



Status Report and Updates

Eric Ness
District Director

August 7, 2014



Overview

Programs updates and FY2015

- Contracting
- Capital
- Counseling



U.S. Small Business Administration

New Administrator



Maria Contreras-Sweet

- ***Started a community bank***
- ***Corporate executive***
- ***Secretary of Transportation, CA***



U.S. Small Business Administration

Contracting

What are the Government-wide Small Business Contracting Goals and Achievement?

Category	Goal	2011	2012	2013
Small Business	23%	21.65%	22.25%	23.39%
SDB (8(a))	5%	7.6%	8%	8.61%
HUBzone	3%	2.35%	2.01%	1.76%
Women	5%	3.98%	4%	4.32%
SD Vets	3%	2.65%	3.03%	3.38%



U.S. Small Business Administration

Contracting

**Government-wide Small Business Contracting
Goals are a floor—not a ceiling!**

In 2013:

\$83 Billion to Small Business

\$48 Billion from DoD alone



Mentor Protege

Formal relationship between larger firm and protégé firm to leverage federal contracting opportunities. Began in the 8 (a) program; recently expanded.

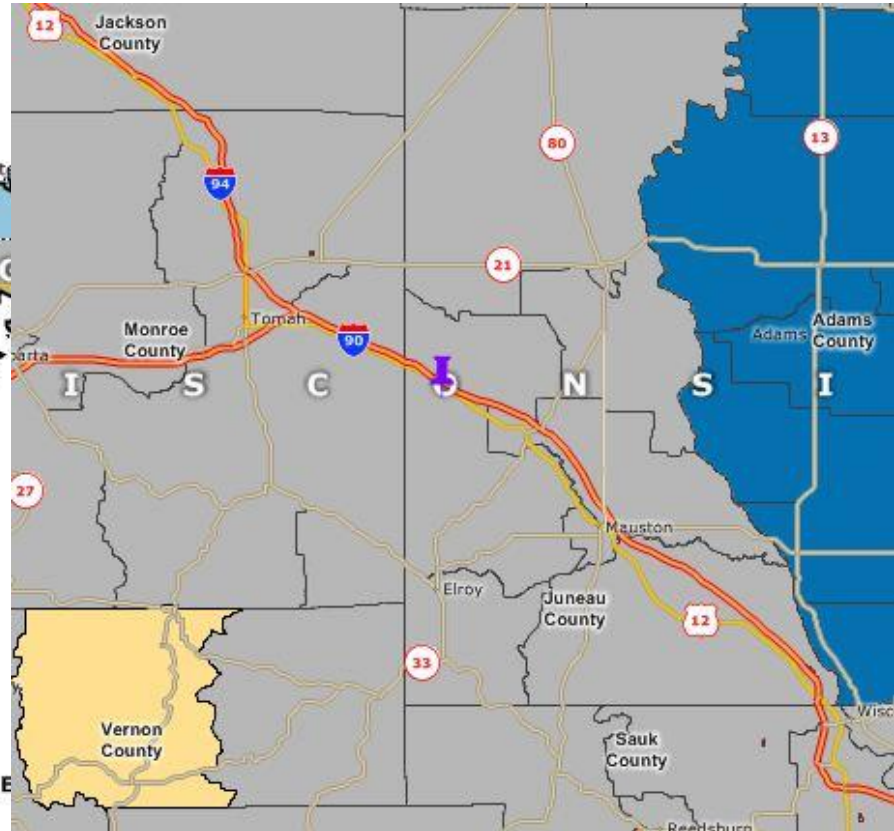
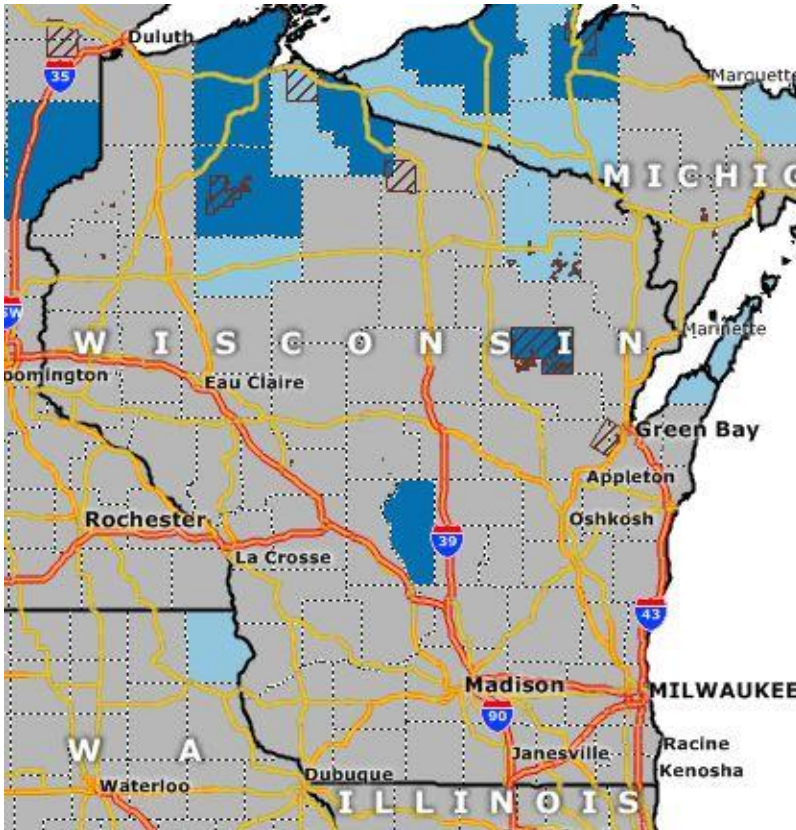
Benefits:

- **Technical and management assistance for protégé**
- **Prime contracting**--Mentors can enter into joint-venture arrangements with protégés to compete for government contracts.
- **Financial assistance-equity or loans**--Mentors can own equity interest up to 40% in protégé
- **Qualification for other SBA programs**--A protégé can obtain other forms of SBA assistance as the result of its good standing in the Mentor-Protégé program.



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HUBzone Maps



www.sba.gov/hubzone



7(a) Loan Program

SBA's primary business loan program

Overview

- Broad eligibility requirements
- Wide range of financing needs
- Increase in the maximum 7(a) loan amount to \$5MM, guaranty amount to \$3.75MM.
- Maximum guaranty 85% up to \$150k
- Maximum guaranty 75% over \$150k

Zero subsidy program in 2014 and projected for 2015; no cost to taxpayers since loan fees cover program losses



7(a) Loan Program

Updates

- Fee relief on loans \$150,000 and under through 9/30
- Up front fees waived on 7 (a) Express Loans to Veterans for under \$350,000

- Fee relief again requested in 2015 budget

- In FY2014, 624 WI borrowers have saved \$557,624 or \$893/loan on average*



7(a) Loan Program

- Maximum Maturities
 - 5 – 10 years for working capital, machinery, and equipment
 - Up to 25 years for real estate, construction
- \$15MM in tangible net worth; \$5MM in net profits
- All loans \$350,000 and under now use simplified credit scoring*



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CAPLines of Credit

- Contract Loan Program**-materials/labor/overhead for specific contracts.
- Seasonal Line of Credit Program**-support inventory buildup/ accounts receivable/labor/materials above normal.
- Builders Line Program**-construction or rehabilitation of residential or commercial property.
- Working Capital Line**-revolving line of credit for working capital.

- Maximum loan amount: \$5,000,000
- Maximum guaranty: 75%-85%
- Uses: revolving line of credit/term loan
- Guaranty fees: vary with amount/type of loan



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Express Loans

- 50% Guarantee
- Up to \$350,000
- Includes Lines of Credit
- Lender makes credit decision
- Up-front fees waived for vets (Veterans' Advantage program)
- 570 loans/\$43.9 million (8/1)*



WI Community Advantage Lenders

- Milwaukee Economic Development Corporation
Milwaukee

- Wisconsin Women's Business Initiative Corporation
Milwaukee

- Legacy Redevelopment Corp., *Milwaukee*

- Lincoln Opportunity Fund, *Milwaukee*

***5 loans for \$680,000 in 2013; first CA loans for Wisconsin
12 loans for \$1.5 million in 2014 (8/1)***



Export Loan Programs Higher Loan Limits President's National Export Initiative

- Export Express is now a permanent program**
 - Max loan is \$500,000
 - 90% guarantees for loans up to \$350,000 and 75% for loans between \$350,000 and \$500,000
- Export Working Capital Program**
 - Maximum amount is increased to \$5,000,000
 - Maximum guaranty of 90%
- International Trade loans**
 - Increased to a maximum amount of \$5,000,000
 - Maximum guaranty of 90%



504/Certified Development Co.

- Maximum loan amount: \$5.0 to \$5.5 million
- Project costs:
 - financed by 504 loan 40%
 - lender finances 50%
 - equity finances 10-20%
- Uses: long-term; fixed assets
- Maturity: generally 10-20 years
- Maximum interest: fixed rate established when debenture backing sold; some exceptions
- 504 Refinance expired FY2012; requested in FY2015 budget***



7(a) and 504 Loans FY 2013 ***Wisconsin SBA***

October 1, 2012- September 30, 2013

**1,656 loan guarantees for 7(a) and 504
loans**

for \$657.4 million

(501 startups)

Vets: 92 /\$47.8 million; SDVs 15 /\$10.5 million



LENDING INDUSTRIES 7(a) and 504 LOANS FY 2013

Grand Total	\$ 657,412,800	1656
Manufacturing	\$ 139,647,200	255
Retail Trade	\$ 98,399,500	226
Accommodation and Food Services	\$ 97,673,500	237
Health Care and Social Assistance	\$ 54,331,600	132
Professional, Scientific, and Technical Services	\$ 38,628,800	134
Agriculture, Forestry, Fishing and Hunting	\$ 31,165,700	34
Other Services (except Public Administration)	\$ 30,603,000	137
Wholesale Trade	\$ 28,569,300	64
Real Estate and Rental and Leasing	\$ 27,470,100	48
Arts, Entertainment, and Recreation	\$ 26,874,000	50
Construction	\$ 25,028,700	147
Transportation and Warehousing	\$ 20,615,800	66
Administrative and Support and Waste Management and Remediation Services	\$ 18,625,100	67
Finance and Insurance	\$ 8,307,300	21
Information	\$ 7,301,300	18
Educational Services	\$ 2,137,900	14
Mining	\$ 2,034,000	6



7(a) and 504 Loans FY 2014 (to 8/1)

Wisconsin lenders made 1374 loan guarantees to small businesses

for \$438.2 million

32% were startups

Number of 7(a) loans YTD has increased 1.9 % over 2013



LENDING INDUSTRIES

7(a) and 504 LOANS FY 2014 (to 8/1)

NAICS Description	Dollars Loaned	Number of Loans
Grand Total	\$ 438,246,900	1,374
Manufacturing	\$ 82,290,800	176
Accommodation and Food Services	\$ 69,750,300	194
Retail Trade	\$ 61,682,300	163
Health Care and Social Assistance	\$ 43,483,700	129
Professional, Scientific, and Technical Services	\$ 27,635,200	121
Construction	\$ 27,080,500	133
Other Services (except Public Administration)	\$ 26,002,300	112
Arts, Entertainment, and Recreation	\$ 19,931,700	46
Wholesale Trade	\$ 19,808,300	72
Real Estate and Rental and Leasing	\$ 14,752,800	38
Transportation and Warehousing	\$ 14,079,800	52
Agriculture, Forestry, Fishing and Hunting	\$ 11,788,500	23
Administrative and Support and Waste Management and Remediation Services	\$ 10,740,600	63
Information	\$ 3,451,900	14
Finance and Insurance	\$ 2,874,000	21
Educational Services	\$ 2,764,200	15
Mining	\$ 130,000	2



Micro-loans

- Maximum loan amount: \$50,000
- Maximum guaranty: N/A
- Uses: purchase machinery, equipment, fixtures, working capital, leasehold improvements; increased receivables
- Maturity: shortest term possible
(6 years or less)
- Maximum interest: negotiable with intermediary
- Guaranty fees: none



Wisconsin Micro Lenders

- **Advocap**, Fond du Lac and Oshkosh
- **First American Capital Corp.**, West Allis
(Subsidiary of the American Indian Chamber)
- **Green Bay Area Chamber of Commerce Foundation - Advance Brown County Micro Loan Program**, Green Bay
- **Impact Seven, Inc.** , Almena
- **Northeast Entrepreneur Fund**, Superior
- **WI Women's Business Initiative Corp.**, Milwaukee, Racine, Kenosha & Madison
- **CAP Services**, Stevens Point
- **Northwest Regional Planning Commission**, Northwest Wisconsin
- **Lincoln Opportunity Fund**, statewide



WI MICROLOANS

**FY2013 (total): 119 loans/\$2.8 million
(67 startups)**

**FY2014 (7/31) : 93 loans/\$1.9 million
(49 Start-ups)**



Surety Bonds

Three Types

- ❑ ***Bid Bond:*** Guarantees that the bidder on a contract will enter into the contract and furnish the required payment and performance bonds if awarded the contract.

- ❑ ***Payment Bond:*** Guarantees that suppliers and subcontractors will be paid for work performed under the contract.

- ❑ ***Performance Bond:*** Guarantees that the contractor will perform the contract in accordance with its terms and conditions.*
(*The term Final Bond means Payment Bond, Performance Bond or both Payment and Performance Bond.)



Surety Bonds Changes

- ❑ National Defense Authorization Act
- ❑ Surety Bonds raised from \$2 million to \$6.5 million
- ❑ For Federal Contracts with the contracting office stating a need the limit is raised to \$10 million.
- ❑ **NEW in 2014:** Expedited processing for bonds \$250,000 and less



U.S. Small Business Administration

Counseling

- Extensive network of resource partners
Counseling services & classes free or low cost
- More than 20,000 served in Wisconsin in 2013
 - SCORE (8 chapters with 17 locations)
 - SBDC's (12 with locations at UW extensions)
 - Women's Business Centers (3 with 7 locations)
- To locate offices near you: www.sba.gov and click on "get local assistance"



U.S. Small Business Administration

Training

Over 100 free online courses at SBA.gov

- Business planning
- Finance
- Marketing
- **Government contracting-14 courses with multiple sessions**

Free webinars and call in sessions

Entrepreneurial education classes (targeted audiences)

- V-Wise (women veterans)
- Boots to Business (transitioning military service members)- includes spouses
- Boots to Business: Reboot—includes all veterans; 2 day class plus 8 weeks online; 2015 schedule TBD
- Emerging Leaders (Urban CEOs)-in progress now



U.S. Small Business Administration

Wisconsin Offices

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