



# **SBA UPDATE**

## **VOLK FIELD SMALL BUSINESS CONFERENCE**

**JULY 30, 2015**

**ERIC NESS**  
**WISCONSIN DISTRICT DIRECTOR**



# 7(a) Loan Program

## *Updates*

- ❑ Lending Ceiling of \$18.75 billion reached; now raised to \$23.5 billion with Congress' approval and President's signature on 7/28
- ❑ Loans in queue since noon Friday 7/24; resumed processing on 7/28
- ❑ SBA will now report quarterly on lending to Congress to avoid similar situations in the future

# 7(a) Loan Program

## Updates



- ❑ Fee relief on loans \$150,000 and under **to 9/30/2015**
  - 1000+ Wisconsin borrowers have saved over \$1 million
- ❑ **Up front fees waived on Express loans to Vets for \$350,000 or less-now permanent**
- ❑ **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 \$69,062.50*
- ❑ **Fee relief included in FY2016 budget request**

# 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 (1<sup>st</sup> 9 months)*

**1246 loans guaranteed↑**

**\$434.4 million↑**

**433 startups/\$115.6 million↑**

**Loans \$150K or less: 713/\$51.6 million↑**

**Loans to veterans: 70/\$24.3 million↑**

# 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](http://www.sba.gov/wi)



# Counseling

- Extensive network of resource partners  
Counseling services & classes free or low cost
- More than 16,000 served in Wisconsin in 2014
  - SCORE (7 chapters with 17 locations)
  - SBDC's (12 with locations at UW extensions)
  - Women's Business Centers (3 with 7 locations)
- To locate offices near you: [www.sba.gov](http://www.sba.gov) and click on "get local assistance"



# Training

Over 100 free online courses at SBA.gov

- Business planning
- Finance
- Marketing
- **Government contracting-14 courses with multiple sessions**

Free webinars and call in sessions

Entrepreneurial education classes (targeted audiences)

- Emerging Leaders (Urban CEOs)-in progress now-Milwaukee
- Native American 8(a) Business Development-August 19 Green Bay

***Business Accelerators Funded by SBA in WI: Vetransfer, Milwaukee;  
Launchbox, Racine; Water Council, Milwaukee***

# 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% ★



Highest-ever attainment



# 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**





*U.S. Small Business Administration*

# Contracting

## Top Agency Small Business Spending 2014

<b>VA</b>	<b>\$6.5 Billion</b>
<b>Homeland Security</b>	<b>\$4.6 Billion</b>
<b>HHS</b>	<b>\$4.5 Billion</b>
<b>USDA</b>	<b>\$3 Billion</b>
<b>NASA</b>	<b>\$2.5 Billion</b>
<b>DOJ</b>	<b>\$2 Billion</b>
<b>Commerce</b>	<b>\$1.6 Billion</b>

# 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)

# 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 3<sup>rd</sup> 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>

# Wisconsin Offices

## **MILWAUKEE**

310 W. Wisconsin Avenue, Suite 580W  
Milwaukee, WI 53203  
Phone: 414-297-3941  
Email: [wisconsin@sba.gov](mailto:wisconsin@sba.gov)

## **MADISON**

740 Regent Street, Suite 100  
Madison WI 53715  
Phone: 608-441-5261  
Email: [wisconsin@sba.gov](mailto:wisconsin@sba.gov)

