PROGRAM PURPOSE

A new, higher, Federal guarantee in the SBA's 7(a) lending program gives participating banks and lenders the confidence necessary in this economic climate to increase the number and amount of loans to eligible small businesses. Previously, the maximum Federal guarantee was between 75 and 85%, but the temporary increase allows for a guarantee of up to 90%.

PUBLIC BENEFIT

By increasing the maximum guarantee on 7(a) loans, SBA reduces lender risk, encouraging more lenders to offer more loans – and bigger loans – to small businesses.

QUICK PROJECT FACTS	
Project Description	Increase guarantee on 7(a) loans to up to 90%
Appropriated Funds	$375 million (includes Sections 501 and 502)
Program Level	$8.7 billion for 7(a)
Implementation Timeline	2/17/09 – 6/30/09
Program Sunset	December 31st, 2009 or until funds are expended
RESOURCES	
Exec. Sponsor	Eric Zarnikow
Team Lead	Gail Hepler
Offices Involved	OCA, OFA, OCRM, OCFO, PMO, OPP, OFO, OGC, OCIO, ORM, OHCM[1]

PROGRAM DETAILS

- Maximum SBA guarantee on 7(a) loans (except SBA Express loans) will be increased up to 90%.
- Lenders can decide how much of each loan should be guaranteed, subject to SBA approval.
- The increase in the guaranty is available for applications received by SBA beginning March 16, 2009.

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[1] See Glossary of Office Names

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 (Workgroup)	3/6/09	Completed	
Submit Human Capital needs (OCA)	3/6/09	Completed	
Reporting requirement elements (Workgroup)	3/6/09	Completed	
Address new eligibility requirements specific to Section 502	3/10/09	Completed	
Identify necessary form updates	3/10/09	Completed	
Complete risk assessment (ORM, Workgroup)	4/24/09	Completed	
Develop Risk Mitigation Plan (ORM, Workgroup)	5/22/09	Completed	Team has drafted and implemented a plan.
Define plan for termination of Recovery Act provisions (OCA, Workgroup)	6/30/09	Completed	Completed: 8/31/09
Execution Phase			
Issue Policy Notice making program available	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	
System changes implemented (OCIO)	4/1/09	Completed	
Begin ramp up new staff for Centers (OHCM, OCA)	4/30/09	Completed	
Issue Loan Cancellation Policy Notice (501, 502 specific)	4/30/09	Completed	
Issue Restricted Use Policy Notice for OMB approval	4/30/09	Completed	
Submit Federal Register Notice for OMB Approval	5/15/09	Completed	
Issue Restricted Use Policy Notice	5/30/09	Completed	
Publish Federal Register Notice for 90% guaranties (OGC, OCA)	6/1/09	Completed	Published: 6/8/09
Finalize and communicate plan for ending program	10/30/09	Completed	Completed: 11/19/09
Implement Close Out Plan for Project	TBD	Complete	Completed: 5/25/10
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
Increase access to capital for small businesses	• Dollar value of 7(a) loans approved using Recovery Act funds • Number of small businesses assisted through 7(a) loan program
Facilitate job retention and job creation	• Number of jobs created or retained through 7(a) loan program

Metrics	Dollar value of 7(a) loans approved using Recovery Act funds		Number of small businesses assisted through 7(a) loan program		Number of jobs created or retained through 7(a) loan program	
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	$3.8 billion	$4.1 billion	16,400	18,200	190,000	206,500
Revised Full Program Target	$4 billion	$4.5 billion	17,700	20,100	202,500	227,500
Target (incremental change in performance)	$250 million	$420 million	1,300	1,900	12,500	21,000

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 90% Guarantee 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 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.

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BARRIERS TO EFFECTIVE IMPLEMENTATION
- Implementation and effect of Recovery Act restricted use provisions
- Policy to address cancellations and re-submissions of pre-Recovery Act loans
- Resource constraints (timeliness of new hires and contract staff)
- System changes by SBA
- System changes by Lenders

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