



**UPDATE FOR DEPARTMENT OF
VETERANS' AFFAIRS SMALL
BUSINESS CONFERENCE**

MAY 12, 2015

ERIC NESS

WISCONSIN DISTRICT DIRECTOR



7(a) Loan Program

Updates

- ❑ Fee relief on loans \$150,000 and under **to 9/30/2015**
 - *In 2015, 375 borrowers for loans \$150,000 and less have saved \$990 in fees on average--\$375,281 total statewide*
- ❑ Up front fees waived on 7(a) Veterans' Advantage (Express-50% guarantee) Loans for < \$350,000 **to 9/30/2015**
- ❑ **Fees reduced by 50% on loans \$350,000-\$5 million for veterans through 9/30/2015**
 - Not just vets, but spouses, transitioning service members, and widow(er)s of SDVs, and active reservists & Nat'l Guard members
 - *Savings on \$5 million loan would be \$92,000*

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



Capital: Lending

*Wisconsin 7(a) and 504 lending
FY2015 (1st 6 months)*

838 loans guaranteed ↑

\$287.6 million ↑

335 startups/\$62.1 million ↑

Loans \$150K or less: 478/\$34 million ↑

Loans to veterans: 56/\$23.2 million (4/30) ↑

OVERVIEW-NDAA 13

- **Section 1641**
 - SBA may establish a Mentor-Protégé program for all SBCs
 - The program will be modeled off the 8(a) MP program
 - Other agency MP programs must be approved by the SBA after SBA determines the program will assist protégés and complies with SBA regulations
- **Section 1651**
 - Creates definitions and standards for the limitations on subcontracting
- **Section 1681**
 - SBCs may rely on written advisory opinions from SBDCs and PTACs (including WPI)

RECENT RULES-overview

- Advisory Small Business Size Decisions
 - Proposed Rule: 79 FR 35963, June 25, 2014
 - Final Rule: 80 FR 7533, Feb. 11, 2015
 - Effective **August 10, 2015**
- Limitations on Subcontracting
 - Proposed Rule: 79 FR 77955, Dec. 29, 2014
 - Comments due **February 27, 2015**
- Mentor Protégé
 - Proposed Rule: 80 FR 6618, Feb. 5, 2015
 - Comments due **April 6, 2015**

Advisory Small Business Size Decisions

Effective 8/10/2015

- SBDCs and PTACs can issue a written small business status advisory opinion
- Each advisory opinion must be submitted to SBA and performed in accordance with 49 CFR § 121
- SBA will respond within 10 business days to accept or reject the opinion
- Written opinion will be provided to SBDC or PTAC and covered concern

Advisory Small Business Size Decisions

- Any firm that receives a negative determination from the SBDC or PTAC may request a formal size determination
- A concern can rely on an affirmative advisory opinion for purposes of responding to Federal procurement opportunities unless the opinion is rejected by SBA
- A firm's size status may still be protested by interested parties for specific procurements

Limitations on Subcontracting (LOS) Changes in 2013 NDAA

- One method for determining compliance for almost all small business set-aside programs
- Varies based on whether the contract is for services, supplies or products, general construction, specialty trade construction, or a combination of both services and supplies
- Work performed by “similarly situated entities” (SSE) does not count as subcontracted work for purposes of determining compliance

Limitations on Subcontracting

Changes in 2013 NDAA

- NDAA Changed the LOS for supply and services contracts to be based on the total cost of the contract, not the cost of the contract incurred for personnel
- Proposed rule keeps the same percentages, but now the percentages are based on total contract value:
 - 50% for services
 - 50% for supplies
 - 15% for general construction
 - 25% for specialty trade construction

Limitations on Subcontracting

Changes in 2013 NDAA

- Law permits SBs to satisfy the LOS through the combination of the SB's work on the prime contract and any subcontracts to SSE's
- Similarly situated = a firm that qualifies for the same SB status required for the prime contract
- Example: For an 8(a) set-aside contract for services, the 8(a) prime contractor could satisfy the LOS through a combination of its own works (25%) and subcontracts to other 8(a) firms (25%) but a subcontract to a HUBZone firm or an SDVOSB would not count

Limitations on Subcontracting Changes in 2013 NDAA

- EXAMPLE
 - Any work that an SSE further subcontracts to a NON SSE will count towards the 50% LOS amount that cannot be exceeded
 - Example - \$100 paid to prime, no more than \$50 can be paid to NON SSEs
 - Prime pays \$25 each to two SSE subs and \$50 to a NON SSE sub
 - Prime now has paid \$75 to NON SSEs and does not meet LOS

Mentor Protégé Program

- Proposed Government-wide Mentor protégé program (MPP) for all small business concerns
- Consistent with SBA's 8(a) MPP
- Federal agency cannot carry out its own agency specific MPP unless plan is submitted and approved by SBA

Mentor Protégé - Mentors

Any for profit business (large or small)

- NDAA defined “mentor” to be “a for-profit business concern of any size”
 - had recently changed 8(a) M/P program to allow non-profit mentors; does not retain provision so programs consistent
 - good financial condition (annually recertify)
 - good character (annually recertify)
 - can impart value through practical experience, knowledge of business and federal contracting
- Total of 3 protégés combined – small business and 8(a).
 - generally, 1 protégé at a time
 - can have up to 3 at one time if it can demonstrate that the additional M/P relationship will not adversely affect the development of either protégé firm (e.g., the second firm may not be a competitor of the first firm)

Mentor Protégé – Protégés

- **Size**
 - small for its primary NAICS code
 - verified as part of application for MPA or as part of previous size protest plus certification of no change in size status
- **8(a) program, proposes to eliminate the following 3 current alternatives**
 - half the size standard corresponding to its primary NAICS code;
 - in the developmental stage of program participation; or
 - have not received an 8(a) contract.
- **# of Mentors**
 - only one mentor at a time but can have two if
 - the mentors assistance are not competing or conflicting
 - mentors for different NAICS
 - first mentor does not have specific expertise of second mentor
- A firm **may not be a mentor and a protégé at the same time**
- **Non Certification Programs**
 - SBA may examine status of SDVOSB and WOSB/EDWOSB

2015 NDAA Provisions

- Provision authorizing contracting officers the right to award sole source WOSB and EDWOSB contracts
- Up to \$6.5M for manufacturing
- Up to \$4M for other industries
- NAICS coded restrictions remain the same
- Sole Source contracts are only authorized in the industries where WOSB and EDWOSB set-asides are currently allowed
 - Comments accepted through 6/30; expect update to sole source industries within 90 days

2015 NDAA Provisions

- WOSB or EDWOSB must be certified –can be self-certified or use 3rd party certifier
- Certifiers include - Federal agency, a State government or a national certifying entity
- National certifiers are as follows and can be found at:
 - El Paso Hispanic Chamber of Commerce
 - National Women Business Owners Corporation
 - US Women’s Chamber of Commerce
 - Women’s Business Enterprise National Council (WBENC)
- <http://www.ephcc.org>
- <http://www.nwboc.org>
- <http://www.uswcc.org/certification>
- <http://www.wbenc.org>

Upcoming Events

- **Meet the New Micro-enterprise Lenders-**
 - June 4, Milwaukee
 - June 19, Madison
- **SBA 2015 Awards Breakfast-June 5**
 - Register via www.sba.gov/wi calendar--click on dates for more info, registration links
- **Save the date! SBA/AARP mentoring event-June 16, Wausau, June 18, Milwaukee**

Wisconsin Offices

MILWAUKEE

310 W. Wisconsin Avenue, Suite 580W
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

