



# Small Business Administration Recovery Act Implementation

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# Recovery Act Goals

## **1. Restore Access to Capital for Small Businesses**

- Increase lending across SBA loan programs
- Restore Healthy Secondary Markets

## **2. Support Vulnerable Businesses**

- Expand Microlending
- Provide SBA ARC Loans

## **3. Facilitate Recovery Opportunities**

- Surety Bond Guarantees
- Small Business Contracting Opportunities



# Recovery Act Projects

## **Program Changes**

- 7(a) and 504 Fee Reductions
- 7(a) 90% Guarantees
- Expanded Microloans
- 504 Project Expansion Refinancing
- Increased Small Business Investment Company Leverage
- Surety Bonds for \$5 million contracts

## **New Programs**

- ARC Loans
- Secondary Market – 504 First Mortgage
- Secondary Market Lending Authority

## **Other Actions**

- Alternate Size Standards
- Dealer Floor Plan Loans



# Recovery Highlights (9/4)

- **Significant and increased loan activity:** As of December 11, SBA approved<sup>1</sup> \$12.2 billion in Recovery Act loans, and supported \$16.5 billion in Recovery Act lending to small businesses<sup>2</sup>. From Feb 17 to Nov 20, weekly loan dollar volumes rose 79% in the 7(a) and 504 programs, compared to the weeks preceding ARRA's passage<sup>3</sup>. SBA began transition to Post-ARRA lending on Nov 23.
- **Increased secondary market participation:** Over the past six months (June – November), monthly loan volume settled and prices in the 7(a) secondary market returned to healthy levels.
- **Lenders joining or returning to programs:** From Feb. 17 to December 11, 978 lenders that had not previously made a loan since at least 2007 made a 7(a) loan.
- **Broad-based support to small businesses:** A significant share of loans supported by Recovery Act funding has gone to rural (26%), minority-owned (19%), women-owned (19%), and veteran-owned (8%) businesses<sup>4</sup>.
- **Creation or retention of small business jobs:** From Feb 17 to Dec 11, small businesses are reporting that Recovery Act-backed 7(a) and 504 loans will help them create over 133,000 jobs and retain 297,000 more<sup>5</sup>.
- **SBA's ARC loan program is available:** As of December 1, SBA approved over 4,700 loans totaling over \$153 million<sup>6</sup>.
- **Recovery Act Microloan funding is available:** SBA microlenders have approved over \$450,000 in microloans during the Recovery period. SBA also approved more than 15 new microlending intermediaries.

<sup>1</sup> This is the total gross loan value approved since February 17. Typically, due to cancellations and loan size reductions, 15 – 20% of gross approval value does not get disbursed.

<sup>2</sup> Includes estimate of 504 third-party first mortgages (calculated as 125% of SBA 504 debenture portion due to typical 50/40 split between third-party and SBA portion of 504 loan)

<sup>3</sup> Compares average weekly gross approvals in the 7 weeks prior to Recovery Act to the average weekly gross approvals since the Recovery Act was signed. Normalized for market holidays as well as disruptions caused by Washington, DC water outage (August 7, 2009).

<sup>4</sup> Demographic data is self-reported.



# Recovery Highlights (9/4)

- **Increased Contract Limits for Surety Bond Guarantees:** Through the end of November SBA approved over \$ 158 million in Recovery Act Surety Bonds for contracts between \$2 and \$5 million.
- **Small businesses have also begun to receive Recovery Act contracts.**
  - Increase in small business involvement: As of December 11, 27.3% of federal Recovery Act contract dollars, totaling \$4.9 billion, had gone to small businesses, which currently is at the small business set-aside target of 23%.<sup>7</sup>
  - Assistance to disadvantaged businesses: Recovery Act contracts are reaching small disadvantaged businesses (10.4% of contract dollars), as well as HUBZone (6.9%), women-owned (4.6%), and service-disabled veteran-owned (3.9%) firms.<sup>7</sup>
- **Stakeholder Outreach Initiative:** On July 30, President Obama and Vice President Biden asked the SBA and Department of Commerce to co-lead an effort designed to ensure that small businesses and disadvantaged businesses, including firms owned by minorities, women, and veterans, have greater access to federal government contracting opportunities. Federal agency procurement officials will hold or participate in more than 200 events to share information on government contracting opportunities, including those available under the Recovery Act.
- **Contract Training:** SBA has developed an online training module to help businesses understand the federal procurement process. (<http://www.sba.gov/fedcontractingtraining/index.html>)

<sup>1</sup> Preliminary figures. These numbers are only used by management to measure estimated progress towards government contracting goals. This data is reviewed annually at the end of the fiscal year and is corrected at that point for errors in data entry.



# SBA Local Resources

## Contact Your Local SBA District Office

- <http://www.sba.gov/localresources/index.html>

## Contact SBA Resource Partners in Your Area

- SCORE
- Small Business Development Centers
- Women's Business Centers
- U.S. Export Assistance Centers
- Veterans Business Outreach Centers

## SBA Online Trainings

- [www.sba.gov/training](http://www.sba.gov/training)