

**SBA Project Plan**  
**Section 501: Temporary Fee Reduction/Elimination**

**July 29, 2009**

**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 31<sup>st</sup>, 2009.
- Elimination of certain lender fees in the 504 program, projected through December 31<sup>st</sup>, 2009.

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

<sup>1</sup> 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.

<b>Milestones (Accountable Office[s])</b>	<b>Due Date</b>	<b>Status</b>	<b>Comments</b>
<b>Planning Phase</b>			
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	In Progress	
<b>Execution Phase</b>			
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
End program by notifying lenders and borrowers (OCA, OCPL, OGC, OCFO)	TBD		
<b>Evaluation Phase</b>			
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 will regularly update the Milestones table set forth above to report on the status of milestone attainment. Updated Project Plans will be published on SBA’s Recovery web site: <http://www.sba.gov/recovery/agencyplans>.

SBA will also be monitoring and reporting on progress against targeted project outcomes. The table below indicates the targeted outcomes and the metrics that SBA will use to monitor and report performance for this project.

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

<b>Metrics</b>	<b>Dollar value of 7(a) loans approved using Recovery Act funds</b>		<b>Dollar value of 504 loans approved using Recovery Act funds</b>		<b>Number of small businesses assisted through 7(a) and 504 loan programs</b>		<b>Number of jobs created or retained through 7(a) and 504 loan programs</b>	
	Measure Type	Output	Output	Output	Output	Outcome		
Measure Frequency	Monthly	Monthly	Monthly	Annual	Monthly			
Unit of Measure	Dollars	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	76,000	84,900
Revised Full Program Target	\$4 billion	\$4.5 billion	\$1.6 billion	\$2 billion	20,200	23,100	82,100	94,700
Target (incremental change in performance)	\$250 million	\$420 million	\$140 million	\$240 million	1,500	2,300	6,100	9,800

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. The SBA Recovery Act Steering Committee, comprised of senior SBA leadership, meets 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, which meet several times each week and supporting offices are held accountable for on-time completion of project milestones and deliverables. Project teams also meet regularly with the Performance Management Office to track metrics and milestones, which are reported weekly to the Steering Committee.

The Steering Committee reviews 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

#### **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

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OPGM = Office of Procurement & Grant Management  
OPP = Office of Policy & Strategic Planning  
ORM = Office of Risk Management  
PMO = Performance Management Office