

**SBA THIRD REPORT OF RETROSPECTIVE REVIEW EFFORTS  
TO BE POSTED: 9/10/2012**

<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.  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 item 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 3245-	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 programs and modify certain program	2 <sup>nd</sup> Quarter of FY 2013	93,800 estimated burden hour reduction for participants in 504 and 7(a) Loan Programs.	The draft rule is under review at OIRA beginning August 1, 2012.

0074, 3245-0071, 3245-0016, 3245-0348, 3245-0361		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.  RIN 3245-AG39  OMB Control Number 3245-0007 and 3245-0378	Surety Bond Guarantee Program, Quick Bond Guarantee Agreement	“QuickBond App”, 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.	4 <sup>th</sup> Quarter of FY 2012	8,638 estimated burden hour reduction for surety companies and small businesses.	The final rule was published in the Federal Register on July 16, 2012 (77 FR 41663). The final rule became effective on August 15, 2012 (77 FR 41663).
5.  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 the current 2013 fiscal year by issuing an updated SOP.

8. 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 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.	2 <sup>nd</sup> 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 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 19, 2012 (77 FR 42441). The public comment period is open until September 17, 2012. We expect to issue the final rule in the 2 <sup>nd</sup> quarter of FY 2013.
9. RIN 3245- AG26	Small Business Size Standards; Information (Sector 51)	See #8 above.	1 <sup>st</sup> Quarter of FY 2013.	SBA's October 12, 2011, proposed rule would increase 15 receipts based size standards in Sector 51. SBA estimated that about 500 additional businesses would qualify as small under the revised standards ( <i>i.e.</i> , 1.2 percent	The proposed rule was published in the <i>Federal Register</i> on October 12, 2011 (76 FR 63216). The public comment period closed December 12, 2011. The draft final rule is under OIRA review . We expect to issue the final rule in the 1st Quarter of FY 2013.

				more than under the current standards). This would increase 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 rule would entail no additional burdens or costs for small businesses.	
10. RIN 3245- AG27	Small Business Size Standards; Administrative and Support, Waste Management and Remediation Services Industries (Sector 56)	See #8 above.	1 <sup>st</sup> Quarter of FY 2013.	SBA's October 12, 2011, proposed rule would increase size standards for 37 industries in Sector 56. SBA estimated that about 2,700 additional businesses will qualify as small under the revised standards ( <i>i.e.</i> , nearly 1.0 percent more than under the current standards). This would increase 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 rule would entail no additional burdens or costs for small businesses.	The proposed rule was published in the <i>Federal Register</i> on October 12, 2011 (76 FR 63510). The public comment period closed December 12, 2011. The draft final rule is under OIRA review. We expect to issue the final rule in the 1st Quarter of FY 2013.
11. RIN 3245- AG28	Small Business Size Standards: Real Estate, Rental and Leasing Industries (Sector 53)	See #8 above.	1 <sup>st</sup> Quarter of FY 2013.	SBA's September 24, 2012, final rule increases size standards for 20 industries and one-sub-industry in Sector 53. SBA estimates that about 13,000 additional firms are small after these increases ( <i>i.e.</i> , nearly 5 percent more than under the previous standards). This results in an increase in the small business share of total industry receipts for this Sector from about 27 percent to nearly 39 percent. Other than having to register in the	The proposed rule was published in the Federal Register on November 15, 2011 (76 FR 70680). The 60-day public comment period ended on January 17, 2012. The final rule, effective October 24, 2012, was published in the Federal Register on September 24, 2012 (77 FR 58747).

				System for Award Management to participate in Federal assistance programs, the rule would entail no additional burdens or costs for small businesses.	
12.  RIN 3245- AG29	Small Business Size Standards; Educational Services Industries (Sector 61)	See #8 above.	1 <sup>st</sup> Quarter of FY 2013.	SBA's September 24, 2012, final rule increases size standards for nine industries in Sector 61. SBA estimates that about 1,500 more businesses are small under the increased size standards (about 2.1 percent more than under the previous standards). This results in an increase in the small business share of total industry receipts for this Sector from about 18 percent to nearly 23 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 November 15, 2011 (76 FR 70667). The 60-day public comment period ended on January 17, 2012. The final rule, effective October 24, 2012, was published in the Federal Register on September 24, 2012 (77 FR 58739).
13.  RIN 3245- AG30	Small Business Size Standards; Health Care and Social Assistance Services Industries (Sector 62)	See #8 above.	1 <sup>st</sup> Quarter of FY 2013.	SBA's September 24, 2012, final rule increases size standards for 28 industries in Sector 62. SBA estimates that about 4,100 additional firms are small because of increases ( <i>i.e.</i> , about 0.7 percent more than under the previous standards). This results in an increase in the small business share of total industry receipts for the Sector from about 30 percent to nearly 32 percent. 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 February 24, 2012 (77 FR 11001). The 60-day public comment period ended on April 24, 2012, and SBA received only one comment. The final rule, effective October 24, 2012, was published in the Federal Register on September 24, 2012 (77 FR 58755).

				rule would entail no additional burdens or costs for small businesses.	
14. RIN 3245- AG36	Small Business Size Standards; Arts, Entertainment and Recreation (Sector 71)	See #8 above.	2 <sup>nd</sup> Quarter of FY 2013.	SBA's July 18, 2012, proposed rule would increase the small business size standards for 17 industries in Sector 71. SBA estimated that about 1,450 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 42211). The public comment period is open until September 17, 2012. We expect to issue the final rule in the 2 <sup>nd</sup> Quarter of FY 2013.
15. RIN 3245- AG37	Small Business Size Standards; Construction (Sector 23)	See #8 above.	2 <sup>nd</sup> 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	The proposed rule was published in the <i>Federal Register</i> on July 18, 2012 (77 FR 42197). The public comment period is open until September 17, 2012. We expect to issue the final rule in the 2 <sup>nd</sup> Quarter of FY 2013.

				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	
16. RIN 3245- AG43	Small Business Size Standards; Agriculture, Forestry, Fishing and Hunting (Sector 11)	See #8 above.	3 <sup>rd</sup> 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. More than 7,500 additional firms would 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 is open until November 13, 2012. We expect to issue the final rule in the 2nd Quarter of FY 2013.
17. RIN 3245- AG44	Small Business Size Standards; Support Services for Mining (Subsector 213 within Sector 21)	See #8 above.	Proposed Rule in 3 <sup>rd</sup> Quarter of FY 2013; final rule in 3 <sup>rd</sup> Quarter of FY 2013.	Review of costs and benefits of action under review.	The draft proposed rule is under review at OIRA . We expect to issue the proposed rule by the end of the 4 <sup>th</sup> quarter of FY 2012 or during the 1st Quarter of FY 2013. The comment period will be open for 60 days.

18.  RIN 3245- AG45	Small Business Size Standards; Finance and Insurance (Sector 52) and Management of Companies and Enterprises; Finance and Insurance (Sector 55)	See #8 above.	Proposed rule in 4 <sup>th</sup> quarter of FY 2012; final rule in 3 <sup>rd</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 would change the size measure from average assets to average receipts for NAICS 522293, International Trade Financing. More than 5,400 more firms would 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 would 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 would 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 is open. until November 13, 2012. We expect to issue the final rule in the 2nd Quarter of FY 2013
19.  RIN 3245- AG50	Small Business Size Standards: Manufacturing	See #8 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.
20.  RIN 3245- AG49	Small Business Size Standards: Wholesale Trade (Sector 42)	See #8 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.



21. RIN 3245- AG51	Small Business Size Standards: Other Industries with Employee-Based Size Standards not part of Manufacturing and Wholesale Trade	See #8 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.
22. 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 a 120 days of enactment of the Reauthorization Act.	1 <sup>st</sup> Quarter of FY 2013	SBA estimates that the additional costs are not burdensome and the amendments to the program through the Reauthorization legislation will help generate expanded economic benefits both agencies and small businesses/research institutions.	The proposed rule was published in the Federal Register on June 21, 2012 (77 FR 28520). Public comments were solicited through July 16, 2012.
23. RIN 3245- AG47	Small Business Size Standards: Adoption of 2012 North American Industry Classification System (NAICS) for Small Business Size Standards	The U.S. Small Business Administration (SBA) amended its Small Business Size Regulations to incorporate the Office of Management and Budget's (OMB) 2012 modifications of the North American Industry Classification System (NAICS), identified as NAICS 2012, into its table of small business size standards. NAICS 2012 created 76 new industry codes and reused 13 NAICS 2007 industry codes with additional or modified content. Those 89 new and modified industry codes in NAICS 2012 impact 199 industry codes in NAICS 2007. The large majority of the changes involve renumbering and/or redefining NAICS 2007 codes in NAICS 2012, without warranting changes to their size standards. Therefore, for those industries SBA has	4th Quarter of FY 2012.	SBA estimated the benefit of adopting this rule will accrue to three groups as follows: (1) some that are above their current size standards may gain small business status, thereby becoming eligible to participate in Federal small business assistance programs; (2) those growing small businesses that are close to exceeding the current size standards may retain their small business under NAICS 2012, and can continue participating in the programs; and (3) Federal agencies will have a larger pool of small businesses from which to draw for their small business procurement programs because they will be able to define more accurately the principal purposes of their procurements under NAICS. Other than having to complete the Central Contractor Registration ("CCR")/Online Representations and Certifications Application ("ORCA") to participate in Federal assistance	The interim final rule was published in the Federal Register on August 20, 2012 (77 FR 4991). Public comments were solicited until October 19, 2012. The interim final rule effective date is October 1, 2012.

		transferred the size standards of the NAICS 2007 industry to the NAICS 2012 industry. SBA's adoption of NAICS 2012 resulted in changes to small business size standards for 41 NAICS 2007 industries and one exception. This also resulted in changes to NAICS industry titles for one Subsector and eight industries.		programs, the rule would entail no additional burdens or costs on small businesses.	
24. 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. The program has undergone several changes since the directive was last reviewed, notably the amendments included in the recent reauthorization act. Review will ensure that the directive reflects these changes.	1 <sup>st</sup> Quarter of FY 2013	Review of costs and benefits of action in progress.	Policy Directive published in Federal Register on August 6, 2012(77 FR 46806). Public comments were solicited until October 5, 2012. The final Policy Directive is expected in the first quarter of FY 2013.
25. RIN 3245-	Small Business Technology Transfer (STTR) Policy Directive	The STTR program provides research and development funding to small businesses (in	1 <sup>st</sup> Quarter of FY 2013	Review of costs and benefits of action in progress.	Policy Directive published in Federal Register on August 6, 2012 (77 FR 46855). Public comments were solicited until

AF45  OMB Control Number 3245-0356		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. Changes similar to those proposed for the SBIR program described above, will be implemented.			October 5, 2012. The final Policy Directive is expected in the first quarter of FY 2013.
27.  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.	FY2013	Review of costs and benefits of action in progress.	Initial review is underway. Draft proposed rule is expected to be developed during FY2013.  The rule is in process as of 10/15/12. 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.
28.  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.	FY2013	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 approved. However, if the agency want to stimulate more loans under \$150,000 then we should move to process credit scoring as

					<p>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>
29. 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.</p> <p>According to a recent portfolio analysis, disaster loan borrowers with a higher FICO score, pose limited risk to the portfolio.</p>	<p>FY2012 – Develop Regulation change to 13 CFR 123.6 definition.</p> <p>FY2013 – 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. Team is exploring production of Business Plan, obtaining required approvals and developing a pilot.</p>

## Burden Reduction Initiatives

Agency	Sub-Agency	Title	Description of the initiative	Hours of paperwork/reporting eliminated	Estimated effective date of the change	Notes
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SBA	OCA	504 and 7(a) loan process and paper requirements	<p>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 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</p>	93,800	11/2012	Associated with a rulemaking listed in the retrospective plan.
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			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	Associated with a rulemaking listed in the retrospective plan.
SBA	OCA	Streamlined loan authorization for all 7(a) loans under \$350,000	SBA is currently exploring a new streamlined loan authorization form for all 7(a) loans originated below \$350,000. If adopted, the agency estimates it would reduce the loan authorization paperwork from 10+ pages, and in some cases as many as 70+ pages, to as little as 4	2,665	N/A	

			pages.			
SBA	OCIO	Streamlined design and support system to more efficiently administer STEP (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	11/2012	