PROGRAM PURPOSE

The Recovery Act allows for a new, temporary loan program that is 100-percent-guaranteed and targeted for business stabilization. The America's Recovery Capital (ARC) loan program will offer up to $35,000 to help viable small businesses that need help in paying their existing loans to get through a short-term downturn. ARC loans will free up capital for these small businesses, with the SBA fully subsidizing the interest payment.

PUBLIC BENEFITS

ARC loans will help small businesses meet existing debt payments to ensure that they have time to re-focus their business plans in order to succeed in the long run.

PROGRAM DETAILS

- Loans will be 100 percent guaranteed by SBA.
- Repayment begins up to 12 months after the loan is fully disbursed.
- Borrower will use the proceeds to make up to 6 monthly payments of principal and interest, in full or in part, on one or more existing, qualifying small business loans (as defined by statute).
- Loan proceeds cannot be used to make payments on 7(a) loans and/or 504 loans approved prior to February 17, 2009.
- Period of disbursement is 6 consecutive months.
- Loan term will be up to 6.5 years.

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QUICK PROJECT FACTS	
Project Description	Provide business stabilization loans to small businesses in immediate financial hardship
Appropriated Funds	Associated funding for this program is $255 million in credit subsidy budget authority, to cover the estimated lifetime default costs to the taxpayer.
Program Level	Will be finalized once credit model is approved
Implementation Timeline	2/17/09 – 6/1/09
Program Sunset	9/30/10 or until funds are no longer available
RESOURCES	
Exec. Sponsor	Eric Zarnikow
Team Lead	Janet Tasker
Offices Involved	OFA, OFO, OCFO, OGC, OCIO, ORM, OCPL, OCLA, OCA[1]

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[1] See Glossary of Office Names

PROJECT PLAN

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	
Develop initial subsidy model to support program (OCA, OCFO)	3/20/09	Completed	
Develop and submit Human Capital needs (OCA)	3/27/09	Completed	
Define IT requirements and develop plan to implement, e.g., credit scores, e-tran (OCIO, Workgroup)	5/15/09	Completed	
Initiate lender outreach (OCPL, Workgroup)	4/10/09	Completed	
Complete risk assessment (ORM, OCA)	4/15/09	Completed	
Develop communications plan (OCPL, Workgroup)	5/30/09	Completed	
Develop risk mitigation plan (ORM, OCA)	5/30/09	Completed	Completed 7/15/09
Define plan for winding down program (OCA, Workgroup)	6/30/09	Delayed	Revised date: ~~7/31/2009~~ ~~8/31/2009~~ ~~10/30/2009~~ 6/30/2010
Execution Phase			
Initiate staffing efforts (OCHM, OCA)	4/30/09	Completed	
Submit Regulations for OMB Approval	5/1/09	Completed	
Implement system changes (OCA, OCIO)	5/15/09	Completed	
Submit Procedural Guidance for OMB Approval	5/15/09	Completed	
Publish Regulations (OGC, OCA)	6/1/09	Completed	Published 6/9/09
Issue Procedural Guidance (OGC, OCA)	6/1/09	Completed	Completion Date: 6/5/09
Issue press releases announcing program (OCPL, Workgroup)	6/1/09	Completed	Issued 5/18/09
Roll out program to trade associations and on the Hill (OCPL, OCLA)	6/1/09	Completed	Completion Date: 6/15/09
Begin lender outreach and training (OCPL, Workgroup)	6/1/09	Completed	Completion Date: 6/15/09
Evaluation Phase			
Monitor program and provide regular updates to relevant	9/30/10		

stakeholders (OCFO, PMO, Workgroups, Steering Committee)			

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 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 will be updated monthly and published on SBA's Recovery web site: http://www.sba.gov/recovery/agencyplans.

Targeted Outcomes	Metrics
Viable small businesses with immediate financial hardship are assisted	• Dollar value of loans approved • Number of small businesses assisted
Facilitate job retention	• Number of jobs retained

Metrics	Dollar value of loans approved		Number of small businesses assisted		Number of jobs retained	
Measure Type	Output		Output		Outcome	
Measure Frequency	Monthly		Annual		Monthly	
Unit of Measure	Dollars		Number		Number	
Year	FY2009	FY2010	FY2009	FY2010	FY2009	FY2010
Original Program Target	$0	$0	0	0	0	0
Revised Full Program Target	$190 million	$150 million	6,200	4,900	31,000	24,500
Target (incremental change in performance)	$190 million	$150 million	6,200	4,900	31,000	24,500

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 about 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 ARC Loan 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

- Challenges related to creation of entirely new program
  - new systems and business processes
  - new regulations
  - new legal agreements with participants
- Effectively marketing the program to targeted participants
- Timeframe to procure necessary services
- Uncertainty regarding attractiveness of programmatic terms to targeted participants
- Resource constraints (timeliness of new hires and contract staff)
- Systems changes
- Difficulty inherent in identifying businesses that cannot make payments on existing debt as "viable"

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