



Veterans' Update
Wisconsin Veterans' Affairs Business
Conference

May 12, 2016

Capital: 7(a) loans

Overview

- **SBA's primary loan program**
- Maximum loan: \$5 million
- Guarantees: 85% <\$150,000; 75% > \$150,000;
- Maturities
 - 5 – 10 years: working capital, machinery, equipment
 - Up to 25 years for real estate, construction
- \$15 million tangible net worth; \$5 million net profits

Capital: 7(a) loans

Loan Opportunities for Veterans

- -< \$150,000: all fees eliminated for 3rd year; savings average \$982/loan
- -\$150,001-\$350,000: no up-front fees for Express loans for vets now permanent
- -< \$350,000: simplified processing
- -\$150,001 to \$5 million: 50% fee reduction on 7(a) loans until 9/30 (2nd year)
- **Veterans, transitioning military service members, spouses, and surviving spouses of deceased disabled veterans**

Capital: 7(a) loans

Express Loans

- 50% Guarantee
- Up to \$350,000
- *Includes Lines of Credit*
- Lender makes credit decision
- Up-front guaranty fees waived for vets

Capital: 7(a) loans

Community Advantage

Community based, mission-focused CDFIs, CDCs, and Micro-lenders

- **Maximum Loan Size:** \$250,000
- **Guarantee:** 85% up to \$150,000; 75% for more.
- **Approval Times:** 5-10 days
- **Paperwork:** Two-page application for borrowers

- **Lender Requirements:** Maintain 60% of portfolio in underserved markets
- **Time Frame:** 3 Year Pilot; extended to 3/31/2020

Capital: 7(a) loans

Community Advantage

Community based, mission-focused CDFIs, CDCs, and Micro-lenders

Wisconsin Women's Business Initiative Corporation

Milwaukee Economic Development Corporation

Legacy Redevelopment Corporation

Lincoln Opportunity Fund

FY2015: 60 loans/\$6 million

FY2016 (to 4/30): 25 loans/\$2.4 million

Capital: 504 Loans

504/Certified Development Company

- Maximum: \$5 million (\$5.5 million for manufacturing, energy savings)
- Financing:
 - CDC (w/SBA guarantee) finances 40%
 - Lender (bank) finances 50%
 - Equity (borrower) finances 10-20%
- Uses: long-term fixed assets
- Maturity: 10-20 years
- Interest: fixed rate established when debenture backing sold; some exceptions
- ***Refinance re-approved***

Capital: Lending

*Wisconsin 7(a) and 504 lending
FY2015*

1733 loans guaranteed

\$607.6 million

618 startups/\$159.2 million

Loans \$150K or less: 967/\$69.3 million (61%)

*Fee relief to 967 WI borrowers: average \$991/\$958,000 statewide (5%
to vets)*

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: Lending

Wisconsin 7(a) and 504 lending

FY2016: October-April

932 loans guaranteed

\$364.3 million

334 startups/\$103.6 million

Loans \$150K or less: 494/\$35.5 million (fee relief
\$485,328)

Loans to veterans: 44/\$18.9 million

Capital: LINC

Online tool connects prospective borrowers with lenders

- Program rollout: Micro-lenders, Community Advantage lenders, 504 CDCs **Available to all 7(a) lenders since May 2015**
 - 50+ participating in Wisconsin to date
- Prospective borrower answers 21 questions
- Lenders will respond within 48 hours if any interest
- To apply: look for LINC at www.sba.gov/wi



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

- 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.



Contracting

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

In 2014:

\$91.1 Billion to Small Business

\$54.3 Billion from DoD alone

FY2015 contracting scorecard announced in summer 2016

Contracting

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

Category	Goal	2013	2014	2015
Small Business	23%	23.39%	24.99%	25.75%
SDB (8(a))	5%	8.61%	9.46%	10.06%
HUBzone	3%	2.01%	1.82%	1.82%
Women	5%	4%	4.68%	5.05%
SD Vets	3%	3.03%	3.68%	3.93%

Bold=Goal met

Woman-Owned Small Business Goal achieved for the first time in 2015

Contracting

Small Businesses

- **Goal: 23% of all federal contracts**
- Meets size standards for eligibility
- Located in the U.S.
- Legal form of business
- Not dominant in the industry it plans to bid in

Contracting: Eligibility

Sample Size Standards

NAICS Industry Sector	Standard
Manufacturing	500 employees
Wholesale Trade	100 employees
Agriculture	\$750,000
Retail Trade	\$7 million
General & Heavy Construction	\$33.5 million
Dredging	\$20 million
Special Trade Contractors	\$14 million
Travel Agencies	\$3.5 million
Business and personal services	\$7 million
Architectural, Engineering, Surveying, Mapping Services	\$4.5 million
Temporary staffing services	\$13.5 million

Updates to selected industry size standards effective 2/26:

- Manufacturing
- Wholesale Trade
- Retail Trade
- Program specific size standards adjusted for inflation

*As directed by the Jobs Act

Contracting

Small Disadvantaged Businesses (8(a))

- **Goal: 5% of all federal contracts**
 - **2015: 10.06%**
- Socially and economically disadvantaged businesses and businesses in 8(a) assistance program
- 8(a) provides development assistance with mentoring, training, matchmaking events—
9 year program

Contracting

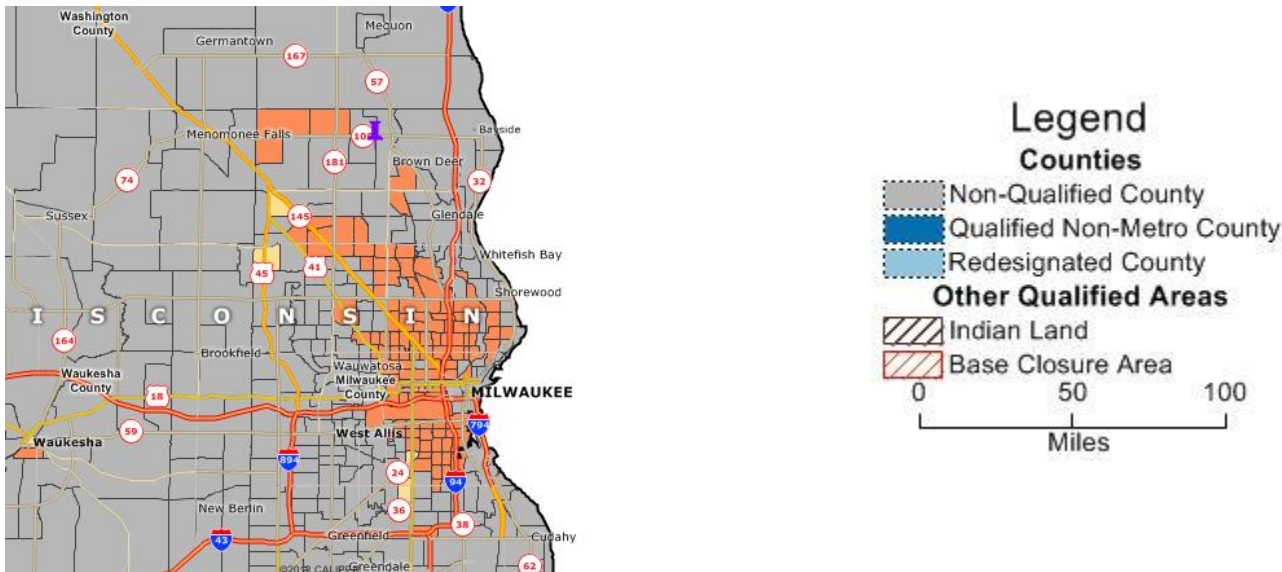
Mentor/Protégé Program

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

Contracting

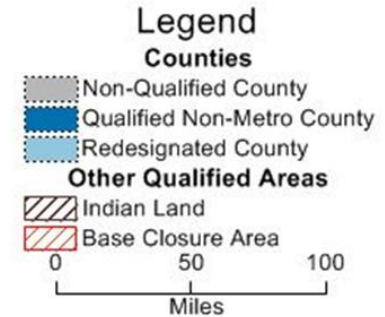
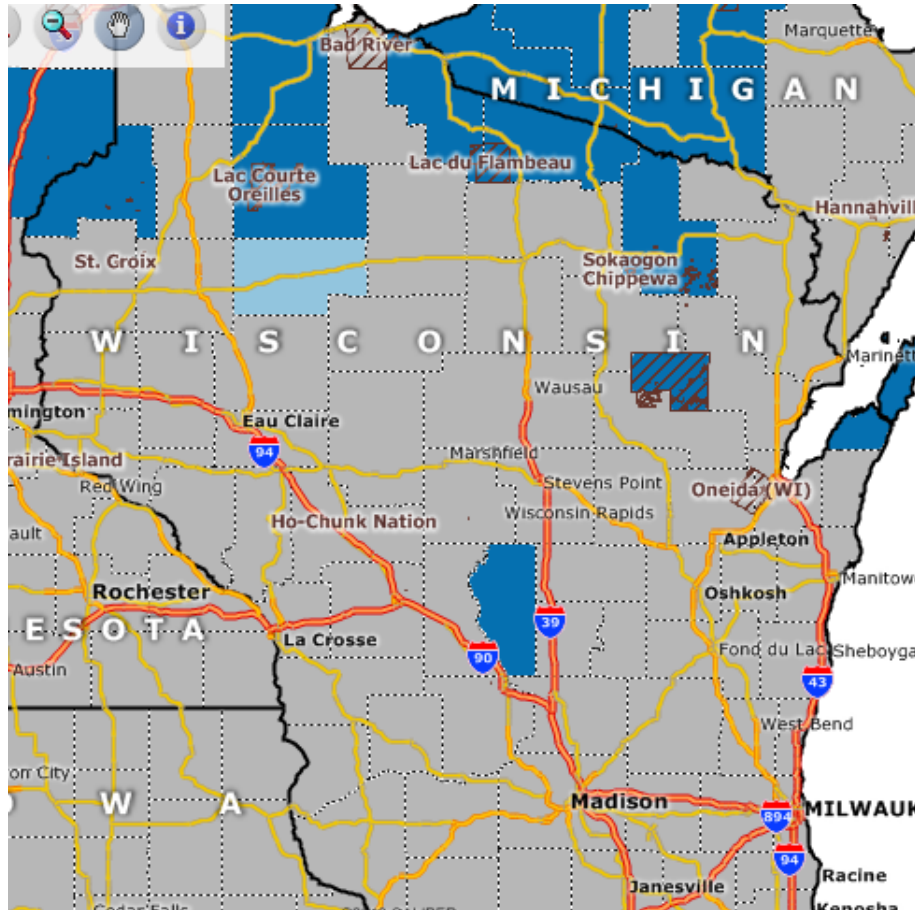
HUBzones

- **Goal: 3% of all federal contracts**
 - **2015: 1.82%**
- **Businesses in distressed urban, rural areas**



Contracting

HUBzones throughout Wisconsin



Indian/tribal lands; parts of Milwaukee, Waukesha, Kenosha, Racine, Madison, Green Bay, Stevens Point, other communities throughout the state

www.sba.gov/hubzone
map tool on page

Contracting

Women-owned Small Businesses (WOSB)

- **Goal: 5% of all federal contracts**
 - **2015: 5.05%**
- **Contract set asides and sole source now authorized for certain NAICS codes**
- **Women may self-certify**

Contracting

Service Disabled Veteran Owned Small Business (SDVOSB)

- **Goal: 3% of all federal contracts**
 - **2014: 3.93%**

- **VA certifies veteran as Service-Disabled**

Counseling

- **SCORE** – Counselors to America’s Small Businesses (25 locations)
- **Women’s Business Centers** (7 locations)
- **Small Business Development Centers (SBDC)**-12 locations plus Specialty Centers

More than 11,000 Wisconsin residents were counseled or mentored by an SBA resource partner in 2015

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

Veterans Business Outreach Center

- Hosted by Women's Business Dev. Center in Chicago
- Available to Wisconsin veterans
- Contact: Hazel Beck, 312-853-3477
x670/hbeck@wbdc.org



- **2 day entrepreneurship training for veterans, family members, transitioning service members**
 - **Madison 6/20-21**
 - **Milwaukee 6/24-25**

- **8-week online course follows initial training**
 - **Register at boots2business.org/reboot**



Upcoming Events

Section 3 Contracting Seminar

May 17, 2016

Milwaukee

Volk Field (with WPI)

June 15, 2016

SBA LGBT Business Builder

July 2016

Milwaukee

Association of Women's Business Centers Conference

Hosted by WWBIC

Milwaukee

September 12-15, 2016



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