



U.S. Small Business
Administration

Compliance Plan for OMB Memorandum M-24-10

**Advancing Governance, Innovation, and Risk Management for
Agency Use of Artificial Intelligence – September 2024**

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I. STRENGTHENING AI GOVERNANCE

The US Small Business Administration is small but mighty and we proud of what we have accomplished as we manage our agency's use Artificial Intelligence.

1. General

Describe any planned or current efforts within your agency to update any existing internal AI principles, guidelines, or policy to ensure consistency with M-24-10.

As a CFO-Act agency, the US Small Business Administration (SBA) is covered per 44 U.S.C. § 3502(1). Prior to the release of [OMB Memo M-24-10](#) (PDF, 33-pages, 518KB), the SBA had begun developing internal guidance related to the use of AI. That existing guidance is being reviewed for consistency with M-24-10.

2. Trustworthy AI Framework

In December 2022, SBA had its Chief Enterprise Architect take on the role Responsible AI Official (RAIO) for the agency. As the official at the agency tasked with providing a long-term strategic approach to align agency goals and objectives with business processes and technology. The RAIO works closely with SBA's Chief AI Officer to develop a framework that encourages AI innovation while balancing compliance and risk management consistent IT investment methodologies. Together they are working to ensure that the US Small Business Administration is able to meet the requirements of all Executive Orders and Memorandum and ensure that the six Trustworthy AI principles would be used to as key components of SBA AI governance activities. Steps that we have taken include the following:

- In February 2024, placed guard rails on employee use of AI by issuing policy document (Information Notice 9000-852330) which directed SBA personnel to “refrain from using these AI capabilities for official and sensitive government business as it violates Executive Order 13960 “Promoting the Use of Trustworthy Artificial Intelligence in the Federal Government” and Executive Order 14110 “Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence.””
- In May 2024, our Chief Information Security Officer (CISO) while distributing a draft standard operating procedure for “Artificial Intelligence Implementation” for review, he reminded staff that “SBA recognizes that AI's responsible and ethical use can drive economic growth by enhancing decision-making, improving efficiency, and expanding access to resources for small businesses.””
- SBA convened an Open Data Working Group, led by the Chief Data Officer, to modernize the agency's Open Data Program. The primary goal of the working group is to

modernize SBA Standard Operating Procedure (SOP) 90-81 (Open Data Program) and to ensure SBA's continued compliance with the OPEN Government Data Act and key supplemental guidelines such as M-19-23 and M-24-10.

- SBA's CDO has written a draft Open Data Plan to comply with the Evidence Act and subsequent federal guidance on making data open, improving the quality of open government data assets, engaging the public on understanding the use and value of the Agency's data, and establishing and maintaining data inventories and catalogs, including designating priority data assets. Additionally, the Open Data Plan builds on prior federal efforts to make data more open and transparent and attempts to capture the Agency's compliance with those prior requirements, laying the foundation for collaboration and streamlining work efforts across the Agency when appropriate. The Open Data Plan is to be updated and published at least annually and made a part of the Agency's strategic information resources management plan, with awareness and adoption promulgated through the Data Governance Board and various Agency campaigns to help assure enterprise knowledge and compliance.

Steps that are planned include the following:

- In FY2025, the RAIO will work with its Office of Diversity, Inclusion & Civil Rights exploring ways to integrate its SBA Trustworthy AI Framework and AI guidance into key offices that evaluate equitable outcomes.
- In FY2025, our entrepreneurial outreach offices will have developed an AI Toolkit for Small Businesses that is consistent with M-24-10 and that advances our customers and stakeholders ability to anticipate and mitigate risks to rights and safety from the use of AI.
- In FY2025, the CAIO with input from the governance council will work with its Senior Procurement Executive to develop contracting language for responsible AI, which is being piloted in a few contracts.

3. AI Governance Bodies

Identify the offices that are represented on your agency's AI governance body.

SBA's AI Governance Council (AIGC) is chaired by the SBA Chief Information Officer (Acting) and Chief AI Officer and co-vice-chaired by SBA's Deputy Chief Financial Officer.

The AIGC is comprised of two groups: 1) voting members; and 2) advisory (AI and technology stakeholders) members. The Chief AI Officer serves as the Council Chair and appoints voting members of the Council as desired from within SBA. Council voting membership may be changed at any time by the Administrator. The voting membership is comprised of senior-level staff in major SBA program offices, technology, innovation, workforce, and financial management.

The council has broad SBA Program Office representation for the purpose of engaging SBA senior officials from all relevant functional disciplines in enterprise-level decisions on the development and use of AI. The following are member organizations of the council: Council voting membership includes the following members:

- Chair: Chief Artificial Intelligence (AI) Officer
- Deputy Chair: Deputy Chief Financial Officer

Voting Members:

1. Chief Data Officer
2. Chief Technology Officer
3. Statistical Officer
4. Chief Financial Officer
5. Chief Information Officer
6. General Counsel
7. Chief Information Security Officer
8. Chief Privacy Officer
9. SAO for Records Management
10. Deputy Associate Administrator, Office of Capital Access
11. Deputy Associate Administrator, Office of Disaster Recovery & Resilience
12. Deputy Associate Administrator, Office of Entrepreneurial Development
13. Deputy Associate Administrator, Office of Government Contracting and Business Development
14. Deputy Associate Administrator, Office of Investment and Innovation
15. Deputy Chief Human Capital Officer, Office of the Chief Human Capital Officer
16. Senior Procurement Executive
17. Deputy Associate Administrator, Office of Field Operations

Membership (Non-Voting Members)

The Council will also include AI stakeholders across the agency who will serve as advisory members and are not voting members. Council advisory membership includes the following members:

1. Representative of the Office of Diversity, Inclusion & Civil Rights
2. Chief Enterprise Architect
3. Representative from Office of Field Operations
4. Representative from Office of International Trade
5. Representative from Office of Veterans Business Development
6. Representative from Chief Human Capital Officer (ER/LR)
7. Representative from Chief Information Officer (IT Governance)
8. Representative from Office of Advocacy
9. Representative from Office of Disaster Recovery & Resilience
10. Representative from Office of the Chief Financial Officer
11. Representative from, Office of Capital Access
12. Representative of the Office of Executive Management, Installations & Support Services
13. Representative from the Enterprise Risk Program Management
14. Representative from the Office of the Administrator
15. Representative from the SBA Inspector General
16. Representative from the Office of Communications & Public Liaison
17. Representative from the Office of Congressional & Legislative Affairs
18. Representative from the Office of Office of Hearings & Appeals
19. Representative from the Office of Native American Affairs

These advisory members will participate in Council meetings and may serve on Council subcommittees or working groups. Advisory council membership will be determined by the Council Chair.

Describe the expected outcomes for the AI governance body and your agency's plan to achieve them.

The purpose of the SBA AI Governance Council (AIGC) is to serve as SBA's principal governing body for AI innovation, governance, safety, privacy, and security oversight. The council's immediate goal is to oversee the implementation of OMB M-24-10. Expected outcomes include education, transparency, wide participation, shared understanding, and risk management for AI across the agency.

The AIGC will facilitate Generative AI solution development efforts within the US Small Business Administration. This cross-agency council will work towards innovation and collaboration while ensuring responsible implementation and continuous monitoring of the solutions in production.

The AI Governance Council has the following objectives:

1. Foster innovation within the Small Business Administration
2. Ensure the SBA uses AI in a secure, efficient and responsible manner in support of the agency's mission.
3. Guide small businesses, entrepreneurs, lenders, and other external stakeholders in the ethical, transparent, unbiased and fearless use of AI solutions.

AI Governance Council work products will support the 3 main objectives above:

1. Establishing the framework for evaluating and authorizing the use of AI technology (e.g., architecture frameworks, security, software, infrastructure, and relevant tools).
2. Developing and maintaining a cross-agency repository that captures approved AI use cases.
3. Informing the legal and contractual requirements for the use of third-party AI services, contracts, licenses, agreements.
4. Directing the establishment of and the ongoing use of an agencywide sandbox environment to safely explore the use of AI to enhance the experience of the SBA workforce, small business, entrepreneurs and stakeholders.
5. Documenting protocols and procedures for assessing and handling inquiries or incidents regarding AI system anomalies.
6. Auditing AI current and future solutions to ensure alignment with agencywide policy requirements.
7. Examining the social, economic, and legal impacts of AI adoption on the SBA workforce and our internal business operations.
8. Vetting AI-related educational material developed for entrepreneurs, lenders and small businesses to ensure a balance between fostering innovation and risk awareness.

Describe how, if at all, your agency's AI governance body plans to consult with external experts as appropriate and consistent with applicable law. External experts are characterized as individuals outside your agency, which may include individuals from other agencies, federally funded research and development centers, academic institutions, think tanks, industry, civil society, or labor unions.

SBA regularly engages with external experts in the federal government on AI topics. The AIGC has not does the outreach as a body, but individuals on the governance board have had these specific interactions:

- Participation in the General Services Administration (GSA) AI Community of Practice.
- Work with these subgroups of the Chief AI Council:
 - CAIO Council's Procurement Working Group
 - CAIO Council's Minimum Risk Management Working
 - CAIO Council's Generative AI Working Group
- Engagement with various interagency groups and councils including the RAO Council, the Chief Data Officer (CDO) council, the Chief Human Capital Officer (CHCO) council, the Office of Personnel Management (OPM) AI Talent Task Force, CISA subgroups, and Partnership for Public Service AI Federal Leadership Program.
- Additionally, SBA participates in the public-private AI working group of the Advanced Technology Academic Research Center (ATARC) and assisting in developing one of their user group surveys.
- Leveraging a long collaboration that SBA has with the University of Virginia School of Data Science, member of the AIGC mentored, four students in their Capstone project to create a machine-learning model to predict which of 600-plus Federal agencies would be the best target for a new-entrant small business seeking to contract with the Federal government.
- Following George Mason University's announcement concerning their new Center for AI Innovation for Economic Competitiveness, a member of the AIGC reached out to discuss a partnership.
- There is a plan to engage with SBA's labor union on AI and AI workforce topics.

4. AI Use Case Inventories

Describe your agency's process for soliciting and collecting AI use cases across all sub-agencies, components, or bureaus for the inventory. In particular, address how your agency plans to ensure your inventory is comprehensive, complete, and encompasses updates to existing use cases.

At the end of March 2024, the RAIO created an AI Use Case Submission Form. This was following the distribution of the February 2024 agency directive banning generative AI at SBA which cause many employees and program office to inquiry about when they could use AI. The response from the CAIO was, “Submit a Use Case.” Communication of this new form and its purpose was first delivered to technology leaders in SBA Program Offices that already had IT investments.

The AI Use Case Submission Form was publicized throughout the Summer of 2024 at the “all hands” of large program offices as well as the quarterly Town Hall meeting of the SBA Administrator in June 2024, and at the *Tech Talent Townhall* in May and September 2024.

To ensure that we are not overlooking any AI-related technology, SBA contacted all conceptual AI use case owners from the 2022 and 2023 use case inventories for updates on their concepts. Additionally, following a July 10th presentation of the 6 best use case to the Business Technology Investment Council, the agency’s investment review board, the CAIO asked the portfolio management team to look at existing investments in the agency’s portfolio.

The RAIO meets a few times a month with SBA’s internal marketing and communications to determine other methods for getting the word out.

5. Reporting on AI Use Cases Not Subject to Inventory

Describe your agency's process for soliciting and collecting AI use cases that meet the criteria for exclusion from being individually inventoried, as required by Section 3(a)(v) of M-24-10. In particular, explain the process by which your agency determines whether a use case should be excluded from being individually inventoried and the criteria involved for such a determination.

Identify how your agency plans to periodically revisit and validate these use cases. In particular, describe the criteria that your agency intends to use to determine whether an AI use case that previously met the exclusion criteria for individual inventorying should subsequently be added to the agency's public inventory.

SBA does not expect to have many use cases where sharing would be inconsistent with applicable law and governmentwide policy. SBA intends to assess and triage AI use cases according to applicable law and policy, and exclusions in this category will be handled on a case-by-case basis.

II. ADVANCING RESPONSIBLE AI INNOVATION

1. AI Strategy

SBA will release an updated AI strategy as a separate document by Q3FY2025. Broadly, SBA sees significant opportunity for AI, when implemented responsibly, to contribute to our mission and has been executing across four main AI workstreams: AI policy and risk management, AI workforce development, AI infrastructure, and AI priority use cases.

2. Removing Barriers to the Responsible Use of AI

Describe any barriers to the responsible use of AI that your agency has identified, as well as any steps your agency has taken (or plans to take) to mitigate or remove these identified barriers. In particular, elaborate on whether your agency is addressing access to the necessary software tools, open-source libraries, and deployment and monitoring capabilities to rapidly develop, test, and maintain AI applications.

- SBA has identified and is addressing several barriers to responsible building of AI, including access to authoritative data sources for training, testing and validation of AI models and ensuring that these data sources have documentation describing how they are cleaned and refined to support model audits.
- SBA currently supports several enterprise cloud and data platforms. These platforms are crucial for limiting access control, providing FedRAMPed and secure AI capabilities, enabling monitoring and observability, and ensuring the accuracy and precision of AI, ML, and GenAI systems. Examples of different cloud and data platforms in use at SBA are Amazon Web Services, Azure, Oracle Cloud, Google Cloud Platform, and Salesforce.
- SBA's cloud and data platforms also have multiple capabilities that are important for model testing and deployment, utilize some open-source libraries, and enable model iteration, with the goal of meeting the agency's need for efficacy, scalability, sustainability, data control, security, governance, privacy, reliability, cost-effectiveness, and ethics.

3. Generative AI

Identify whether your agency has developed (or is in the process of developing) internal guidance for the use of generative AI. In particular, elaborate on how your agency has established adequate safeguards and oversight mechanisms that allow generative AI to be used in the agency without posing undue risk.

On February 27, 2024, SBA's Chief Information Security Officer issued the following guidance for the use of AI and posted it on an internal website as Information Notice 9000-852330, entitled, "Temporary Ban on Publicly Available Generative Artificial Intelligence Tools"

- "SBA recognizes the potential benefits of using public generative artificial intelligence (AI) tools (ex. ChatGPT) to improve efficiency and productivity within the agency by rapidly generating viable text, reports, analytics, media, audio, program code, and business strategies. However, these capabilities present significant risks to SBA such as data breaches and unauthorized disclosure or exposure of government information."
- "All SBA personnel must refrain from using these capabilities for official and sensitive government business as it violates Executive Order 13960 "Promoting the Use of Trustworthy Artificial Intelligence in the Federal Government" and Executive Order 14110 "Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence." Until SBA can provide an approved and safe association to generative AI tools, network access to applicable AI tools will be blocked."

4. AI Talent

Describe any planned or in-progress initiatives from your agency to increase AI talent. In particular, reference any hiring authorities that your agency is leveraging, describe any AI-focused teams that your agency is establishing or expanding, and identify the skillsets or skill-levels that your agency is looking to attract. If your agency has designated an AI Talent Lead, identify which office they are assigned to.

SBA is focused on recruiting talent that can contribute to our goal of operationalizing trustworthy AI across SBA using the following strategies:

- SBA has created an AI workforce working group, with representatives from across the agency led by the Chief Human Capital Officer and the Chief of Enterprise HC Initiatives. They, along with the Chief Learning Officer are developing a comprehensive AI workforce hiring and training strategy, and is actively investing in recruiting AI and AI-enabling talent, including by doing the following:
 - Designating an AI Talent Lead from the Office of Human Resources Solutions (OQRS) to serve on OPM's AI talent interagency working group and to be accountable for reporting to agency leadership and tracking AI hiring.
 - Seeking candidates via the White House Presidential Innovation Fellowship, White House Presidential Management Fellowship, United States Digital Corps, Technical Career Field Programs, Science and Technology Policy Fellowships with the American Association for the Advance of Science, pooled hiring actions and Tech to Gov career fairs.
 - Utilizing Direct Hire Authority when appropriate for the following approved AI-related occupations, series, and parentheticals.
 - Exploring additional hiring authorities including Schedule A authority when appropriate.
 - Using various incentives including other recruitment, relocation, and retention incentives.
 - Sending staff to the Partnership for Public Service's AI Federal Leadership Program

If applicable, describe your agency's plans to provide any resources or training to develop AI talent internally and increase AI training opportunities for Federal employees. In particular, reference any role-based AI training tracks that your agency is interested in, or actively working to develop (e.g., focusing on leadership, acquisition workforce, hiring teams, software engineers, administrative personnel, or others).

- SBA's CSOD learning platform known as the Talent Management Center (TMC) has thousands of active AI related content types such as benchmarks, audio books, online books, labs, videos, and courses. Most content is available through SBA's Skillsoft Percipio content library, and available to all employees for their professional development.
- We also share AI training and education opportunities from other federal agencies, such as GAO's Centers for Excellence training series with tracks in Acquisition, Leadership & Policy, and AI Technologies.
- The SBA AI Community of Practice (AICOP) is an online community of practice designed to share AI information, news, and training; encourage collaboration; and provide a platform for inquiry for AI practitioners and those interested in AI.
- Senior staff have attended the Partnership for Public Service AI Federal Leadership Program

5. AI Sharing and Collaboration

Describe your agency's process for ensuring that custom-developed AI code—including models and model weights—for AI applications in active use is shared consistent with Section 4(d) of M-24-10.

Elaborate on your agency's efforts to encourage or incentivize the sharing of code, models, and data with the public. Include a description of the relevant offices that are responsible for coordinating this work.

SBA's AI inventory and review process will point AI use case owners to both SBA's Open Data Initiative process and to resources for open-sourcing their software code, in the event their project is suitable for open-sourcing. The in-house AI inventory also includes tethering model cards and data sheets on its development roadmap which will increase the transparency and reusability of models internally and foster the internal developer ecosystem.

SBA has had several prominent open-source projects for many years following the SBA Open-Source guidelines at <https://github.com/USSBA/open-source> from the Office of the Chief Information Officer.

SBA's Responsible AI Official (RAIO) manages the agency's AI portal that houses the on-going inventory.

SBA also has other mechanisms for sharing data with approved parties, such as the SBA Data Commons which provides researchers access to relevant de-identified SBA data for medical research purposes.

6. Harmonization of Artificial Intelligence Requirements

Explain any steps your agency has taken to document and share best practices regarding AI governance, innovation, or risk management. Identify how these resources are shared and maintained across the agency.

SBA documents and shares best practices on AI via a variety of platforms. These include:

- Centralized web resources:
 - SBA has created a centralized intranet page for AI-related information. This page includes a description of SBA's AI program, an overview of our governance process, Federal policies, agency guidance, and points of contact.
 - SBA's Use Case Submission Form is available to every employee and contractor to submit a Use Case, and all Use Cases submitted are viewable to everyone in the agency.
- SBA communicates employee-focused AI training to agency wide as described in the training section of this document.
- SBA and its partners provide training and presentations focused on small business use of AI. These trainings, which take place on-line are tool-specific and often convey information regarding risks of each type of AI technology.
- In September 2024, SBA launched a virtual AI Community of Practice. This e-mail distribution list is currently used to announce AI training and development opportunities for SBA staff. In FY25, SBA will update its communication plan to leverage this resource more.

III. MANAGING RISKS FROM THE USE OF ARTIFICIAL INTELLIGENCE

1. Determining Which Artificial Intelligence Is Presumed to Be Safety-Impacting or Rights-Impacting

Explain the process by which your agency determines which AI use cases are rights-impacting or safety-impacting. In particular, describe how your agency is reviewing or planning to review each current and planned use of AI to assess whether it matches the definition of safety-impacting AI or rights-impacting AI, as defined in Section 6 of M-24-10. Identify whether your agency has created additional criteria for when an AI use is safety-impacting or rights-impacting and describe such supplementary criteria.

SBA has adopted the OMB definitions of safety-impacting and rights-impacting AI and plans to elaborate upon these definitions in an “AI Questions and Considerations” document that will be presented to SBA AI Governance Council. This document will serve as the primary reference to for making safety-impacting and rights-impacting decisions for AI at SBA.

If your agency has developed its own distinct criteria to guide a decision to waive one or more of the minimum risk management practices for a particular use case, describe the criteria.

SBA has not yet developed these criteria

Our plan for FY25 is to bring subject matter experts from the Office Diversity Inclusion & Civil Rights, Office of Human Resources Solutions (Employee Relations / Labor Divisions) and Enterprise Risk Management to participate in our review process to ensure that nothing we develop at SBA (including AI) impacts the safety or rights of our staff or the public.

Describe your agency’s process for issuing, denying, revoking, tracking, and certifying waivers for one or more of the minimum risk management practices.

SBA has not developed a waiver process.

2. Implementation of Risk Management Practices and Termination of Non-Compliant AI

Elaborate on the controls your agency has put in place to prevent non-compliant safety-impacting or rights-impacting AI from being deployed to the public. Describe your agency's intended process to terminate, and effectuate that termination of, any non-compliant AI.

Currently, all the AI Use Cases under review within SBA are internally focused to provide operational efficiency to individual SBA Program Offices. Nothing is being deployed to the public. For internally focused technology, we rely primarily on network surveillance by our cybersecurity teams. For non-compliant technology, our process is to immediately remove it from the network, notify applicable management, and counsel the developer as appropriate.

3. Minimum Risk Management Practices

Identify how your agency plans to document and validate implementation of the minimum risk management practices. In addition, discuss how your agency assigns responsibility for the implementation and oversight of these requirements.

The AI Governance Council is responsible for the implementation and oversight of requirements for rights-impacting and safety-impacting AI. AI Use Case owners are responsible for implementing requirements within their own projects, with guidance from the AIGC as needed.

SBA is developing internal guidance on risk management for rights-impacting and safety-impacting AI. This guidance will incorporate OMB M-24-10 requirements and risk management guidance. A brief outline of the planned process is below:

- To provide oversight and ensure compliance, AI Use Case owners will be required to seek approval from the AI Governance Council before implementing any potentially rights-impacting or safety-impacting AI Use Cases.
- AI Use Case owners will be required to implement the risk management practices mandated by the SBA's policy before and after approval.
- AI Use Case owners will then document and certify their compliance with the minimum risk management practices annually through the AI Use Case Inventory process.
- If the AIGC determines that an AI Use Case is non-compliant, the AI Use Case owner must terminate the AI Use Case and to restart the AI Use Case, the owner of that use case must develop a compliance plan.
- Additionally, SBA will require AI Use Case owners to submit updates on their compliance when a significant change occurs to the AI or the context in which the AI operates, including independent reviews and evaluation by the AI Governance Council.

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