

SMALL BUSINESS CERTIFICATION PROGRAMS

Shane Mahaffy

Lead Business Opportunity Specialist



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 may 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 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

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, 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>)

Capital Resources

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

Capital

- Some of the Various SBA Programs Available:
 - 7a
 - Express
 - 504
 - Microloan

7(a) Loan Program

- SBA's primary business loan program
- **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
- **Time Frame:** 3 Year Pilot Initiative; extended to 3/15/17

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

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

Express Loans

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

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.

Micro-Loans

- The Microloan program provides loans up to \$50,000 to help small businesses.
- The U.S. Small Business Administration provides funds to specially designated intermediary lenders. These intermediaries administer the Microloan program for eligible borrowers.

Micro-Loans: Use of Proceeds

- Working capital
- Inventory or supplies
- Furniture or fixtures
- Machinery or equipment
- Proceeds from an SBA microloan cannot be used to pay existing debts or to purchase real estate.

Micro-Loans: Eligibility

- Each intermediary lender has its own lending and credit requirements.
- Generally, intermediaries require some type of collateral as well as the personal guarantee of the business owner

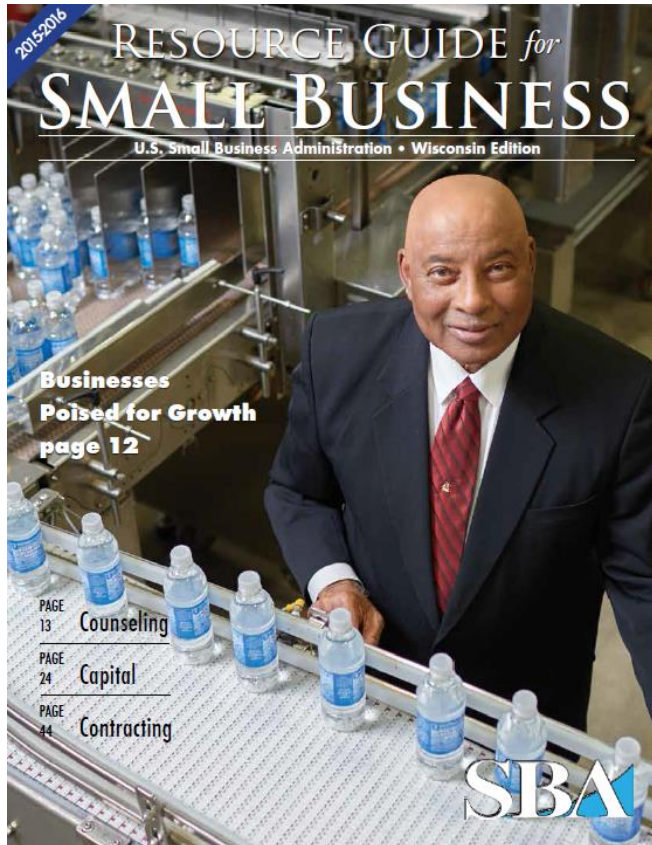
Micro-loans: Lenders

- **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

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: [Get local assistance](#)

SBA WI DO Resource Guide



Broken out into three primary sections:

- Counseling
- Capital
- Contracting

-National overview with WI specific info

-Other content

-Updated annually

-Available:

- Online at [Resource Guide](#)
- Hard copy

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:

Shane Mahaffy, Lead Business Opportunity Specialist

Telephone: 414-297-1455

Email: Shane.Mahaffy@sba.gov

Or visit our office web site at www.sba.gov/wi

SBA - Wisconsin Offices

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