U.S. Small Business Administration

Status Report and Updates

Eric Ness
District Director

August 7, 2014

U.S. Small Business Administration

Overview

Programs updates and FY2015

- Contracting
- Capital
- Counseling

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New Administrator

Maria Contreras-Sweet

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

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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%**

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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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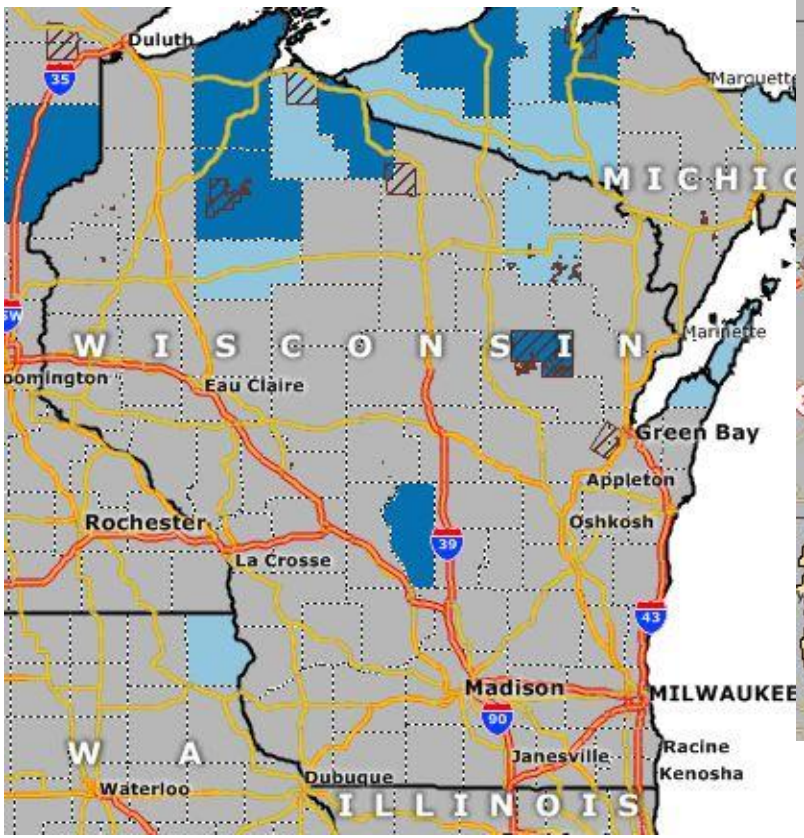
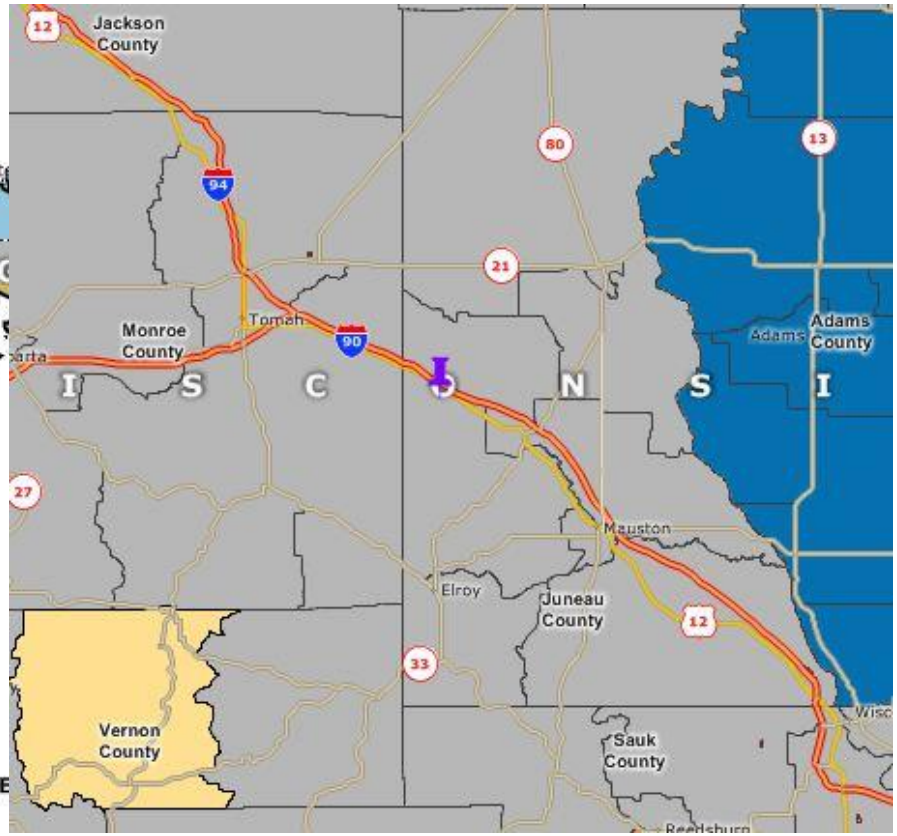
HUBzone Maps





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

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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*

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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)

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SBA

Your Small Business Resource

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%

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SBA

Your Small Business Resource

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

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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

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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

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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

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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

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WI MICROLOANS

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

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

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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.)

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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

SBA Counseling

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- 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"

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

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Wisconsin Offices

MILWAUKEE
310 W. Wisconsin Avenue, Suite 400
Milwaukee, WI 53203
Phone: 414-297-3941
Email: wisconsin@sba.gov

MADISON
740 Regent Street, Suite 100
Madison WI 53715
Phone: 608-441-5261
Email: wisconsin@sba.gov