

Spotlight on the Economy: Were Small Businesses Ignored by the Stimulus Package?

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Much debate has transpired since the American Recovery and Reinvestment Act of 2009 was passed into law. Much of that discussion centers on the fact that many feel small businesses were left out of the mix altogether.

However, nothing could be further from the reality of the situation. To date, even though only a mere 15 percent of the allocated funds have been spent, there is a vast untapped resource for small businesses in the form of Small Business Administration backed small business loan guarantees.

The SBA is the agency responsible for getting stimulus funds into the hands of small businesses. There are a number of different programs available to businesses of all sizes. All SBA-backed loans work through the commercial lending departments of local and community banks.

These loans are termed SBA loans because the agency reimburses, to a certain extent, loans the default. The program has been in existence for many years, but with the recent infusion of Stimulus funding, more loans are available than at any time before.

Listed below is how the Stimulus funds are being utilized:

- \$375 million has been provided to temporarily reduce or eliminate fees on SBA loans. Part of that fund helps the new cap on SBA guarantee jump to 90 percent from the historic 50 to 80 percent range of the past.
- \$255 million is to fund a new loan program designed to help small businesses meet existing debt payments.
- \$30 million is for expanding SBA's Micro Loan Program; \$6 million to help finance new lending and \$24 million for technical assistance grants to Micro lenders.
- \$20 million is dedicated to help streamline the SBA lending process with new technology.
- \$15 million has been allocated to help expand the SBA's surety bond guarantee program.
- \$25 million for staffing for the new programs.
- \$20 million is designated for the Office of Inspector General.

Businesses that are interested should contact their local bank to find out whether or not that bank participates in the SBA loan program. The inquiry costs nothing and getting funds may be easier than many business owners realize.

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