

JANUARY 2014 RETROSPECTIVE REVIEW 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
<p>1. RIN 3245-AG04</p> <p>OMB Control Numbers 3245-0074, 3245-0071, 3245-0016, 3245-0348, 3245-0361</p>	<p>504 and 7(a) Loan Programs Updates</p>	<p>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 requirements. SBA is also looking at ways to streamline and simplify the 504 loan closing process.</p>	<p>3rd or 4th Quarter of FY 2014</p>	<p>3,250 estimated burden hour reduction for participants in 504 and 7(a) Loan Programs.</p>	<p>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. We expect to issue the final rule in the 3rd or 4th quarter of 2014.</p>
<p>2. RIN 3245-AG49</p>	<p>Small Business Size Standards: Employee Based Size Standards for Wholesale Trade and Retail Trade</p>	<p>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. In addition, the Small Business Jobs Act of 2010 (Jobs Act) directs SBA to conduct a detailed review of all size standards</p>	<p>3rd or 4th Quarter of FY 2014.</p>	<p>Review of costs and benefits of action in progress.</p>	<p>The rule is in process. SBA anticipates issuing the proposed rule for comments in the <i>Federal Register</i> in the 3rd or 4th quarter of FY 2014. The comment period will be open for 60 days.</p>

		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.			
3. RIN 3245- AG50	Small Business Size Standards: Manufacturing	See #2 above.	3rd or 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 Federal Register in the 3rd or 4th quarter of FY 2014. The comment period will be open for 60 days.
4. RIN 3245- AG51	Small Business Size Standards: Industries with Employee-Based Size Standards Not Part of Manufacturing, Wholesale Trade, or Retail Trade	See #2 above.	3rd or 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 Federal Register in the 3rd or 4th quarter of FY 2014. The comment period will be open for 60 days.
5. RIN 3245-AG16	Small Business Size Standards: Alternative Size Standard for 7(a), 504, and Disaster Loan Prorams	SBA will amend its size eligibility criteria for Business Loans, development company loans under title V of the Small Business Investment Act (504), and economic injury disaster loans. For the SBA	3rd or 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 Federal Register in the 3rd or 4th quarter of FY 2014. The comment period will be open for 60 days.

		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 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.			
6. 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.	3rd or 4th Quarter of FY 2014	Review of costs and benefits of action in progress.	Initial review is underway. Draft proposed rule is expected to be developed during FY2014. SBA anticipates issuing the proposed rule for comments in the Federal Register in the 3rd or 4th quarter of FY 2014.
7. RIN 3245-AG60	Small Business Size Standards: Adjust	The Small Business Jobs Act of 2010 requires SBA to review and adjust	3rd or 4th Quarter FY 2014	Review of costs and benefits of action in progress.	The rule is in process. SBA anticipates issuing the interim final rule for comments in

	Monetary Size Standards for Inflation	(as necessary) all size standards within five years of its enactment. By the fourth quarter of FY 2014 SBA will have completed all monetary size standards to the point where it can examine the impact of inflation. 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. To comply with these requirements, SBA intends to issue 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. This action will restore small business eligibility to businesses that have lost that status due to inflation			the Federal Register in the 3rd or 4th quarter of FY 2014. The comment period will be open for 60 days.
8. RIN 3245-AG61	Accelerated Approval Disaster Loans for individuals and entities with strong credit which will include income verification. Increase the unsecured threshold on physical losses from \$14,000 to \$25,000 in major disasters and to increase the unsecured threshold on all economic injury loans from \$5,000 to \$25,000	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 strong credit pose limited risk to the portfolio. 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	FY2014 – Develop Regulation change to 13 CFR 123.6. FY2014 – Build out requirements, development and testing prior to placing process into live production.	Review of costs and benefits of action in progress. This planned accelerated 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. Because there is less documentation to collect and review, SBA will be able to disburse funds below the unsecured loan threshold more quickly SBA anticipates no changes to the	The rule is in process. SBA anticipates issuing the interim final rule in the Federal Register in the 2nd quarter of 2014. A process improvement team has been established to review the current disaster credit box. The anticipated outcome will be an accelerated approval process similar to private sector mortgage and commercial lending institutions. ODA developed a pilot accelerated approval project for processing files received as a result of Hurricane Sandy. The pilot used

		disaster.		information collection burden.	<p>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 was written accordingly. Additionally, ODA will use the same methodology Capital Access is using regarding business loans when using a credit scoring methodology as part of its repayment ability determination.</p>
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PART B

**COMPLETED ACTIONS SINCE FIFTH REPORT OF RETROSPECTIVE REVIEW EFFORTS
01/24/2014**

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- 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. This size rule is	12/23/13	This rule revises the small business size standards for 13 industries in Sector 22. SBA estimated that about 400 additional businesses will gain eligibility for Federal small business assistance programs,	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. The

		<p>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.</p>		<p>including SBA's financial assistance programs, economic injury disaster loans, and Federal procurement opportunities intended for small businesses. This revised size standard is also expected to 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.</p>	<p>final rule, which was published in the <i>Federal Register</i> on December 23, 2013 (78 FR 77343) became effective on January 22, 2014.</p>
<p>2. RIN 3245- AG37</p>	<p>Small Business Size Standards; Construction (Sector 23)</p>	<p>See above</p>	<p>12/23/13</p>	<p>This final rule increases the small business size standards for one industry and one sub-industry in Sector 23. SBA estimated that about 400 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 revised size standard is expected to increase the small business share of Federal contracting dollars and</p>	<p>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. The final rule, which was published in the <i>Federal Register</i> on December 23, 2013 (78 FR 77334) became effective on January 22, 2014.</p>

				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	
3. 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.	1/8/14		Proposed amendments to the SBIR Program Policy Directive were published in Federal Register on August 6, 2012 (77 FR 46855). The public comment period closed on October 5, 2012. The final amendments to the Policy Directive were published in the <i>Federal Register</i> on January 8, 2014 (79 FR 1303) and became effective on the same date. The final Policy Directive is available at http://www.sbir.gov/about/about-sbir .
4. 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.	1/8/14		Proposed amendments to the STTR Program Policy Directive were published in Federal Register on August 6, 2012 (77 FR 46855). The public comment period closed on October 5, 2012. The final amendments to the Policy Directive were published in the <i>Federal Register</i> on January 8, 2014 (79 FR 1309) and became effective on the same date. The final Policy Directive is available at http://www.sbir.gov/about/about-sttr .

<p>5. None</p>	<p>Automated Credit Decision Model for 7(a) Loan Program</p>	<p>This credit scoring methodology enables lenders making loans of \$350K or less to reduce the time and other resources spent underwriting and processing loans.</p>	<p>1/1/14</p>	<p>Lender use of credit scoring methodology will 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.</p>	<p>SBA SOP 50 10 5 F, effective January 1, 2014, establishes a pre-screening credit score process for loans up to and including \$350,000 that permits expedited processing. Lender is also permitted to use its validated credit scoring model in lieu of SBA's policy for certain credit determinations for these loans up to and including \$350,000 in size as long as the lender uses the same business credit scoring model for its similarly-sized non-SBA guaranteed commercial loans.</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	3rd Quarter of 2014	Associated with the 504 and 7(a) Loan Programs Updates rulemaking listed in Part A, item 1 of this retrospective plan
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	Eighty-nine 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. Thus, an increase from 89 to 94% may represent the optimal achievement of this initiative. Nonetheless, SBA is evaluating how to incorporate the other 11%.

						This effort is still ongoing. As part of the revised SBA SOP 50 10 5 F, SBA will consolidate 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 will eliminate half of the total 14 forms used across the various 7(a) programs. Instead all programs will use one set of forms consisting of Forms 1919 and 1920, and 2237; and Form 2301
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	3rd Quarter of FY 2014	The revised grant forms have been finalized; the STEP grantees were trained, and the revised forms are in production. The automated tool is in final re-testing mode at this time.