

**FOURTH REPORT OF RETROSPECTIVE REVIEW EFFORTS  
TO BE POSTED: 01/14/2013**

<b>RIN/OMB CONTROL NUMBER</b>	<b>TITLE OF INITIATIVE/RULE/ICR</b>	<b>BRIEF DESCRIPTION</b>	<b>ACTUAL OR TARGET COMPLETION DATE</b>	<b>ANTICIPATED SAVINGS IN COSTS AND/OR INFORMATION COLLECTION BURDENS, TOGETHER WITH ANY ANTICIPATED CHANGES IN BENEFITS (PLEASE QUANTIFY, TO THE EXTENT FEASIBLE, AND SPECIFY BASELINE, TIME HORIZON, &amp; AFFECTED GROUPS)</b>	<b>PROGRESS UPDATES AND ANTICIPATED ACCOMPLISHMENTS</b>
1.  TBD	Expedite Payments to Small Business Contractors	Government-wide initiative to accelerate payment to small business contractors; specifically to pay invoices within 15 days of receipt instead of 30 days as required by the Prompt Payment Act.	11/15/2011 and On-going	The Office of Federal Procurement Policy ("OFPP") has requested more information from Agencies.	<p>In compliance with OMB memo M-11-32, SBA instituted a policy to pay invoices from small business concerns within 15 days of receipt, effective November 15, 2011. Since implementation, the SBA has seen a drastic reduction in interest penalties paid to vendors for late invoices and has successfully moved to electronic invoicing.</p> <p>This government-wide initiative is being led by OMB-OFPP. It is asking all agencies to expedite payments to small business contractors. SBA has also developed and implemented a system to expedite payments to its small business contractors, so from that perspective, this term is complete. However, from the perspective of a government-wide initiative, OMB-OFPP in partnership with SBA will continue to work with other agencies to make sure they have implemented this in their agencies.</p>
2.  RIN 3245-AG04  OMB Control Numbers	504 and 7(a) Regulatory Enhancements	SBA plans to streamline paperwork burdens for its two flagship business lending programs: the 504 Loan Program and the 7(a) Loan Program. This initiative will increase eligibility for loans in these prgrams and	2 <sup>nd</sup> Quarter of FY 2013	93,800 estimated burden hour reduction for participants in 504 and 7(a) Loan Programs.	The proposed rule is under review at OIRA beginning August 1, 2012.

3245-0074, 3245-0071, 3245-0016, 3245-0348, 3245-0361		modify certain program requirements. The two major impacts on paperwork and burden reduction relate to the Personal Resources Test and Size Affiliation. The changes will mean that certain businesses and owners will submit fewer tax returns and other documentation in support of program eligibility. SBA is also looking at ways to streamline and simplify the 504 loan closing process.			
3.  OMB Control Numbers 3245-0016; 3245-0348; and 3245-0361	Single Electronic Application for 7(a) Loans	An e-Application for all loans guaranteed under SBA's 7(a) loan program would reduce the amount of paperwork that lenders must submit to SBA. The anticipated improved business processes and reduced paperwork burden have the potential to result in increased lender participation and greater access to lending for small businesses.	Ongoing	Lenders that are new to SBA lending and very small lenders may find it difficult to move to complete electronic application processing. Thus, an increase from 89 to 94% may represent the optimal achievement of this initiative. Using Express documents as a baseline, an estimated 10% reduction of the 54 minutes to complete application forms extrapolated to an additional 5% of lenders moving to electronic applications yields an estimated 180 reduction in burden hours.	Eighty-nine percent of 7(a) loans are processed electronically via the same electronic application. SBA is evaluating how to incorporate the other 11%.  This effort is still ongoing. As part of the SBA ONE initiative, we will move to one borrower and lender application down from the current number of 3 (SBA Express (forms 1919 and 1920), 7(a) (forms 4 and 4i) and Small Rural Loan Advantage (2301 A, B, C)). The preferred form going forward will be the Form 1919 and 1920. The expectation is to finish this in current 2013 fiscal year by issuing an updated SOP.
4.  RIN 3245-AG25	Small Business Size Standards for Utilities Industries (Sector 22)	SBA is authorized to develop the size standards that are the basis for establishing eligibility for federal financial assistance and contracting opportunities. All of these size rules are part of a comprehensive effort to review all of the current size standards to determine which standards should be retained or revised, based on industry factors, Federal	3rd Quarter of FY 2013.	SBA's July 19, 2012 proposed rule would revise the small business size standards for nine industries in Sector 22. SBA estimated that about 400 additional businesses would gain eligibility for Federal small business assistance programs, including SBA's financial assistance programs, economic injury disaster loans, and Federal procurement opportunities intended for small businesses. This would increase the	The proposed rule was published in the <i>Federal Register</i> on July 19, 2012 (77 FR 42441). The public comment period closed September 17, 2012. SBA received eight comments on the proposed rule. We expect to issue the final rule in the 3rd quarter of FY 2013.

		procurement practices, and current economic conditions. In addition, the Small Business Jobs Act of 2010 (Jobs Act) directs SBA to conduct a detailed review of all size standards and to make appropriate adjustments to reflect market conditions. Specifically, the Jobs Act requires SBA to conduct a detailed review of at least one-third of all size standards during every 18-month period from the date of its enactment and review all size standards not less frequently than once every 5 years thereafter. Reviewing existing small business size standards and making appropriate adjustments based on current data is also consistent with Executive Order 13563 on improving regulation and regulatory review.		small business share of Federal contracting dollars and number of SBA's loans to small businesses. Other than having to register in the System for Award Management to participate in Federal assistance programs, the rule would entail no additional burdens or costs for small businesses.	
5. RIN 3245- AG36	Small Business Size Standards; Arts, Entertainment and Recreation (Sector 71)	See #4 above.	3rd Quarter of FY 2013.	SBA's July 18, 2012 proposed rule will increase the small business size standards for 17 industries in Sector 71. SBA estimated that about 1,450 additional businesses will gain eligibility for Federal small business assistance programs, including SBA's financial assistance programs, economic injury disaster loans, and Federal procurement opportunities intended for small businesses. This would increase the small business share of Federal contracting dollars and number of SBA's loans to small businesses. Other than having to register in the System for Award Management to participate in Federal assistance programs, the	The proposed rule was published in the <i>Federal Register</i> on July 18, 2012 (77 FR 42211). The public comment period closed September 17, 2012. SBA received one comment on the proposed rule. We expect to issue the final rule in the 3rd Quarter of FY 2013.

				rule would entail no additional burdens or costs for small businesses.	
6. RIN 3245- AG37	Small Business Size Standards; Construction (Sector 23)	See #4 above.	3rd Quarter of FY 2013.	SBA's July 18, 2012 proposed rule would increase the small business size standards for one industry and one sub-industry in Sector 23. SBA estimated that about 400 additional businesses would gain eligibility for Federal small business assistance programs, including SBA's financial assistance programs, economic injury disaster loans, and Federal procurement opportunities intended for small businesses. This would increase the small business share of Federal contracting dollars and number of SBA's loans to small businesses. Other than having to register in the System for Award Management to participate in Federal assistance programs, the rule would entail no additional burdens or costs for small businesses	The proposed rule was published in the <i>Federal Register</i> on July 18, 2012 (77 FR 42197). The public comment period closed September 17, 2012. SBA received 28 comments on the proposed rule. We expect to issue the final rule in the 3rd Quarter of FY 2013.

7. RIN 3245- AG43	Small Business Size Standards; Agriculture, Forestry, Fishing and Hunting (Sector 11)	See #4 above.	4th Quarter of FY 2013.	SBA's September 11, 2012 proposed rule would increase size standards for 11 industries in NAICS Sector 11. SBA did not review size standards for 46 industries for which the Small Business Act has established \$750,000 in average annual receipts. If adopted as proposed, more than 7,500 additional firms will be small ( <i>i.e.</i> , 17 percent more than under the current standards). Other than having to register in the System for Award Management to participate in Federal assistance programs, the rule would entail no additional burdens or costs for small businesses.	The proposed rule was published in the <i>Federal Register</i> on September 11, 2012 (77 FR 55755). The public comment period closed on November 13, 2012. SBA received 12 comments on the proposed rule. We expect to issue the final rule in 4th Quarter of FY 2013.
8. RIN 3245- AG44	Small Business Size Standards; Support Services for Mining (Subsector 213 within Sector 21)	See #4 above.	4th Quarter of FY 2013.	SBA's December 6, 2012 proposed rule would increase size standards for three of the four industries with receipts based standards in NAICS Subsector 213, Support Activities for Mining, within NAICS Sector 21. All other standards in Sector 21 are employee-based. If adopted as proposed, about 475 more firms will become small ( <i>i.e.</i> , 8.5 percent more than under current standards). This increase the small business share of total industry receipts for the Sector from 78.4 percent to 79.1 percent. Other than having to register in the System for Award Management to participate in Federal assistance programs, the rule would entail no additional burdens or costs for small businesses.	The proposed rule was published in the <i>Federal Register</i> on December 6, 2012 (77 FR 72766). The public comment period will close on February 4, 2013. We expect to issue the final rule in the 4 <sup>th</sup> Quarter of FY 2013.

9. RIN 3245- AG45	Small Business Size Standards; Finance and Insurance (Sector 52) and Management of Companies and Enterprises; Finance and Insurance (Sector 55)	See #4 above.	4 <sup>th</sup> Quarter of FY 2013.	SBA's September 11, 2012 proposed rule would increase size standards for 37 industries in NAICS Sector 52, and for two industries in NAICS Sector 55. It also proposes to change the size measure from average assets to average receipts for NAICS 522293, International Trade Financing. If adopted as proposed, more than 5,400 more firms will become small in Sectors 52 and 55 ( <i>i.e.</i> , 2.2 percent more than under the current standards). Additionally, in NAICS Sector 52, about 2,000 more financial institutions will qualify as small, including about 25 that are minority owned financial institutions that could thereby become eligible to participate in agreements with prime contractors for subcontracting goals and credits. This will result in an increase in the small business share of total receipts in those industries from 5.1 percent to 7.5 percent. Other than having to register in the System for Award Management to participate in Federal assistance programs, the rule would entail no additional burdens or costs for small businesses.	The proposed rule was published in the <i>Federal Register</i> on September 11, 2012 (77 FR 55737). The public comment period closed on November 13, 2012. SBA received seven comments on the proposed rule. We expect to issue the final rule in the 4th Quarter of FY 2013. .
10. RIN 3245- AG50	Small Business Size Standards: Manufacturing	See #4 above.	3rd Quarter of FY 2013	Review of costs and benefits of action in progress.	The rule is in process. SBA anticipates issuing the proposed rule for comments in the Federal Register in the 3rd quarter of FY 2013. The comment period will be open for 60 days.

11. RIN 3245- AG49	Small Business Size Standards: Wholesale Trade (Sector 42)	See #4 above.	2nd Quarter of FY 2013.	Review of costs and benefits of action in progress.	The rule is in process. SBA anticipates issuing the proposed rule for comments in the Federal Register in the 2nd quarter of FY 2013. The comment period will be open for 60 days.
12. RIN 3245- AG51	Small Business Size Standards: Other Industries with Employee-Based Size Standards not part of Manufacturing and Wholesale Trade	See #4 above.	3rd Quarter of FY 2013	Review of costs and benefits of action in progress.	The rule is in process. SBA anticipates issuing the proposed rule for comments in the Federal Register in the 3rd quarter of FY 2013. The comment period will be open for 60 days.
13. RIN 3245- AF84  OMB Control Number 3245-0356	Small Business Innovation Research (SBIR) Program Policy Directive	The SBIR program is designed to increase small business participation in federal research and development; stimulate their technological innovations; foster and encourage participation by minority and disadvantaged persons in technological innovation; and increase private sector commercialization of technology derived from federal research and development. The SBIR Policy Directive provides guidance for federal government personnel who are involved in the administration of the SBIR Program.	2nd Quarter of FY 2013	Review of costs and benefits of action in progress.	SBIR Program Policy Directive published in Federal Register on August 6, 2012 (77 FR 46855). The public comment period closed on October 5, 2012. We are in the process of reviewing the comments and expect to issue the final Policy Directive in the 2 <sup>nd</sup> Quarter of FY 2013.

14. RIN 3245- AF45  OMB Control Number 3245-0356	Small Business Technology Transfer (STTR) Policy Directive	The STTR program provides research and development funding to small businesses (in partnership with nonprofit research institutions) to move ideas from the laboratory to the marketplace, foster high-tech economic development; and address the technological needs of the federal government.	2nd Quarter of FY 2013	Review of costs and benefits of action in progress.	STTR Program Policy Directive published in Federal Register on August 6, 2012 (77 FR 46855). The public comment period closed on October 5, 2012. We are in the process of reviewing the comments and expect to issue the final Policy Directive in the 2 <sup>nd</sup> Quarter of FY 2013.
15. RIN 3245-AG38	HUBZone (Historically Underutilized Business Zones)	The HUBZone regulations will be amended to address the inconsistent or misapplication of certain program processes and procedures. The amendments will make it easier for participants to comply with the program requirements and enable them to maximize the benefits afforded by participation.	FY 2013	Review of costs and benefits of action in progress.	Initial review is underway. Draft proposed rule is expected to be developed during FY2013.  SBA anticipates issuing the proposed rule for comments in the Federal Register in the 3 <sup>rd</sup> quarter of FY 2013. The comment period will be open for 60 days.
16. TBD	Automated Credit Decision Model for 7(a) Loan Program	This credit scoring methodology would enable lenders making loans of \$350K or less to reduce the time and other resources spent underwriting and processing loans.	FY 2013	Lender use of credit scoring methodology would reduce the costs of underwriting loans and improve the timeliness of disbursing loan proceeds. Credit scoring may also improve the overall loan portfolio credit quality, reducing the repair/denial rates over time.	Developing a plan to review of costs and benefits of the use of credit scoring in 7(a) loan decision. This effort necessitates collaboration with numerous lender partners to assess scope and appropriate structure of process changes and subsequent implementation costs and benefits.  We currently score all loans made through Small Loan Advantage and all outstanding loans in 7(a) and 504 every quarter as part of developing a lender/cdc's risk rating.  Through small loan advantage the credit score is a factor in whether or not a loan is



					<p>approved. However, if the agency wants to stimulate more loans under \$150,000 then we should move to process credit scoring as the sole determinant.</p> <p>Our current regulations would not allow for a pure credit scoring process without taking into account other factors. However, in the coming fiscal year, we should look to change the regulation regarding credit standards.</p>
17. TBD	Auto-approve Disaster Loans Based on Credit Scores	<p>Changing this process would allow SBA more flexibility to design a loan approval that is in line with current private sector practices and reduce the processing cost for lower dollar disaster loans. According to a recent portfolio analysis, disaster loan borrowers with a higher FICO score, pose limited risk to the portfolio.</p>	<p>FY2013 – Develop Regulation change to 13 CFR 123.6.</p> <p>FY2014 – Build out requirements, development and testing prior to placing process into live production.</p>	<p>Review of costs and benefits of action in progress. This planned automated scoring methodology would reduce the costs of underwriting such loans and improve the timeliness of delivering the loan proceeds to the disaster victims, without compromising the agency's fiduciary responsibility.</p> <p>SBA anticipates no changes to the information collection burden.</p>	<p>A process improvement team has been established to review the current disaster credit box. The anticipated outcome will be an auto approval process similar to private sector mortgage companies.</p> <p>ODA has developed a pilot auto-approval project for processing files received as a result of Hurricane Sandy. The pilot uses credit scores and gross income as reported on applicant's Federal tax return as the basis for the approval decision. The pilot is limited to home loans only. The results of the pilot will be reviewed to determine if it meets the needs of providing an abbreviated method of approving loans that pose a limited risk of loss based on the history of loans in our current portfolio.</p> <p>At the end of the pilot ODA will review the impact of the changes to determine the value of the process. We anticipate refining the process as we move forward to provide an auto approval product that increases production without negatively impacting the portfolio.</p> <p>The results of the pilot and subsequent refinements will be reviewed to determine if changes to regulations are required. Additionally, once the final auto approval</p>

					product is structured we will build out the requirements and test prior to placing into live production.
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**COMPLETED ACTIONS SINCE THIRD REPORT OF RETROSPECTIVE REVIEW EFFORTS  
POSTED ON: 12/19/2012**

<b>RIN/OMB CONTROL NUMBER</b>	<b>TITLE OF INITIATIVE/RULE/ICR</b>	<b>BRIEF DESCRIPTION</b>	<b>ACTUAL OR TARGET COMPLETION DATE</b>	<b>ANTICIPATED SAVINGS IN COSTS AND/OR INFORMATION COLLECTION BURDENS, TOGETHER WITH ANY ANTICIPATED CHANGES IN BENEFITS (PLEASE QUANTIFY, TO THE EXTENT FEASIBLE, AND SPECIFY BASELINE, TIME HORIZON, &amp; AFFECTED GROUPS)</b>	<b>PROGRESS UPDATES AND ANTICIPATED ACCOMPLISHMENTS</b>
1.  RIN 3245-AG26	Small Business Size Standards; Information (Sector 51)	See #4 above.	1 <sup>st</sup> Quarter of FY 2013	SBA's final rule increases 15 receipts based size standards in Sector 51. SBA estimated that about 500 additional businesses would qualify as small under the revised standards (i.e., 1.2 percent more than under the current standards). This final rule increases the small business share of total industry receipts in those industries from 13 percent to 15 percent. Other than having to register in the System for Award Management to participate in Federal assistance programs, the final rule entails no additional burdens or costs for small businesses.	The final rule was published in the <i>Federal Register</i> on December 6, 2012 (77 FR 72702). The final rule became effective on January 7, 2013.
2.  RIN 3245-AG27	Small Business Size Standards: Administrative and Support, Waste Management and Remediation Services	See #4 above.	1 <sup>st</sup> Quarter of FY 2013	SBA's final rule increases size standards for 37 industries in Sector 56. SBA estimated that about 2,700 additional businesses would qualify as small under the revised standards (i.e., nearly 1.0 percent more than	The final rule was published in the <i>Federal Register</i> on December 6, 2012 (77 FR 72691). The final rule became effective on January 7, 2013.

	(Sector 56))			under the current standards). This final rule increases the small business share of total industry receipts in those industries from 32 percent to 37 percent. Other than having to register in the System for Award Management to participate in Federal assistance programs, the final rule entails no additional burdens or costs for small businesses.	
3. RIN 3245-AG46	Small Business Size Regulations, Small Business Innovation Research (SBIR) Program and Small Business Technology Transfer (STTR) Program	SBA had to follow a statutory requirement to issue a proposed rule within 120 days of enactment of the Reauthorization Act.	1 <sup>st</sup> Quarter of FY 2013	SBA estimated that the additional costs are not burdensome and the amendments to the program through the SBIR/STTR Reauthorization legislation will help generate expanded economic benefits both agencies and small businesses/research institutions.	The final rule was published in the <i>Federal Register</i> on December 27, 2013 (77 FR 76215). The final rule will become effective January 28, 2013.

## Burden Reduction Initiatives

Agency	Sub-Agency	Title	Description of the Initiative	Hours of Paperwork/ Reported Eliminated	Estimated Effective Date of the Change	Notes
SBA	OCA	504 and 7(a) loan process and paper requirements	This initiative will increase eligibility for loans in SBA's primary business loan programs and modify certain program participant requirements applicable to the 504 and 7(a) loan programs. The two major impacts on paperwork and burden reduction relate to the Personal Resources test and Affiliation. The changes will mean that certain businesses and owners will submit fewer tax returns and other documentation in support of program eligibility. SBA	93,800	2 <sup>nd</sup> Quarter of 2013	Associated with a rulemaking listed in the retrospective plan.

			is also looking at ways to streamline and simplify the 504 loan closing process. This initiative will increase eligibility for loans under its business loan programs and modify certain program participant requirements applicable to the 504 loan program. The two major impacts on paperwork and burden reduction relate to the Personal Resources test and Affiliation. SBA is also looking at ways to streamline and simplify the 504 loan closing process.			
SBA	OCA	QuickApp for surety bonds under \$250,000	“QuickApp”, a streamlined application for surety bonds under \$250,000 that will eliminate the need for contractors to complete five forms to apply for a bond. This change will provide small firms, particularly in the construction industry, streamlined access to these bonds.	8,638	8/2012	The final rule was published in the <i>Federal Register</i> on July 16, 2012 (77 FR 41663). The final rule became effective on August 15, 2012.
SBA	OCA	Streamlined loan authorization for all 7(a) loans under \$350,000	SBA is currently exploring a new streamlined loan authorization for all 7(a) loans originated below \$350,000. If adopted, the agency estimates it would reduce the loan authorization paperwork from an average of 12 pages to as few as 4 pages in most cases.	2,665	N/A	
SBA	OCIO	Streamlined design and support system to more efficiently administer (State Trade Export Promotion) grants	An online question/prompt-based tool which would enable grantees to fill in answers to prompts generating the information required on grant administration forms (budget, performance, advance, reimbursements, etc.) and submit the required forms. SBA believes this will reduce the number of burden hours of STEP grantees by 5%.	1,540	3 <sup>rd</sup> Quarter of FY 2013	