,9	21	50	71
Ohio	13	81	94	9	1	40	41	9	14	121	135
Oklahoma				No Award	1	11	12	7	1	11	12
Oregon	7	62	69	1,6	2	39	41	1,9	9	101	110
Pennsylvania	4	24	28	9	0	27	27	9	4	51	55
Rhode Island	0	13	13	1,3,4,5,6,7,8,9	6	14	20	6,7,8	6	27	33
South Carolina	6	24	30	1,3,4,5,6,7	2	5	7	1,6	8	29	37
South Dakota				No Award				No Award			
Tennessee	0	4	4	6				No Award	0	4	4
Texas	16	44	60	1,6,9	3	33	36	9	19	77	96
Utah	0	0	0	N/A	80	130	210	6,7,9	80	130	210
Vermont	4	16	20	1,6,7,9	6	21	27	1,6,9	10	37	47
Virginia	0	0	0	N/A	11	3	14	1	11	3	14
Washington	0	0	0	N/A	134	286	420	2,6,7,9	134	286	420
West Virginia	0	26	26	1,3,4,5,9				No Award	0	26	26
Wisconsin	1	13	14	1,6	7	18	25	1	8	31	39
Wyoming				No Award				No Award			

DC				No Award				No Award			
American Samoa				No Award				No Award			
Guam	0	0	0	N/A				No Award	0	0	0
CNMI	3	0	3	3,6,7,9				No Award	3	0	3
Puerto Rico	1	4	5	1,2,7	0	0	0	N/A	1	4	5
U.S. Virgin Island	0	0	0	N/A				No Award	0	0	0
Totals	350	970	1,320		803	1,819	2,622		1,153	2,789	3,942

3.3. STEP Utilization Rates

Not all funds that are awarded to grantees each year are expended because grantees have two years to spend their funds. This was an improvement made by SBA to provide grantees with more time to expend the full amount of funding provided, beginning in STEP 6 (FY 2017).

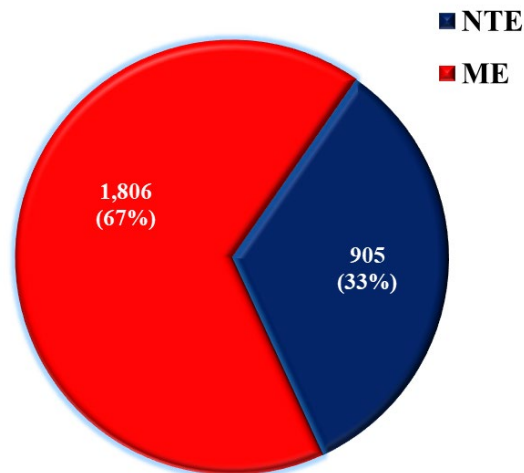
Due to the pandemic, the CARES Act extended STEP 7 for a third year. During FY 2020, STEP focused on using available funding to benefit ESBCs. As of the end of FY 2020, 88 percent of STEP 7 funding (\$15,889,465 of \$18,000,000) was expended and 38 percent of STEP 8 (\$6,837,965 of \$18,000,000).

4. Effects on ESBCs

4.1. Overall Program Reach

The total number of clients assisted in FY 2020 was 2,711. As shown in Figure 2 below, 33 percent (905) were NTE firms and 67 percent (1,806) were ME firms.

Figure 2: Total Unique Clients, FY 2020



Of the total clients assisted in FY 2020, 19 percent were rural (526), 17 percent were women-owned (469), 11 percent were socio-economically disadvantaged-owned (310), and 5 percent were veteran-owned (137), as noted in Figure 3 below⁵.

Figure 3. Total Clients by Demographic Characteristics, FY 2020

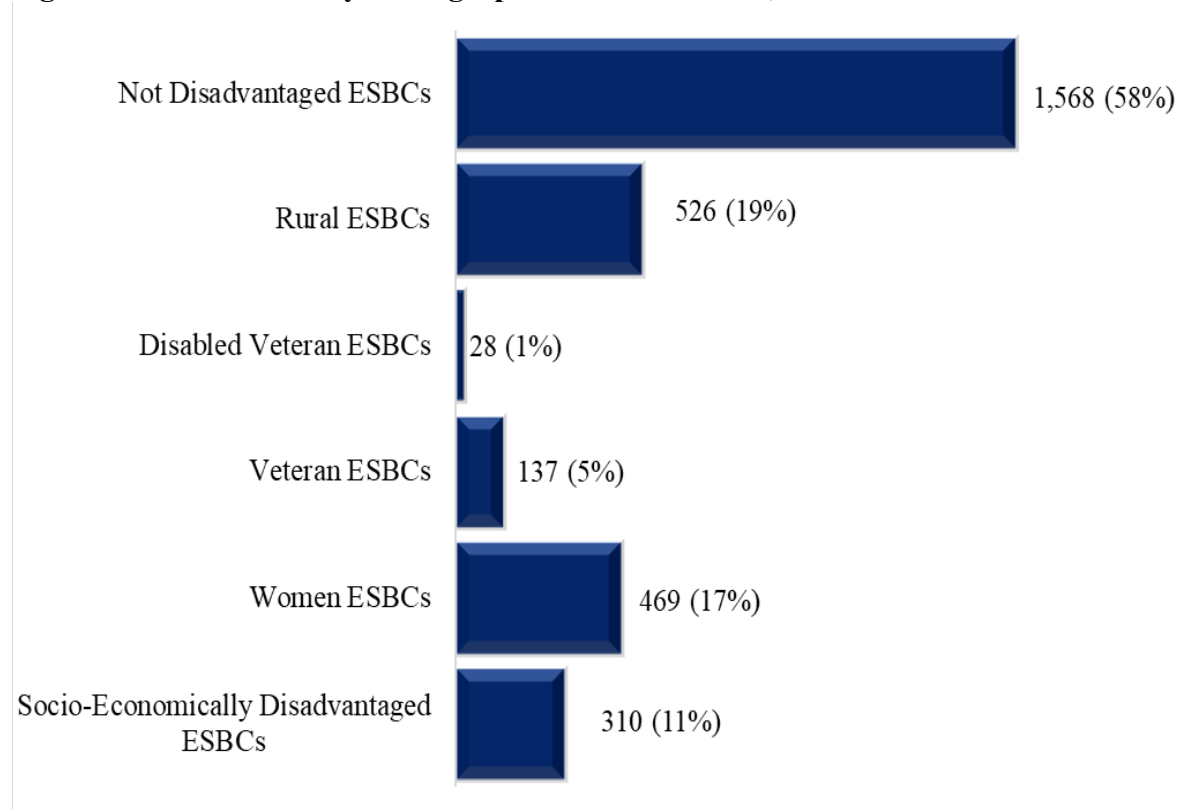


Table 4 below details the total number clients assisted by STEP grantee from the highest number assisted by Maine and the lowest three reporting no clients assisted (Virgin Islands, New Mexico and Tennessee).

⁵ Clients may report multiple demographic characteristics, e.g., women-owned rural business.



Table 4. Total Clients by STEP Grantee

State	ME Firms	NTEs Firms	Total
Maine	121	140	261
Washington	161	90	251
Montana	86	126	212
Michigan	149	43	192
Utah	78	57	135
Ohio	104	13	117
California	75	21	96
North Carolina	78	13	91
Arizona	53	37	90
Oregon	85	2	87
Hawaii	47	29	76
Maryland	41	21	62
New York	51	11	62
Wisconsin	46	16	62
Illinois	40	15	55
Pennsylvania	50	4	54
New Hampshire	27	25	52
New Jersey	33	17	50
Connecticut	43	7	50
Texas	36	13	49
Massachusetts	34	15	49
Nevada	22	27	49
Missouri	38	7	45
Virginia	15	30	45
Kentucky	31	8	39
Delaware	22	14	36
Iowa	28	8	36
North Dakota	19	11	30
Vermont	19	9	28
South Carolina	21	6	27
Idaho	18	8	26
Mississippi	19	7	26
Louisiana	19	4	23
Colorado	16	7	23
Rhode Island	12	7	19
Arkansas	7	11	18
West Virginia	14	0	14
Nebraska	4	9	13
Oklahoma	11	1	12
Alabama	8	3	11
Minnesota	6	2	8



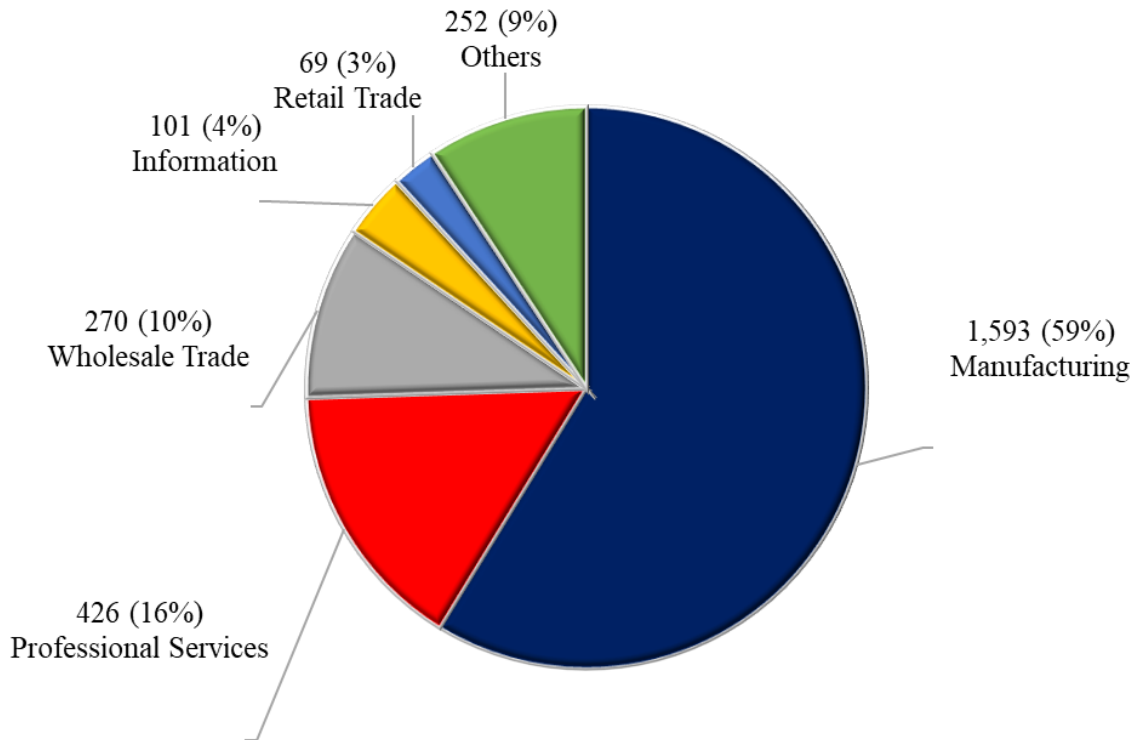
Puerto Rico	4	3	7
Indiana	5	2	7
CNMI	1	5	6
Tennessee	4	0	4
New Mexico	3	0	3
Kansas	2	1	3
Georgia	0	0	0
Wyoming	0	0	0
South Dakota	0	0	0
Alaska	0	0	0
District of Columbia	0	0	0
Florida	0	0	0
Virgin Islands	0	0	0
Guam	0	0	0
American Samoa	0	0	0
Totals	1806	905	2711

The five states with the highest total clients in FY 2020 were: 1) Maine (255); 2) Washington (251); 3) Montana (212); 4) Michigan (192) and 5) Utah (135).

The five states with the highest NTE Clients in FY 2020 are the same five, in a slightly different order: 1) Maine (138); 2) Montana (126); 3) Washington (90); 4) Utah (57); and 5) Michigan (43).

Of the total clients assisted in FY 2020, 59 percent were manufacturers, 16 percent were professional, scientific, and technical services providers, 10 percent were wholesale traders, four percent were information-related clients, and retail traders were three percent of the total clients who have been using the services from the STEP grant to facilitate their export markets. There were also many other industries (9%) who used the STEP grant for strengthening their exports in the international markets.

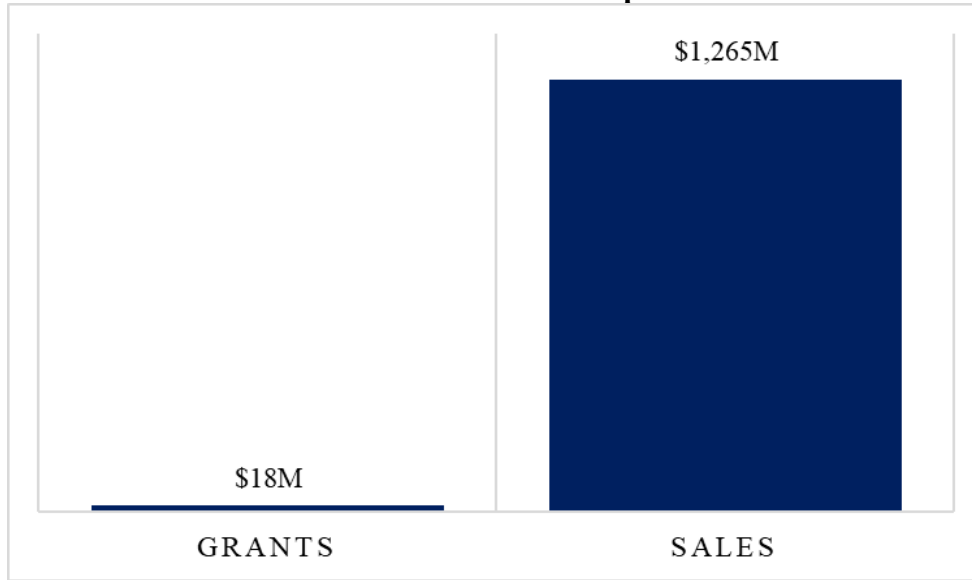
Figure 4: Total Clients by Industry Type, FY 2020



4.2. Export Sales Figures

Effects on ESBCs are measured with actual export sales self-reported by ESBCs in the state receiving the grant. Figure 5 below explains that STEP grantees generated a total of \$1,263 million in export sales from the \$18 million awarded to them in STEP 7, as of Q8. This is an all-time high in export sales generated by STEP grants. In future years, we expect a reduction in export sales associated with STEP based on COVID-19 related cancellations of trade missions and trade shows.

Figure 5: STEP 7 Grants Awarded to Annual Sales Reported



5. Return on Investment

5.1. Return on Investment

Return on investment (ROI) for STEP is calculated in two different ways.

The first is used for aggregate annual performance reporting across the entire program. As noted in SBA’s [Fiscal Year 2022 Congressional Justification and Fiscal Year 2020 Annual Performance Report \(sba.gov\)](#), the FY 20 ROI was 42:1. Nineteen million dollars was awarded to STEP in FY 2020 and during the same period, the small businesses that STEP supported achieved \$794 million in export sales -- \$42 for every \$1 of FY 2020 funds appropriated.

In addition, it is useful to calculate ROI for *each* individual grantee using a second methodology. Each grantee receives an award for a particular amount, a period of time to use the funds, and reports export sales associated with those resources. Thus, the ROI for *each* grantee is calculated by dividing the state's self-reported actual export sales by total award funds provided for the most recent (and nearly completed) grant which is STEP 7.⁶

Table 5 details the ROI by STEP grantee from the highest ROI (Michigan) to the lowest seven reporting none (the Commonwealth of Northern Mariana Islands-CNMI, Guam, Indiana, Oklahoma, Pennsylvania, Virgin Islands and Wyoming).

⁶ Extended for an additional year due to the pandemic via the CARES Act.



As shown in Table 5, among STEP grantees, Michigan’s ROI of \$665 far exceeds the other grantees. Alabama ranks second with \$420, Texas third with \$265, the fourth state was North Dakota with \$131, and New Jersey fifth with \$116. To increase the ROIs for lower ranked grantees, SBA will continue to promote the adoption of best practices of the higher ranked grantees through evaluations, information sharing and data analysis, such as the information outlined below.

Table 5. ROI by STEP Grantee

State	ROI by STEP Grantees
Michigan	664.75
Alabama	419.94
Texas	264.86
North Dakota	131.28
New Jersey	116.00
Arkansas	93.89
South Carolina	62.79
Maryland	56.41
Massachusetts	55.24
Delaware	54.75
Illinois	53.14
Nevada	51.75
New Hampshire	45.98
Louisiana	43.25
North Carolina	41.34
Kansas	35.37
Iowa	34.62
Missouri	33.32
Montana	31.82
Washington	30.79
Arizona	27.71
Ohio	27.14
Colorado	24.50
Nebraska	23.56
Utah	20.87
Idaho	20.01
Kentucky	18.74
New York	18.03
Oregon	16.45
Maine	15.06
Mississippi	15.04
Wisconsin	13.87
California	11.60
Rhode Island	11.45



Puerto Rico	10.67
West Virginia	8.54
Tennessee	6.00
Hawaii	3.42
Virginia	2.37
Vermont	2.02
Minnesota	1.82
Connecticut	1.34
New Mexico	1.23
Virgin Islands	0.05
CNMI	0.00
Pennsylvania	0.00
Guam	0.00
Georgia	
Oklahoma	
Wyoming	
South Dakota	
Alaska	
District of Columbia	
Florida	
Indiana	
American Samoa	

6. Best Practices

6.1. Independent Evaluation Findings

In FY 2020, the SBA commissioned an independent evaluation of STEP to provide insights into how STEP grantees can increase exports. Three evaluation questions guided the study:

- 1) Are STEP grantees increasing the value of small business exports, reaching new clients, and producing new exporters?
- 2) Which STEP activities contribute most to client outcomes? (e.g., increase in new-to-exporting ESBCs and increase in the value of export sales)
- 3) What are best practices for STEP grantees that improve client outcomes?

The SBA provided the evaluators with performance data for grants made with FY 2014- FY 2017 appropriations. The findings related to each of these questions are summarized below, and the full report can be found at: [Evaluation of SBA’s State Trade Expansion Program \(STEP\) Outcomes: Final Report](#).

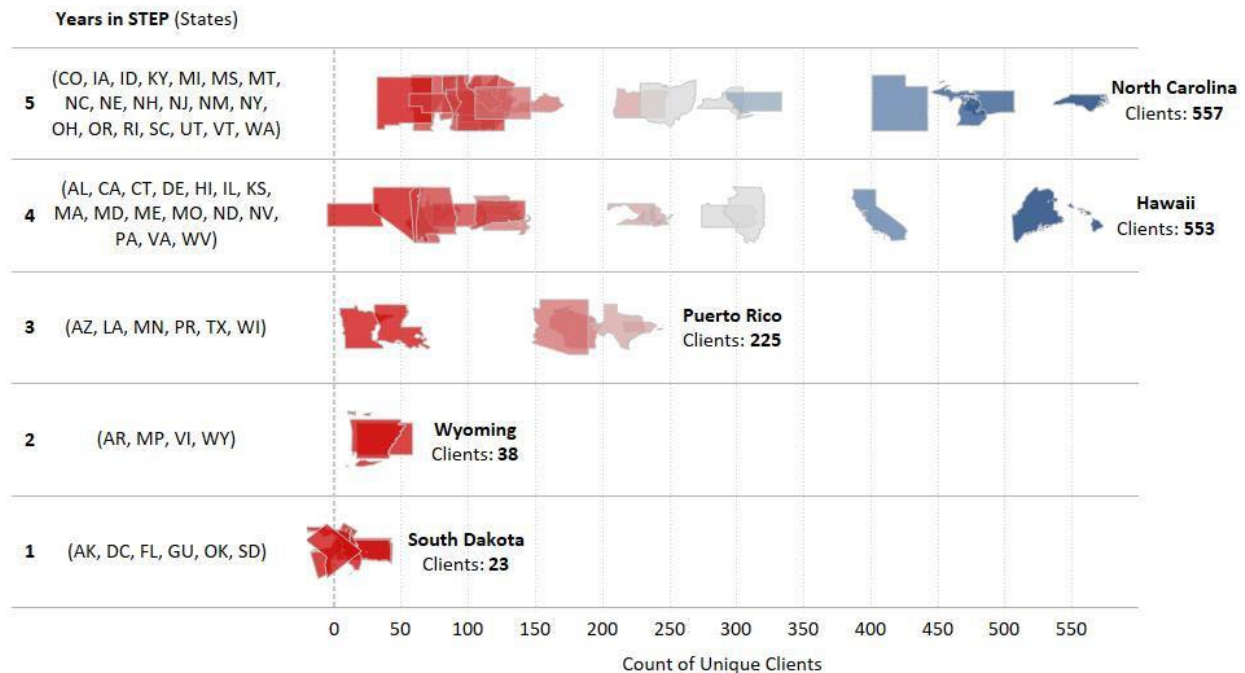
Are STEP grantees increasing the value of small business exports, reaching new clients, and producing new exporters?

The study concluded that STEP grants are achieving these objectives, but that results are mixed, namely:

- Market Expansion (ME) firms’ export sales increased steadily over the years.
- New to Export (NTE) firms’ export sales were much lower than ME sales; yet.
- NTE sales generally increased except for a small decline in 2016.

The study noted that as states spend more time in STEP, the value of their exports perform above mean exports attributable to STEP. The study found that the total number of firms participating in STEP peaked in FY 2017 with 3,711 firms participating in STEP activities. As shown in Figure 6 below, the number of clients was greatest among states that had been in the program for more years. ME clients outnumbered NTE clients over all fiscal years examined.

Figure 6: Count of Unique Clients by State



6.2. Activities and Client Outcomes

Which STEP activities contribute most to client outcomes? (e.g., increase in new-to-exporting ESBCs and increase in the value of export sales)

The study found that the answer differs between businesses that are NTE firms versus ME firms. As noted in Table 6 below, the most common activity for NTE firms is export training workshops. In contrast, ME firms participate in Trade Show Exhibitions at higher rates, as well as Activity 9: Other Export Initiative which includes foreign sales trips.

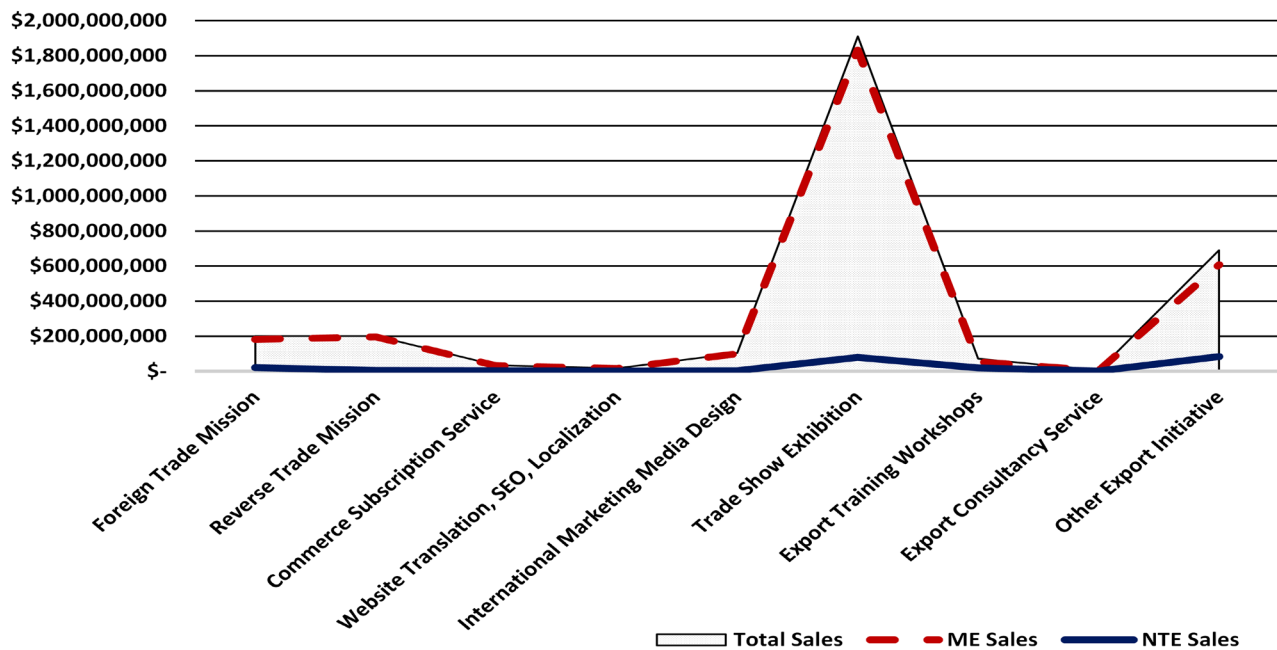


Table 6. Activities by Type of Firms Participating

Allowable Activities	ME Firms Participating	NTE Firms Participating
Activity 1: Foreign Trade Mission	1,100	800
Activity 2: Reverse Trade Mission	800	600
Activity 3: Commerce Subscription Service	800	200
Activity 4: Website Translation, SEO, Localization	300	100
Activity 5: International Marketing Media Design	800	200
Activity 6: Trade Show Exhibition	6,035	1,500
Activity 7: Export Training Workshops	3,900	6,588
Activity 8: Export Consultancy Service	90	100
Activity 9: Other Export Initiative	4,571	1,940

In terms of the STEP activities that generate the greatest export sales, Figure 7 below shows that:

Figure 7: Export Sales by STEP Activity



Trade Show Exhibitions dominate overall sales at \$2 billion from FY 2014–18, with ME firms generating nearly all these sales. Forty-nine percent of states reported trade show exhibitions as the STEP activity with the highest export sales for their state. Trade show exhibition sales were concentrated among a handful of high-year grantees. Foreign sales trips, foreign trade missions, and reverse trade missions also demonstrated high sales. Although demonstrating high sales numbers, when also taking into consideration the cost of these activities, trade show exhibitions only had the third highest ROI. The highest ROIs were for reverse trade missions, and marketing media design.



Finally, in writing this evaluation in the midst of the pandemic, the authors commented that these findings may undergo some change in a post-COVID-19 environment. Grantees noted recent shifts away from travel-related activities and increased funding for website translation/SEO/

localization, marketing, e-commerce, and shipping.

What are best practices for STEP grantees that improve client outcomes?

This question was answered via interview. The authors note:

STEP leaders, grant managers, and grantees believed an office that leverages a well-established state infrastructure that is connected to other resources not only provides STEP funding but can also guide clients toward other state and federal resources....

Grantees also expressed that marketing and outreach efforts were an important best practice, particularly personalized guidance, word-of-mouth referrals, and partnership with other agencies to “get the word out” about STEP funding. These qualities were emphasized over less personal (but still important) mass-marketing approaches, such as email blasts and social media use. Finally, grantee efforts to fully utilize available funds was considered the best practice.