

SBA FINAL JULY 2014 RETROSPECTIVE REVIEW PLAN UPDATE

PART A Ongoing Actions

RIN/OMB CONTROL NUMBER	TITLE OF INITIATIVE/RULE/ICR	BRIEF DESCRIPTION	ACTUAL OR TARGET COMPLETION DATE	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, & AFFECTED GROUPS)	PROGRESS UPDATES AND ANTICIPATED ACCOMPLISHMENTS
1. RIN 3245- AG49	Small Business Size Standards: Employee Based Size Standards for Wholesale Trade and Retail Trade	SBA is authorized to develop the size standards that are the basis for establishing eligibility for federal financial assistance and contracting opportunities. This size rule is 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 procurement practices, and current economic conditions. This review is consistent with Executive Order 13563 on improving regulations and regulatory review. The rule would comply with the Small Business Jobs Act of 2010 (Jobs Act) requirement for SBA to review all size standards and make appropriate adjustments to reflect market conditions. The Jobs Act requires SBA to review 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.	1st Quarter of FY 2015.	SBA estimates that in 47 industries for which it proposes to increase employee based size standards in Sectors 42 and 44-45, nearly 4,000 firms, not small under the existing size standards, will become small under the proposed size standards, if adopted, and therefore will become eligible for SBA's financial assistance programs. That is an increase of 1.1 percent of all firms classified as small under the current employee based size standards in those sectors. SBA estimates up to about 50 loans totaling about \$20 million could be made under its 7(a) and CDC/504 Programs to these newly defined small businesses under the proposed size standards. Since the rule proposes to retain the 500-employee non-manufacturer size standard for Federal procurement, there are no impacts on procurement.	The proposed rule was published in the <i>Federal Register</i> on May 19, 2014 (79 FR 28631). The public comment period will close July 18, 2014.

2. RIN 3245- AG50	Small Business Size Standards: Manufacturing	See #1 above.	4th Quarter of FY 2014.	Review of costs and benefits of action in progress.	The rule is in process. SBA anticipates issuing the proposed rule for comments in the <i>Federal Register</i> in the 4th quarter of FY 2014. The comment period will be open for 60 days.
3. RIN 3245- AG51	Small Business Size Standards: Industries with Employee-Based Size Standards Not Part of Manufacturing, Wholesale Trade, or Retail Trade	See #1 above.	4th Quarter of FY 2014	Review of costs and benefits of action in progress.	The rule is in process. SBA anticipates issuing the proposed rule for comments in the <i>Federal Register</i> in the 4th quarter of FY 2014. The comment period will be open for 60 days.
4. RIN 3245-AG16	Small Business Size Standards: Alternative Size Standard for 7(a), 504, and Disaster Loan Programs	SBA will amend its size eligibility criteria for 7(a) Business Loans [7(a)], development company loans under Title V of the Small Business Investment Act (504), and economic injury disaster loans (EIDL). For the SBA 7(a) Business Loan Program, the amendments will provide an alternative size standard for loan applicants that do not meet the small business size standards for their industries. For the 504 Program, the amendments will increase the current alternative standard for applicants for 504 loans. The Small Business Jobs Act of 2010 (Jobs Act) established alternative size standards that apply to both of these programs until the SBA's Administrator establishes other alternative size standards. For the disaster loan program, the amendments will provide an	4th Quarter of FY 2014	The most significant benefit of this regulatory action for businesses is that certain businesses would gain eligibility for three of SBA's financial assistance programs (i.e., 7(a), CDC/504, and EIDL) for which they would not otherwise be eligible, based on their industry specific size standards. This would allow them to attain financing that may be critical to their continued growth or economic viability. Based on the latest data, about 250 to 300 firms would be eligible for 7(a) and 504 loan programs and about 200 firms for EIDL program.	The rule is in process. SBA anticipates issuing the proposed rule for comments in the <i>Federal Register</i> in the 4th quarter of FY 2014. The comment period will be open for 60 days.

		alternative size standard for loan applicants that do not meet the small business size standards for their industries. These alternative size standards do not affect other Federal Government programs, including Federal procurement.			
5. RIN 3245-AG38	HUBZone (Historically Underutilized Business Zones)	SBA is reviewing the HUBZone regulations to address, in particular, the inconsistent or misapplication of certain program processes and procedures. The anticipated amendments will make it easier for participants to comply with the program requirements and enable them to maximize the benefits afforded by participation.	1st or 2nd Quarter of FY 2015	Review of costs and benefits of action in progress.	Initial review is underway. Draft proposed rule is expected to be developed by the end of FY 2014. SBA anticipates issuing the proposed rule for comments in the <i>Federal Register</i> in the 1st or 2nd quarter of FY 2015.
6. RIN 3245-AG60	Small Business Size Standards: Adjust Monetary Size Standards for Inflation	The Small Business Jobs Act of 2010 requires SBA to review and adjust (as necessary) all size standards within five years of its enactment. SBA is also required by its Small Business Size Regulations at 13 CFR 121.102(c) to review the effects of inflation on its monetary standards at least once every five years. SBA has complied with these requirements by issuing an interim final rule with request for comments to adjust its monetary small business size standards (i.e., receipts, net income, net worth, and financial assets), for the effects of inflation that have occurred since the last inflation adjustment, which was effective August 18, 2008.	4th Quarter FY 2014	The most significant benefit of this interim final rule for small businesses is that it will enable businesses that have exceeded size standards simply due to inflation to regain eligibility for Federal small business assistance programs. SBA estimates that this rule will enable approximately 8,500 firms in industries and subindustries with receipts based size standards and about 170 firms in industries with assets based size standards, currently above SBA's size standards, to gain small business status and become eligible for SBA financial assistance and small business procurement programs. This will increase the small business share of total receipts in industries and subindustries with receipts based size standards from	This interim final rule with request for comments was published in the <i>Federal Register</i> on June 12, 2014 (79 FR 33647). The effective date is July 14, 2014. The comment period will close on August 11, 2014.

				31.2 percent to 31.8 percent and the small business share of total assets in industries with assets based size standards from 8.8 percent to 9.4 percent. SBA estimates that firms gaining small business status under the inflation adjusted size standards could receive Federal contracts totaling \$150 million to \$200 million annually under small business set aside and unrestricted procurements. SBA estimates about 80 addition loans totaling about \$30 million could be made to these newly defined small businesses under SBA's 7(a) and 504 Loan Programs under the adjusted size standards.	
8. RIN 3245-AE05	Small Business Development Centers (SBDC) Program Revisions	This rule would propose amendments that are necessary to update the policies and procedures for management and oversight of the Small Business Development Center (SBDC) Program, including procedures and requirements for resolving findings resulting from financial exams, programmatic reviews, accreditation reviews, and other SBA oversight activities; as well as procedures for approving applications for new Host SBDCs and new or renewal applications for SBDC grants.	2 nd Quarter of FY 2015.	Review of costs and benefits of this action is in progress.	The Advance Notice of Proposed Rulemaking is in process. SBA expects to publish the ANPRM in the Federal Register in the 2 nd Quarter of FY 2015.
9. RIN 3245-AG63	Amendments to Standards of Conduct and Employee Restrictions and Responsibilities	This rule would amend Part 105 of the SBA regulations to clarify and streamline the existing regulations, including those that pertain to SBA employees' duties and responsibilities, restrictions on the granting of SBA assistance to persons with a current or past	1 st Quarter of FY 2015	Review of costs and benefits of this action is in progress.	The proposed rule is in process.

		relationship with SBA or the Federal government, and requests for SBA assistance by, among others, members of Congress, employees of the Federal legislative and judicial branches, and members of SBA advisory committees.			
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PART B
Completed Actions Since the January 2014 Report of Retrospective Review Update

RIN/OMB CONTROL NUMBER	TITLE OF INITIATIVE/RULE/ICR	BRIEF DESCRIPTION	ACTUAL OR TARGET COMPLETION DATE	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, & AFFECTED GROUPS)	PROGRESS UPDATES AND ANTICIPATED ACCOMPLISHMENTS
1. RIN 3245-AG04 OMB Control Numbers 3245-0074, 3245-0071, 3245-0016, 3245-0348, 3245-0361	504 and 7(a) Loan Programs Updates	SBA issued a rule that modified certain program requirements and thereby streamlined 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 programs and SBA is also looking at ways to streamline and simplify the 504 loan closing process.	March 21, 2014	3,250 estimated burden hour reduction for participants in 504 and 7(a) Loan Programs.	The proposed rule was published in the <i>Federal Register</i> on February 25, 2013 (78 FR 12633). The public comment period closed April 26, 2013. SBA received 99 comments on the proposed rule. The final rule, which was published on March 21, 2014 (79 FR 15641), became effective on April 21, 2014, for loan provisions. Governance provisions will become effective April 21, 2015.
2. RIN 3245-AG61	Disaster Assistance Loan Program; Disaster Loan Credit and Collateral Requirements	After reviewing the disaster loan approval process, SBA issued several amendments to improve the delivery of services; increase the	April 25, 2014	The accelerated scoring methodology would reduce the costs of underwriting unsecured disaster loans and improve the timeliness of delivering loan	The interim final rule was published in the <i>Federal Register</i> on April 25, 2014 (79 FR 22859). The rule became effective on April 25, 2014. The public comment period closed

		<p>unsecured threshold on physical losses from \$14,000 to \$25,000 in major disasters; increase the unsecured threshold on all economic injury loans from \$5,000 to \$25,000; and accelerate disaster loan processing for individuals and entities with strong credit.</p> <p>Changing the approval process will allow SBA more flexibility to design a loan approval that is in line with current private sector practices and will reduce the processing cost for lower dollar disaster loans.</p> <p>Increasing the unsecured threshold on physical loans declared in major disasters will allow for disaster borrowers to receive much-needed loan funds more quickly following a disaster.</p>		<p>proceeds to disaster victims, without compromising the agency's fiduciary responsibility.</p> <p>Because there is less documentation to collect and review, SBA will be able to disburse funds below the unsecured loan threshold more quickly</p> <p>SBA anticipates no changes to the information collection burden.</p>	<p>on June 23, 2014. SBA received no comments.</p> <p>ODA previously piloted an accelerated approval project for processing files received as a result of Hurricane Sandy. The pilot used credit scores and gross income as reported on applicant's Federal tax return as the basis for the approval decision.</p> <p>The results of the pilot and subsequent refinements were included in a business case and the interim final regulations were written accordingly. The final methodology is also based on the same credit scoring methodology SBA's Office of Capital Access uses for the business loan programs as part of its repayment ability determination.</p>
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PART C
Burden Reduction Initiatives

Agency	Sub-Agency	TITLE	DESCRIPTION OF THE INITIATIVE	HOURS OF PAPERWORK/REPORTED ELIMINATED	ESTIMATED EFFECTIVE DATE OF THE CHANGE	NOTES
1. SBA OMB Control Numbers 3245-0071; 3245-0074; and 3245-0348	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. SBA 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.	3250	April 2014	Associated with the 504 and 7(a) Loan Programs Updates rulemaking listed in Part B, item 1 of this retrospective review update. The final rule was published March 21, 2014. Changes to the related information collection have been implemented.
2. SBA	OCA	Streamlined loan authorization for all 7(a) loans under \$350,000	SBA is currently developing 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	1st Quarter of FY 2015	
3. OMB Control Numbers 3245-0016; 3245-0348; and 3245-0361	OCA	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.	180	2015	Over 90 percent of 7(a) loans are processed electronically via the same electronic application. Lenders that are new to SBA lending and very small lenders may find it difficult to move to complete electronic application processing. An increase to 94% may represent the optimal achievement of this initiative. Nonetheless, SBA is evaluating how to incorporate the remaining percentage and achieve 100 percent.

						<p>This effort is still ongoing. As part of the revised SBA SOP 50 10 5 F, SBA consolidated the various 7(a) loan program borrower application forms as well as the various forms used by the 7(a) program lenders. As a result of this streamlined effort, SBA eliminated half of the total 14 forms used across the various 7(a) programs. Instead all programs now use one set of forms consisting of Forms 1919 and 1920, and 2237; and Form 2301</p>
4. SBA	OIT	Streamlined process support system to more efficiently administer State Trade and Export Promotion grants payments.	Revising required quarterly grantee forms and implementing a new information technology application will improve grantee form preparation and process visibility and will increase the efficiency of grantee reimbursements, enabling grantees to compile grant administration forms with greater ease and receive reimbursements in less time. SBA believes this will reduce the number of burden hours of STEP grantees by 5%.	864	April 2014	<p>The streamlining effort has been implemented. The revised grant forms have been finalized; the STEP grantees were trained, and the revised forms are in production. The automated tool was rolled out in April 2014 and initial results have been very positive in terms of processing visibility, accountability and efficiency of STEP grant payments.</p>