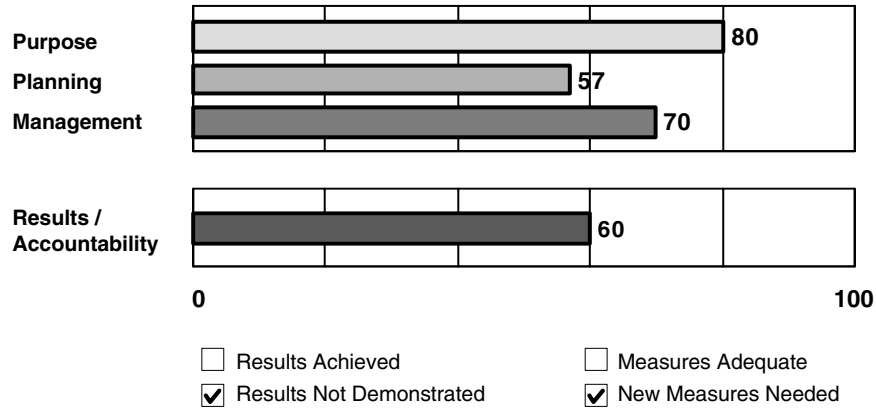


Program: Section 504 Certified Development
Company Loan Program

Agency: Small Business Administration

Bureau:



Key Performance Measures

Year Target Actual

Key Performance Measure	Year	Target	Actual
Long-term Measure: Measures under development			
Annual Measure: Job creation	2002	83,918	116,048
	2003	80,759	
	2004	80,759	
Annual Measure: Number of loans to start-up firms	2002		989
	2003	1,000	
	2004	1,000	

Rating: Results Not Demonstrated

Program Type: Credit

Program Summary:

The Small Business Administration's (SBA) Section 504 Certified Development Company Loan program provides long-term, fixed-rate financing to entrepreneurs for fixed assets such as land, buildings, and large equipment. This program is designed to stimulate private sector investment, create jobs, and contribute to the economic development of communities.

The PART findings indicate that the program purpose is clear. Additionally, the PART revealed the following:

1. While SBA's 504 loans are unique in structure as compared to its 7(a) General Business loans, the programs are duplicative in that both programs provide long-term financing for fixed assets (land, buildings, and large equipment).
2. The agency lacks a strategic plan and has not articulated the long-term public policy objectives of the 504 program.
3. SBA needs to increase the availability of loan intermediaries within the 504 program to improve customer access to loans. Additionally, increasing the availability of 504 loan intermediaries will enable borrowers to determine which of SBA's loan programs (504 or 7(a)) best meet their needs.

The PART findings will be addressed in the following manner:

1. The 2004 Budget proposes to increase program evaluations to determine the factors that affect both demand and performance in the 504 and 7(a) programs.
2. The proposed funding for evaluations would also be used to compare the cost of 504, private sector, and 7(a) loans.
3. Through a proposed regulation, SBA will solicit the public's view on developing long-term goals for its strategic plan and increasing borrower choice for 504 and 7(a) loans.

[Note: The Section 504 program is self-financed through fees, requiring no appropriation. The 2004 Budget supports a loan volume of \$4.5 billion.]

(For more information on this program, please see the Small Business Administration chapter in the Budget volume.)

Program Funding Level (in millions of dollars)

2002 Actual	2003 Estimate	2004 Estimate
0	0	0