

# SMALL BUSINESS PROGRAMS

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*James Strube*

*Business Opportunity Specialist*





U.S. Small Business Administration

# *Counseling*

- Extensive network of resource partners  
Counseling services & classes free or low cost
- More than 19,000 served in Wisconsin in 2014
  - SCORE with locations throughout WI
  - SBDC's (12 with locations at UW extensions)
  - Women's Business Centers with various locations
- To locate offices near you: [www.sba.gov](http://www.sba.gov) and click on "get local assistance"



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## *Capital Resources*

- Banks and Credit Unions dealing with SBA Programs
- Community Advantage Lenders
- Certified Development Centers
- Microloan Intermediaries

# Loan Guaranty Program Types

- **7(a) Loan Program**
  - Banks
  - Credit Unions
  - CDFI's, CDC's, Microlenders (Community Advantage)
- **504 Loan Program**
  - Certified Development Companies
    - Great Lakes Asset Corporation
    - Racine County Economic Development Corporation
    - Wisconsin Business Development Finance Corporation

# 7(a) Loan Program

- **SBA's Primary Program**
  - No Minimum Loan Amount
  - Maximum \$5.00 Million Loan Amount
  - Maximum \$3.75 Million Guaranty
    - 85% For Loans  $\leq$  \$150,000
    - 75% For Loans  $>$  \$150,000
- **Program Variety**
  - 7(a) Loans, 7(a) Small Loans, SBAExpress, SBA Veterans Advantage, CAPLines
  - Community Advantage
  - International/Export Financing

# 7(a) Loan Program

- **Interest Rates**
  - Program Specific
  - Negotiated Between Borrower And Lender
  - Subject To SBA Base Rate And Allowable Spread
  - Acceptable Base Rates
    - WSJ Prime
    - LIBOR One Month Prime
    - SBA Peg Rate
  - Allowable Spreads
    - Up To 2.25% And 2.75% Depending On Structure

# 7(a) Loan Program

- **Guaranty Fees**
  - All Loans  $\leq$  \$150,000: **Zero** (FY 2015)
  - Veterans Advantage  $\leq$  \$350,000: **Zero** (FY 2015)
  - Other Vet Loans  $>$  \$150,000: **Reduced 50%** (FY 2015)
  - Non-Veteran Loans  $>$  \$150,000: **Tiered % Structure**
- **Maximum Maturities**
  - 25 Years RE/10 Years Equipment/7 Years WC
- **Borrower Eligibility**
  - Size Standards
    - General Employee # And Annual Receipt Ranges
    - Alternates (Tangible NW  $\leq$  \$15 Million, Average NI  $\leq$  \$5 Million)

# 7(a) Loan Program

- **Borrower Eligibility (continued)**
  - Nature Of Business
    - For Profit
    - Income Generation
    - Customers Served
  - Use of Proceeds
    - Owner-Occupied RE, FFE, WC, Business Acq., Refinance, Etc.
    - Terms Loans And Lines Of Credit
  - Miscellaneous
    - General Credit Criteria And Rules Requirements

# 7(a) Small Loans

- **All 7(a) Loans  $\leq$  \$350,000 (Except “Express Loans”)**
  - Excludes SBAExpress/SBA Veterans Advantage/Export Express
  - SBA Guaranty Same As 7(a)
    - Maximum 85% For Loans  $\leq$  \$150,000
    - Maximum 75% For Loans  $>$  \$150,000
  - Credit Score
    - Screening Process
    - 140 Or Higher Score Is Acceptable
    - Lower Score May Be Resubmitted Via:
      - LGPC (Longer Approval Time)
      - SBAExpress (50% Guaranty)

# ***SBAExpress* & SBA Veterans Advantage**

- **Non-“7(a) Small Loans”  $\leq$  \$350,000**
  - SBA Guaranty
    - Maximum 50%
  - Interest Rates
    - Prime + 6.5% For Loans  $\leq$  \$50,000
    - Prime + 4.5% For Loans  $>$  \$50,000
  - Lender Makes Credit Decision And Uses Its Own Closing Docs
  - SBA Veterans Advantage Is The Same As *SBAExpress* Except:
    - Program Scheduled To Sunset On 09/30/2015 (End Of FY 2015)
    - Specific Veteran Eligibility Qualifications
    - Zero Borrower Guaranty Fee On Loans  $\leq$  \$350,000

# CAPLines

- **7(a) Programs Designed To Meet Short-Term & Cyclical Working Capital Needs**
  - Working Capital
    - Revolving Line Of Credit
  - Contract
    - Finances Materials/Labor/Overhead For Specific Contracts
  - Seasonal
    - Finances Inventory Buildup/Accounts Receivable/Labor/Materials
  - Builders
    - Direct Financing Of Commercial Or Residential Structures

# Community Advantage

- **Community Based, Mission-Focused 7(a) Lenders**
  - Existing Nonprofit CDFI's/CDC's/Microlenders
  - Must Maintain 60% Of Portfolio In Underserved Markets
  - Maximum \$250,000 Loan Size
  - Same 75% To 85% Guaranty Based On Loan Size
  - Referral Opportunity
- **Community Advantage Lenders In WI**
  - Milwaukee Economic Development Corp. (MEDC)
  - Wisconsin Women's Business Initiative Corp. (WWBIC)
  - Legacy Redevelopment Corp.
  - Lincoln Opportunity Fund (WBD Affiliate)

# International Trade/Export Financing

- **Designed to develop or expand export activities with up to 90% guaranty**
  - International Trade Loan
    - Maximum \$5 million loan and 90% guaranty
    - Long Term Fixed Asset/Working Capital/Refi.
  - Export Working Capital
    - Maximum \$5 Million Loan And 90% Guaranty
    - Transaction Or Asset-Based, Short-Term Financing Needs
  - Export Express
    - Simplest Program; Up To \$500,000 Term Loan Or Line
    - Maximum 90% For Loans  $\leq$  \$350,000
    - Maximum 75% For Loans  $>$  \$350,000

# 504 Loan Program

- **Economic Development Program**
  - Supports Business Expansion And Job Creation
  - Long Term, Fixed Rate Subordinate Mortgage Loan
- **Maximum Loan Amounts**
  - \$5.0 Million For Job Creation, Meeting Policy Goal, Etc.
  - \$5.5 Million For Manufacturers & Energy Savings/Subs
- **Uses Of Funds**
  - Long-Term, Fixed Assets
- **Maturity & Interest Rate**
  - Generally 10-20 Years With Fixed Rate

# 504 Loan Program

- **Project Costs**

- 50% Bank Or Credit Union Loan
- 40% CDC 504 Loan (100% SBA Guaranty)
- 10-20% Borrower Equity

- **Borrower Equity Requirements**

- Minimum 10% For All Borrowers
- Minimum 15% For New Businesses
- Minimum 15% For Limited Or Special Purpose Property
  - Hotels
  - Farms, Including Dairy Facilities

# Non-7(a) Microloans

## – Nonprofit Intermediaries (a/k/a Microlenders)

- Maximum \$50,000 Short Term Loans ( $\leq$  6 Year Maturity)
- NO GUARANTY
- Uses: Machinery, FFE, WC, Leasehold Improvements, etc.
- Referral Opportunity

## – Microlenders In WI

- Statewide Coverage:
  - Impact Seven, Inc. – Lincoln Opportunity Fund (WBD Affiliate) – WWBIC
- Other Target Markets:
  - Advocap – CAP Services, Inc. – First American Capital Corp.
  - Green Bay Area Chamber Of Commerce Foundation
  - Northeast Entrepreneur Fund

- ***“Turbotax for lending”-fully automated loan application***
  - 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.



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# Contracting

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

Category	Goal	2014	2015	2016
Small Business	23%	24.99%	25.75%	24.34%
SDB (8(a))	5%	9.46%	10.06%	9.52%
HUBZone	3%	1.82%	1.81%	1.67%
WOSB	5%	4.68%	5.05%	4.79%
SDVOSB	3%	3.68%	3.93%	3.98%



U.S. Small Business Administration

# ***Contracting***

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

**In 2015:**

**\$90.7 Billion to Small Business**

**\$52.4 Billion from DoD alone**

# Small Business Set-Asides

- **A Set-Aside for small businesses reserves an acquisition exclusively for small business competition.**
- **This Includes requirements competed among HUBZone, 8(a), SDVOSB, and EDWOSB/WOSB**

# SBA CERTIFICATIONS

- 8(a) Business Development Program
  - Mentor/Protégé
  - Joint Venture
- HUB Zone Program

# 8(a) Business Development Program

- Assists eligible socially and economically disadvantaged small businesses
- Provides business development and contract assistance
- SBA certification required
- All 8(a) firms are SDBs, but not all SDBs are 8(a) certified

# 8(a) Business Development Program

## Program Benefits

- Certified firms can receive sole-source contracts
  - up to \$4 million for goods and services
  - up to \$6.5 million for manufacturing
- Joint ventures and teaming
- Mentor-Protégé Program

# 8(a) Business Development Program

## Program Eligibility

- The business must be majority-owned (51 percent or more) by an individual(s)
- The individual(s) must be an American citizen, by birth or naturalization
- Unconditionally owned and controlled (at least 51%) by one or more socially AND economically disadvantaged individuals who are US citizens

# 8(a) Business Development Program Program Eligibility

- The business must be a small business
- The business must demonstrate potential for success
- The principals must show good character
- \*Separate eligibility requirements exist for a business that is owned by American Indians, Native Alaskans, Native Hawaiians or Certified Development Companies

# Mentor/Protégé Program

- The purpose of the Mentor/Protégé program is to enhance the capabilities of 8(a) BD participants and to improve their ability to successfully compete for federal government contracts

# Mentor/Protégé Program

## Program Benefits

- Mentors may provide the following forms of assistance to Protégés:
  - Technical and management assistance
  - Financial assistance, including equity investments and/or loans
  - Subcontracting support
  - Assistance in performing prime contracts through joint venture arrangements

# Joint Venture

## Definition

### **Definition:**

An agreement between an eligible 8(a) participant and one or more other business concerns to establish a new legal entity solely for the purpose of performing a specific 8(a) contract. The contract is then awarded to the Joint Venture entity rather than to one or more of the participants.

# Joint Venture

## *When Is a JV Permitted?*

- 8(a) firm lacks capacity to perform the contract independently
- Joint Venture agreement is fair and equitable
- Joint Venture will be of substantial benefit to the 8(a) firm
- 8(a) firm brings something of value to the Joint Venture other than the 8(a) certification

# Joint Ventures

## Areas of Capacity

- Adequate bonding
- Adequate financing
- Technical expertise
- Experience in similar requirements
- Access to specialized/required equipment
- Access to appropriate facilities
- Appropriate management
- Appropriate labor

# Joint Venture

## Size Requirements

- Small business set-asides and 8(a) procurements require the firm to maintain size standards for the NAICS code used for that procurement
- Joint Ventures must meet applicable size standards of the solicitation
- A large business cannot be a JV participant on a Small Business or 8(a) procurement unless approved under the 8(a) Mentor/Protégé Program

# All Small Business Mentor – Protégé Program

The small business mentor-protégé program is designed to enhance the capabilities of protégé firms by providing business development assistance and improving the protégé firms' ability to successfully compete for federal contracts.

# HUBZone Program

## SBA Certification

- Historically Underutilized Business Zone
- Contracting preference program designed to stimulate economic development and create jobs
- SBA certification required

# HUBZone Program

## Program Benefits

- 3% government-wide goal for contracts to be awarded to HUBZone certified firms
- Competitive and sole source contracts
- 10% price evaluation preference

# HUBZone Program

## Program Eligibility

- Must be a small business by SBA standards
- Must be owned and controlled at least 51% by U.S. citizens, or a Community Development Corporation, an agricultural cooperative, or an Indian tribe
- Principal office must be in a designated HUBZone
- At least 35% of the firm's employees must live in a HUBZone

# Women and Veterans Programs

- Woman Owned Small Business Program  
(WOSB & EDWOSB)
- Veteran Owned Small Business Programs  
(VOSB & SDVOSB)

# Women Owned Small Business Program (WOSB & EDWOSB)

- Women Owned Small Business (WOSB)
- Economically Disadvantaged Woman Owned Small Business (EDWOSB)
- 5% Government-wide contracting goal
- 5% Government-wide subcontracting goal

# Women Owned Small Business Eligibility

- WOSB
  - 51% owned & controlled by one or more women who are US citizens
  - The firm must be “small” in its primary industry in accordance with SBA’s size standards for that industry
  - Primarily managed by one or more women
- EDWOSB
  - Satisfy all conditions of WOSB
  - Personal net worth of less than \$750,000
  - Adjusted annual income of \$350,000 or less
  - Market value of all assets does not exceed \$6 million

# Women Owned Small Business Eligibility

- Self Certification

- WOSB or EDWOSB can self certify (changes coming soon)
- NEW portal for certification (<https://certify.sba.gov/> )
- If already certified, all documents are transferred to [certify.sba.gov](https://certify.sba.gov), firm must create as a new user account and update their records

- Third Party Certification

- May be certified by an authorized Third Party Certifier
- Existing 8(a) program certification may be eligible

# Women Owned Small Business Benefits

- Contract Set Asides and Sole Source Authorized
- Newly implemented North American Industry Classification System (NAICS)
- Eligible only for NAICS codes in which the SBA has determined the EDWOSB or WOSB concerns are underrepresented in Federal Procurement

[EDWOSB](#)    [WOSB](#)

# Veterans Programs (SDVOSB & VOSB)

- Veterans Entrepreneurship and Small Business Development Act defined VOSB & SDVOSB
- Established 3% government-wide prime and subcontracting goals for service disabled veteran owned small businesses
- Contract set aside and sole source

# Service Disabled Veteran Owned Small Business Eligibility

- The Service Disabled Veteran (SDV) must have a service-connected disability that has been determined by the Department of Veterans Affairs or Department of Defense
- The SDVOSBC must be small under the North American Industry Classification System (NAICS) code assigned to the procurement
- The SDV must unconditionally own 51% of the SDVOSBC
- The SDV must control the management and daily operations of the SDVOSBC
- The SDV must hold the highest officer position in the SDVOSBC

# VA – Veterans First Contracting Program

- Only VOSB and SDVOSB are eligible
- Sole source or competition
- Must be certified by the VA
- VO and SDVOSB must be certified in (<http://www.vetbiz.gov>) and listed in the VIP database (<http://www.vip.vetbiz.gov>)

# Certify.SBA.Gov

certify.SBA.gov

Home Prepare Am I eligible? Help Login



**Welcome to certify.SBA.gov**

The U.S. Small Business Administration (SBA) is working to modernize the application process for federal contracting programs. Manage your application and eligibility documentation for the WOSB and All Small Mentor-Protégé programs online from our easy-to-use dashboard. **Get started today!**

Login

Or

Get started

[Federal government employees: Login or create an account](#)



# Resources and Tools

- Federal Acquisition Regulations
  - <https://www.acquisition.gov/far>
- Acquisition Central
  - <https://www.acquisition.gov/>
- FAR Part 19 – Small Business Programs
  - <http://www.acquisition.gov/far>
- Code of Federal Regulations (13CFR)
  - <http://www.gpoaccess.gov/cfr/index.html>
- Federal Business Opportunities
  - <http://www.fbo.gov>
- SBA-Government Contracting
  - <http://www.sba.gov/aboutsba/sbaprograms/gc/index.html>

# SBA – Wisconsin District Office

For more information on SBA's programs and services

Please contact:

James Strube, Business Opportunity Specialist

Telephone: 414-297-3951

Email: [James.Strube@sba.gov](mailto:James.Strube@sba.gov)

Or visit our office web site at [www.sba.gov/wi](http://www.sba.gov/wi)

# SBA - Wisconsin Offices

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## **Wisconsin District Office**

310 West Wisconsin Ave.

Suite 580W

Milwaukee, WI

Phone: 414-297-3941

## **Wisconsin District Office**

740 Regent Street

Suite 100

Madison, WI

Phone: 608-441-5261