

SBA Project Plan
Section 501: Temporary Fee Reduction/Elimination

June 16, 2010

PROGRAM PURPOSE

As part of the Recovery Act, SBA temporarily eliminated most of the guaranty fees paid by borrowers in the 7(a) program. SBA also temporarily eliminated processing and participation fees paid by borrowers and lenders in the 504 Certified Development Company (CDC) program. The 504 program helps businesses with the purchase of real estate and other fixed assets, such as long-term machinery and equipment. The 7(a) program provides for the broad financing needs of small business.

PUBLIC BENEFIT

The elimination of borrower fees in the 7(a) lending program allows entrepreneurs and small business owners to have more working capital, which allows for more opportunities to invest in new jobs and continued growth. Fee eliminations in the 504 program help reinvigorate small business lending and provide small business owners with more capital to invest in growth and job creation.

PROGRAM DETAILS

- Elimination of certain borrower fees in both the 7(a) and 504 program, projected through December 31st, 2009.
- Elimination of certain lender fees in the 504 program, projected through December 31st, 2009.

QUICK PROJECT FACTS	
Project Description	Reduce or eliminate loan programs fees
Appropriated Funds	\$375 million (includes Sections 501 and 502)
Program Level	\$8.7 billion for 7(a) \$3.6 billion for 504
Implementation Timeline	2/17/09 – 6/1/09
Program Sunset	Projected through December 31 st , 2009, or until funds are exhausted
RESOURCES	
Exec. Sponsor	Eric Zarnikow
Team Lead	Grady Hedgespeth
Offices Involved	OCA, OCFO, OCPL, OFO, OGC, OCIO, DFC, ORM, M&A ¹

¹ See Glossary of Office Names

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PROJECT PLANS

Milestones for this project are listed below. Progress will be measured against the planned delivery dates. The due dates listed below for notices and other major documents to be issued by the Agency incorporate a two to three week period between the initial drafting of the document and final clearance and publishing. During that period, the document must be cleared by all major offices in the Agency and by OMB.

Milestones (Accountable Office[s])	Due Date	Status	Comments
Planning Phase			
Define budget requirements (OCFO, Workgroup)	3/6/09	Completed	
Define IT requirements for stopping fee collection (OCIO, Workgroup)	3/11/09	Completed	
Complete risk assessment (ORM, OCA)	4/15/09	Completed	
Develop risk mitigation plan (ORM, OCA)	5/15/09	Completed	Completed 7/15/09
Define parameters for winding down or ending program (OCA, Workgroup)	8/31/09	Completed	Completed 9/30/09
Execution Phase			
Implement IT systems for Refunds and Payments(OCIO, OCA)	3/11/09	Completed	
Issue Policy Notice announcing program	3/16/09	Completed	
Communications: Issue public announcement (OCPL)	3/16/09	Completed	
Communications: Release talking points for Field Offices and Partners (OCPL)	3/16/09	Completed	
Submit Federal Register Notice for OMB Approval	5/14/09	Completed	
Publish Federal Register Notice re: fee reductions/eliminations (OGC, OCA)	6/1/09	Completed	Published: 6/8/09
Finalize and communicate plan for ending program	10/30/09	Complete	Completed: 11/19/2009
End program by notifying lenders and borrowers (OCA, OCPL, OGC, OCFO)	TBD		
Evaluation Phase			
Monitor spending of appropriated funds and program performance (OCFO/PMO/Steering Committee/Workgroup)	9/30/10	Ongoing	

Dates in the chart above are subject to change based on final policy decisions and external factors. These factors may include the need to execute third-party contracts; recruit, hire and train additional staff; obtain necessary external approvals; and create or modify required systems. Project Plans will be re-baselined and updated as necessary.

TRANSPARENCY AND ACCOUNTABILITY

To report progress on the implementation of this project, SBA updates the Project Plan to report on the status of milestone attainment. SBA also generates a monthly Program Performance Report that is used to measure progress against agency-wide performance targets.

In addition, SBA generates a Recovery Report Card which contains detailed financial and performance information pertaining to SBA Recovery Loan programs, with cross-year outcome and performance comparisons.

Information contained in the Program Performance Report and Recovery Report Card are updated monthly and published on SBA’s Recovery web site:
<http://www.sba.gov/recovery/agencyplans>.

Outcomes	Metrics
Increased 7(a) and 504 lending	<ul style="list-style-type: none"> • Dollars value of (7a) loans approved using Recovery Act funds • Dollar value of 504 loans approved using Recovery Act funds
Facilitate job retention and job creation	<ul style="list-style-type: none"> • Number of small businesses assisted through 7(a) and 504 loan programs • Number of jobs created or retained through (7a) and 504 loan programs

Metrics	Dollar value of 7(a) loans approved using Recovery Act funds		Dollar value of 504 loans approved using Recovery Act funds		Number of small businesses assisted through 7(a) and 504 loan programs		Number of jobs created or retained through 7(a) and 504 loan programs	
Measure Type	Output		Output		Output		Outcome	
Measure Frequency	Monthly		Monthly		Annual		Monthly	
Unit of Measure	Dollars		Dollars		Number		Number	
Year	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010
Original Program Target	\$3.8 billion	\$4.1 billion	\$1.5 billion	\$1.7 billion	18,700	20,800	219,800	241,300
Revised Full Program Target	\$4 billion	\$4.5 billion	\$1.6 billion	\$2 billion	20,200	23,100	235,100	267,100
Target (incremental change in performance)	\$250 million	\$420 million	\$140 million	\$240 million	1,500	2,300	15,300	25,800

SBA will generate Program Performance Reports that will contain metrics showing outcomes, usage, borrower and lender characteristics, and risk parameters.

In addition, SBA will generate a Program Performance Overview Report, which will contain detailed financial and performance information pertaining to all SBA Recovery Act programs, with cross-year outcome and performance comparisons. This report will be used to measure progress against agency-wide performance targets. Information contained in the Program Performance Overview Report and each Program Performance Report will be updated periodically and published on SBA's Recovery web site.

MONITORING AND EVALUATION

The SBA developed an agency-wide framework to ensure timely and effective implementation of Recovery Act projects to support America's small businesses. In the implementation and execution phases, the SBA Recovery Act Steering Committee, comprised of senior SBA leadership, met every week to review, evaluate and assess the status and results of each SBA-related Recovery Act project.

The Fee Reductions project is managed by a team. Project teams and supporting offices are held accountable for on-time completion of project milestones and deliverables. Project teams met regularly with the Performance Management Office to track metrics and milestones, which were reported weekly to the Steering Committee.

The Steering Committee reviewed reports to identify:

- Progress made toward each project milestone
- Factors that have the potential to slow implementation or decrease effectiveness
- Effectiveness of each project measured against expected outcomes
- Success of any implemented adjustments made to strategies, services and project
- Effectiveness of risk mitigation strategies

In the evaluation phase, the Performance Management Office creates a weekly Performance Management Dashboard that summarizes progress and performance towards each program's goals. SBA's Operations Committee reviews this report and uses it to identify performance issues and opportunities for improvement. The Performance Management Office also produces a Monthly Report Card that provides a deeper dive into performance data.

Quarterly review meetings are chaired by the Chief Performance Officer and attended by the executives and staff of the program offices. The meetings are goal-oriented, future focused discussions that drive performance towards achieving the agency's strategic goals.

These reporting tools enable the Agency to identify issues and improve programs and policies to ensure that SBA's programs will help small business succeed.

BARRIERS TO EFFECTIVE IMPLEMENTATION

- Final agreement on exclusions
- Effective and practical prohibition of loans approved prior to 2/17/09 being cancelled and resubmitted for lower fees and/or higher guarantees, which was not the intent of the Recovery Act provisions.

GLOSSARY OF OFFICE NAMES

CLA	=	Office of Congressional & Legislative Affairs
DFC	=	Denver Finance Center
M&A	=	Office of Management & Administration
OCA	=	Office of Capital Access
OCFO	=	Office of the Chief Financial Officer
OCIO	=	Office of the Chief Information Officer
OCPL	=	Office of Communications & Public Liaison
OCRM	=	Office of Credit Risk Management
OED	=	Office of Entrepreneurial Development
OFA	=	Office of Financial Assistance
OHCM	=	Office of Human Capital Management
OFO	=	Office of Field Operations
OGC	=	Office of General Counsel
OPGM	=	Office of Procurement & Grant Management
OPP	=	Office of Policy & Strategic Planning
ORM	=	Office of Risk Management
PMO	=	Performance Management Office