



2009 RECOVERY ACT



SBA and ARRA Programs

April 7, 2010



What is it?

A plan to grow our economy by:

- Jump-starting job creation
- Restarting lending
- Investing in small business



Temporary Fee Eliminations

- Temporary fee eliminations for borrowers on 7(a) loans and for both borrowers and lenders on Section 504 loans
- The fee eliminations are retroactive to Feb. 17, 2009, the day the Recovery Act was signed



Temporary 90 Percent Guarantees

- Guarantees to up to 90 percent on most types of 7(a) loans to qualified small businesses



- **SBA Express remains at 50% Guaranty**

90% Guaranty Loan Programs:

- 7(a) Standard
- Preferred Lenders Program (PLP)
- Export Working Capital
- Contract Lines
- Patriot Express
- Small Rural Lender Advantage
- International Trade



Uses for 7(a) Loan Proceeds

- Expansion/renovation
- Land/equipment/fixtures purposes
- Working capital
- Inventory
- Other





7(a) Loan Program Maturities

Maximum maturities

- 5 - 10 years for working capital, machinery, equipment
- Up to 25 years for real estate, construction





Temporary Alternative Size Standards through September 30, 2010

- 7(a) Eligibility expanded to 504 standards through Sept. 30, 2010.
- Net Worth for company and its affiliates can't exceed \$8.5 million
- Net Income (average) after federal income taxes for the preceding two completed fiscal years can't be more than \$3 million



2009 RECOVERY ACT



- Maximum loan amount:
 - \$1.5 to \$4 million
- Project costs: financed by 504 Loan 40%
lender finances — 50%
equity finances 10-20%
- Uses: long-term; fixed assets
- Refinancing – fixed assets
- Maturity: generally 10 - 20 years
- Maximum interest: fixed rate established
when debenture backing sold



NAICS TOTALS FOR FY 2009

- **Manufacturing – 302 loans**
 - **Retail Trade – 270**
 - **Construction – 222 loans**
- **Accommodation and Food Services – 196 loans**
- **Professional, Scientific & Technical – 189 loans**
 - **Other Services - 179 loans**
 - **Health Care, Social Asst. – 123 loans**
- **Transportation & Warehouse – 97 loans**
 - **Wholesale Trade – 91 loans**
- **Admin Support, Waste Mgmt. – 88 loans**
 - **Agriculture & Forest – 53 loans**
 - **Real Estate & Rental – 36 loans**
- **Arts, Entertainment & Recreation – 35 loans**
 - **Finance & Insurance – 33 loans**
 - **Information – 28 loans**
 - **Education Services – 17 loans**
 - **Public Admin. – 1 loan**
 - **Utility – 1 loan**



Expanded Microloans

- Extra funding for SBA-backed Micro Lenders
- Enough for \$50 million in new SBA microloans
- Loans up to \$35,000
- Technical assistance, training for every borrower
- Entrepreneurs can apply immediately



America's Recovery Capital (ARC) Loan Program

- Deferred payments – repayment begins 12 months after final disbursement
- CANNOT cover payments on existing SBA loans approved before Feb. 17, 2009
- Available June 15, 2009



Surety Bond Program Expansion

- Raises maximum contract amount covered by SBA surety bond guarantee from \$2 million to \$5 million
- Expands up to \$10 million under certain contracts
- Helps small businesses better compete for contracts



PROPOSED CHANGES

- Raising lending limits on SBA's 7(a) and 504 loan programs:
 - From \$2 million to \$5 million;
 - Up to \$5.5 million for manufacturing companies under the 504 program;
 - Raising Express loans from \$350,000 to \$1,000,000
- Raising lending limits on the Microloan program from \$35,000 to \$50,000



2009 RECOVERY ACT e200 Native American Districts for 2010

- Milwaukee
- New Orleans
- Oklahoma City
- Albuquerque
 - Denver
 - Phoenix
- Santa Ana
 - Portland
 - Seattle



Contracting with Small Business

What are the Government-wide Small Business Goals?

- 23% for Small Business (SB)
- 5% for Small Disadvantaged Business (SDB) includes 8(a)
- 5% for Women-owned Small Business (WOSB)
- 5% for Service Disabled Veteran Owned Small Business (SDVOSB)
- 5% for Veteran Owned Small Business(VOSB).
- 3% for HUBZone Small Business



Contracting with Small Business

How do I Locate Small Businesses?

- **Central Contractor Registration (CCR)**
 - Dynamic Small Business Database Search (DSBS) function
- **Market Research**
 - Sources Sought Notices, Industry Days, Matchmaking events
- **Procurement History**
 - Analyze bidders lists from prior procurements
- **Utilize the SBA's Expertise and Knowledge**
 - Consult with a SBA Procurement Center Representative –
For Wisconsin, contact is Pamela Coleman at (312) 353-7442



Contracting with Small Business

How do I Determine if a Business is Small?

A business' size is generally determined at the time it submits its bid or proposal. The firm's size is "calculated" relative to the North American Industry Classification System (NAICS) code assigned to the procurement.

The firm must be small in relation to the size standard (i.e. # of employees/annual receipts) established by the NAICS code. If there are questions or concerns (i.e., protests) about a firm's size, they must be referred to the SBA.

Sample of Most Used NAICS Sectors



NAICS Industry Sector

Size Standard

- Manufacturing 500 employees
- Wholesale Trade 100 employees
- Agriculture \$750,000
- Retail Trade \$7 million
- General & Heavy Construction (except Dredging) \$33.5 million
- Dredging \$20 million
- Special Trade Contractors \$14 million
- Travel Agencies (commissions & other income) \$3.5 million
- Business and Personal Services Except: \$7 million
- Architectural, Engineering, Surveying, and Mapping Services \$4.5 million
- Dry Cleaning and Carpet Cleaning Services \$4.5 million



Contracting with Small Business

How Often Must I Verify a Small Business' Size?

Although a firm's size is established prior to time of award, there are certain events which require recertification:

- Prior to the 6th Year of the contract, and before exercise of each option year thereafter
- Within 30 days of an approved novation or asset purchase, or within 30 days of an acquisition/merger becoming final
- CO's have 120 days from the end of a contracts' 5th year or start of an option year to request recertification
- CO's can continue with the contract if the firm is no longer "small" but must change the firm's size in FPDS-NG and can no longer take credit for an award to a small business



Contracting with Small Business

How do I determine Which Type of Set-Aside to Use?

- There is no order of precedence among the 8(a), HUBZone or SDVOSB Programs. However, for new acquisitions exceeding \$100k, a Contracting Officer (CO) must consider making an award under one of those programs before proceeding with a small business set-aside.
- The CO should review its buying office/agency small business goals and achievements to determine where they may be “falling short.” Next the CO should conduct adequate market research to identify suitable 8(a), HUBZone or SDVOSB concerns and make a set-aside determination accordingly.
- If the market research is inconclusive for a 8(a), HUBZone or SDVOSB set-aside, the CO shall consider a small business set-aside before moving on to an unrestricted acquisition.
- When in doubt, consult with an SBA PCR for assistance and guidance.



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Local SBA Office Information

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- Wisconsin Website

www.sba.gov/localresources/district/wi/WI_BUSINESSDEV.html

- SBA Government Contracting

www.sba.gov/aboutsba/sbaprograms/gc/index.html