



SBA Update

Prime Contractors Group

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Overview

Programs and Services

- Capital
- Contracting
- Counseling



7(a) Loan Program

SBA's primary business loan program

- ❑ 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





U.S. Small Business Administration

7(a) Loan Program

Updates

- Fee relief on loans \$150,000 and under **extended through FY2016**
- Up front fees waived on 7 (a) Express Loans to Veterans for under \$350,000 **now permanent**
- **Fees reduced by 50% on loans \$350,000-\$5 million for veterans extending through FY2016**
- Not just vets, but spouses, transitioning service members, and widow(er)s of SDVs
- ❑ ***More than 1000 Wisconsin borrowers have saved an average \$990 in fees- over \$1 million***



Financing Your Business

7(a) Loan Program Maturities and Size

- 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



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.
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- 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



Express Loans

- 50% Guarantee
- Up to \$350,000
- Includes Lines of Credit
- Lender makes credit decision



Community Advantage 7(a) Loan

***Opens 7(a) lending to community based, mission-focused lenders
CDFIs, CDCs, and Microlenders***

- **Maximum Loan Size:** \$250,000
- **Guarantee:** 85% up to \$150,000; 75% for more.
- **Approval Times:** 5-10 days for most Community Advantage loans
Paperwork: Two-page application for borrowers
- **Lender Requirements:** Expected to maintain 60% of their portfolios in underserved markets
- **Time Frame:** 3 Year Pilot Initiative; extended to 3/15/17



WI Community Advantage Lenders

- Milwaukee Economic Development Corporation *Milwaukee*
- Wisconsin Women's Business Initiative Corporation *Milwaukee*
- Legacy Redevelopment Corp., *Milwaukee*

60 loans in FY2015 for \$5.6 million; 12 loans in FY2014



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%



Financing Your Business

504/Certified Development Company

- 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 **except** for energy consumption reduction projects, renewable energy or renewable fuels projects, and loans to small manufacturers which are eligible for a maximum debenture amount of \$5,500,000.

Capital: Lending

*Wisconsin 7(a) and 504 lending
FY2014*

**1674 loans guaranteed
\$542.4 million**

534 startups/\$130 million

Loans \$150K or less: 960/\$65 million

Fee relief: average \$950 or \$729,000 statewide

Loans to veterans: 73/\$19.6 million



U.S. Small Business Administration

Capital: Lending

Lending Industries FY2014

GROSS 7(a) & 504 Loans (Dollars) FY2014 FINAL NAICS Description	\$\$\$	###
Manufacturing	\$ 93,525,900	213
Accommodation and Food Services	\$ 92,214,300	239
Retail Trade	\$ 82,182,300	214
Health Care and Social Assistance	\$ 52,128,900	152
Professional, Scientific, and Technical Services	\$ 35,391,500	151
Other Services (except Public Administration)	\$ 35,020,900	141
Construction	\$ 33,304,700	153
Arts, Entertainment, and Recreation	\$ 24,556,500	58
Wholesale Trade	\$ 23,693,300	78
Real Estate and Rental and Leasing	\$ 17,874,200	50
Transportation and Warehousing	\$ 16,942,400	62
Administrative and Support and Waste Manage	\$ 12,781,100	72
Agriculture, Forestry, Fishing and Hunting	\$ 11,876,000	25
Information	\$ 4,567,900	21
Finance and Insurance	\$ 3,431,100	27
Educational Services	\$ 2,814,200	16
Mining	\$ 130,000	2
Grand Total	\$ 542,435,200	1,674



U.S. Small Business Administration

Capital: Lending

Wisconsin 7(a) and 504 lending

FY2015

1733 loans guaranteed

\$607.6 million

545 startups/\$159.2 million

Loans \$150K or less: 967/\$69.3 million

Loans to veterans: 93/\$30.9 million

Capital: Lending

Lending Industries FY2015

GROSS 7(a) & 504 Loans (Dollars)		
NAICS Description	\$\$\$	###
Grand Total	\$ 607,563,700	1733
Manufacturing	\$ 130,288,300	244
Accommodation and Food Services	\$ 92,634,200	252
Retail Trade	\$ 77,574,600	203
Health Care and Social Assistance	\$ 50,091,000	143
Construction	\$ 40,540,700	171
Administrative and Support and Waste Management	\$ 35,083,500	103
Other Services (except Public Administration)	\$ 34,739,900	158
Arts, Entertainment, and Recreation	\$ 26,799,700	67
Wholesale Trade	\$ 24,679,100	76
Professional, Scientific, and Technical Services	\$ 23,648,400	113
Transportation and Warehousing	\$ 19,497,400	71
Agriculture, Forestry, Fishing and Hunting	\$ 18,049,100	34
Real Estate and Rental and Leasing	\$ 15,155,300	41
Educational Services	\$ 9,228,500	14
Information	\$ 5,677,500	17
Finance and Insurance	\$ 2,456,000	23
Mining	\$ 1,239,000	2
Public Administration	\$ 181,500	1

Capital: Micro-loans

Lenders

- **Advocap**, Fond du Lac and Oshkosh
- **First American Capital Corp.**, West Allis (American Indian Chamber)
- **Impact Seven, Inc.**, Almena
- **Entrepreneur Fund**, Serving Douglas County
- **WI Women's Business Initiative Corp.**, Milwaukee, Racine, Kenosha & Madison
- **CAP Services**, Stevens Point
- **Lincoln Opportunity Fund**, Milwaukee
- **Northwest Regional Planning Commission**, Spooner

Capital: Micro-loans

Lending

FY2013: 119 loans/\$2.8 million/67 startups

FY2014: 122 loans/\$2.4 million/64 startups

FY2015: 83 loans/\$1.9 million/41 startups

Capital: LINC-*New*

Online tool connects prospective borrowers with lenders

- Program rollout: Micro-lenders, Community Advantage lenders, 504 CDCs; NOW open to 7(a) lenders
 - Prospective borrower answers 21 questions
- Lenders will respond within 48 hours if any interest
- To apply: look for LINC at www.sba.gov/wi
- 38 Lenders in Wisconsin

Capital: SBA One-*New*

- *“Turbotax for lending”-fully automated loan application—in testing now*
 - reduce paperwork for borrowers
 - lower lender transaction costs
 - provide better guarantee assurance
 - expand access to capital—help one thousand lenders make more than 10 SBA loans per year, up from the historical annual average of just 500 to 700 lenders producing this type of loan volume.

Contracting

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

Category	Goal	2012	2013	2014
Small Business	23%	22.25%	23.39%	24.99%
SDB (8(a))	5%	8%	8.61%	9.46%
HUBzone	3%	2.01%	1.76%	1.82%
Women	5%	4%	4.32%	4.68%
SD Vets	3%	3.03%	3.38%	3.68%

Contracting

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

In 2014:

\$91.7 Billion to Small Business

\$54.3 Billion from DoD alone

Contracting Updates

- WOSB is now sole source
 - Expanded to 330 industry categories
 - Go to www.sba.gov/wosb

Contracting Updates

- **Prime contractors: Take the opportunity to comment on this proposed reg impacting you.**
- There is a proposed regulation that has just been issued for comment which will allow prime contractors to receive credit towards its [small business subcontracting goals](#) for subcontract awards made to small business concerns at any tier. The link will take you to the CFR and below is a summary of the proposed change.
- The U.S. Small Business Administration (SBA or Agency) is proposing to amend its regulations to implement Section 1614 of the National Defense Authorization Act for Fiscal Year 2014. The proposed amendments authorized by this statute would allow an other than small prime contractor that has an individual subcontracting plan for a contract to receive credit towards its small business subcontracting goals for subcontract awards made to small business concerns at any tier. **The prime contractor shall incorporate the lower tier subcontracting performance into its subcontracting plan goals. Currently, other than small business prime contractors establish small business subcontracting goals at the first tier level, and receive credit toward their subcontracting plan goal performance at the first tier level.** The rule also proposes to implement the statutory requirements related to the subcontracting plans of all subcontractors that are required to maintain such plans, including the requirement to monitor subcontractors' performance and compliance towards reaching the goals set out in those plans as well as their compliance with subcontracting reporting requirements. SBA is also proposing to clarify that the size standard for a particular subcontract must appear in the solicitation for the subcontract. **Comments must be received on or before December 7, 2015.**



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 are 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.



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.



Contracting Resources

- GC Classroom-sba.gov/gc classroom
 - 10 online courses to assist with contracting
- SBA Mobile App
 - Makes site available on the go

Counseling

- **SCORE** – For the Life of Your Business; volunteer retired executives (20 + locations)
- **Women’s Business Centers** (7 locations; Wisconsin Women’s Business Initiative Corp., Milwaukee)
- **Small Business Development Centers (SBDC)**-12 locations (1 in Milwaukee) plus Specialty Centers

More than 19,000 Wisconsin residents were counseled or trained by an SBA resource partner in 2014

- **SBA.Gov**--More than 130 free courses and webinars



Training

Over 130 free online courses at SBA.gov

- Business planning
- Finance
- Marketing
- Government contracting-14 courses with multiple sessions/GC classroom

Free webinars and call in sessions

Entrepreneurial education classes (targeted audiences)

- Emerging Leaders
- **Boots to Business: Reboot**
 - Statewide in FY2016
 - 2 day program with 8 week online follow-up
 - Watch for updates

Boots to Business: Reboot Modules

- Intro to Business Ownership
- Basics of Opportunity Recognition
- Market Research
- Economics of Small Business Startup
- Picking the Correct Legal Entity for Your Business
- Financing the Venture
- Next Steps: Introduction to Business Planning
- Moving Forward: Resources to Support You



U.S. Small Business Administration

Other Initiatives/Updates

- **Wisconsin Micro-enterprise Initiative**
- **Growth Accelerator grants-3 in Wisconsin since 2014 (2 in Milwaukee, 1 in Racine)**
- **Startup in a Day—City of Milwaukee**
- **New VBOC-Women’s Business Development Ctr, Chicago**
- **Other opportunities: Scale Up; InnovateHER**



U.S. Small Business Administration

Congratulations!!!

**Aina Vilumsons
SBA's Veteran Small
Business Champion
2015**



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