



SMALL BUSINESS ADMINISTRATION

Funding Highlights:

- Provides \$710 million for the Small Business Administration (SBA) to create jobs, invest in competitiveness, and grow America's small businesses. This includes:
 - Supporting more than \$36 billion in loan guarantees to enable more than 55,000 loans to entrepreneurs to start up and expand small businesses and create jobs;
 - Supporting equity investments in underserved markets;
 - Continuing fee waivers put in place in 2014 on small business loans to support lower-cost financing to veterans and populations underserved by the credit market;
 - Continuing the expansion of financing available for Small Business Investment Companies including helping innovative small businesses obtain early-stage financing through the Impact Investment Fund and Early-Stage Innovation Fund;
 - Supporting more than \$1 billion in low-cost direct loans for homeowners, renters, and businesses of all sizes that are available in the event of disaster, ensuring that the agency can continue to fulfill its critical role in the Federal Government's disaster response efforts; and
 - Expanding entrepreneurship training opportunities through continued support for the Emerging Leaders program, which trains and develops existing small business owners with growth potential. The Budget also expands entrepreneurship education for veterans transitioning to civilian life through the Administration's Boots to Business initiative.

Opportunity, Growth, and Security Initiative:

- Through the Opportunity, Growth, and Security Initiative, supports:
 - Public-private investment funding to support the scaling-up of new advanced manufacturing firms into full-scale commercial production to help ensure that if it is invented here it can be made here.

Reforms:

- Creates a single, streamlined application for SBA loan products called SBA ONE, which will reduce the time and cost for lenders to process loans and encourage lenders to make more loans.

Small businesses play a vital role in supporting job creation, economic growth, and U.S. global competitiveness. They create two out of every three net new jobs in the United States and half of all working Americans own, or are employed, by a small business. The Small Business Administration's (SBA) mission is to help Americans start, build, and grow businesses, which in turn fuels the growth of a strong middle class. To achieve this mission, the Budget provides \$710 million through appropriations and an additional \$155 million in disaster relief funding. Small business loan guarantees are funded at levels sufficient to meet expected demand, but continue at a reduced subsidy cost relative to the 2014 enacted level, largely due to improving economic conditions and lower estimated loan defaults. The savings realized through lower credit subsidy costs allow investments to be made in SBA's technical assistance programs and other initiatives aimed at growing America's small businesses, thus delivering impact to more communities across the United States.

Provides Small Businesses with Access to Capital and Disaster Assistance

Spurs Economic Growth and Job Creation by Providing Access to Capital. To encourage economic growth and job creation, the Budget provides \$47.5 million in subsidy for SBA's business loan programs. This funding supports \$17.5 billion in 7(a) loan guarantees for operating expenses and other purposes, which supports more than 45,000 loans to help small businesses operate and grow their businesses; \$7.5 billion in guaranteed lending under the 504 Certified Development Company (CDC) program to finance more than 10,000 loans to small businesses for commercial real estate development and heavy machinery

purchases; and \$25 million in direct microloans to assist more than 3,500 small businesses in getting started and expanding.

In addition, the Budget supports guarantees for the Small Business Investment Company (SBIC) program at the program level of \$4 billion at no cost to the taxpayer, to enable SBICs to continue to invest in high-growth and impact-oriented small businesses that create jobs and strengthen communities, as well as to support early financing of innovative startups via the Impact Investment Fund and the Early-Stage Innovation Fund. Within these funds, the Budget also includes an emphasis on supporting lending to young and innovative U.S. manufacturing firms to enable their scale-up to a full commercial production facility.

Strengthens U.S. Manufacturing and Innovation. In addition to the efforts within existing SBIC funds, the Budget also calls on the Congress to work together with the President to launch a public-private investment fund as part of the Administration's manufacturing initiative. This will help emerging advanced manufacturing technologies reach commercial viability, ensuring that if a technology is invented in the United States, it can be made in the United States. To address the gap in financing for these new manufacturing firms, the Budget proposes, in the Opportunity, Growth, and Security Initiative, a fund of funds to support transformative manufacturing technologies in the United States by helping entrepreneurial firms secure capital to scale from idea to prototype and into full commercial production. Once fully deployed, this fund could eventually leverage up to \$10 billion in total public-private investment to build first-of-a-kind manufacturing production capabilities here.

Waives Fees for Small Dollar and Veteran-Owned Business Loans. The Budget waives fees on loans of \$150,000 and less in SBA's 7(a) loan program to promote lending to small businesses that face the greatest constraints on credit access. For veteran-owned businesses, upfront fees are fully waived on all 7(a) SBA Express loans up to \$350,000 and waived by 50 percent for all non-SBA Express loans above \$150,000 to support the entrepreneurial efforts of veterans, a group comprised of individuals who are well-positioned to be successful entrepreneurs as they transition from their military careers to working as a civilian.

Expands Refinancing Opportunities for Small Businesses. Consistent with the Administration's plan to help responsible homeowners refinance their mortgages, the Budget proposes to reauthorize the 504 Loan Refinancing program through September 30, 2015, to provide up to \$7.5 billion in guaranteed loans. The successful program, originally established in 2010, has been temporarily suspended since its authorization expired at the end of 2012, and will resume at no cost to taxpayers. This will help small businesses lock in low, long-term interest rates on commercial mortgage and equipment debts and free up resources that can be re-invested in their businesses.

Fully Funds Disaster Assistance Loans. SBA's Disaster Loan Program provides low-interest disaster loans to homeowners, renters, and businesses of all sizes whose property is damaged or destroyed in a disaster. The Budget supports more than \$1 billion in direct disaster assistance loans for 2015, the normalized 10-year average demand for these loans. In the continued wake of Hurricane Sandy and to prepare for future major disasters, the Budget provides \$187 million for loan administrative expenses to operate the Disaster Loans Program. Of this total, \$155 million is designated as qualifying disaster funding under the Budget Control Act's cap adjustment.

Streamlines and Simplifies Loan Applications for SBA Lenders. The Budget supports SBA ONE, a reformed lending platform that will streamline and simplify the loan process by using one set of forms for all 7(a) loans. The platform will serve as a single entry point for all steps of the loan process, from determining eligibility through closing out the loan, and provide one data management system to measure and evaluate loan trends and performance. SBA ONE will simplify the lending process by lowering the cost of underwriting small dollar loans, thereby increasing the expected total number of lenders offering SBA financing and expanding small business access to capital.

Fosters Entrepreneurship and Expands Opportunities for Small Business Growth

Invests in Small Business Leadership Program. The Budget provides \$15 million to expand the Emerging Leaders program, an entrepreneurial education initiative, to 1,750 more small business owners who have growth potential. The program has a proven track record of helping small businesses in increasing their revenue, creating jobs, and spurring economic growth in their communities. The expanded program will become a public-private partnership to support a small business leadership model built on the best practices of private sector and non-profit models.

Invests in Entrepreneurship Training for America's Transitioning Veterans. The Budget provides \$7 million to support SBA's Boots to Business initiative, which is expected to reach an estimated 25,000 veterans across all military branches and build upon SBA's successful pilot program that provides veterans transitioning to civilian life with the training and tools they need to start their own businesses.

Supports Entrepreneurship Counseling and Regional Economic Development. The Budget includes \$198 million for SBA's technical assistance programs, including \$114 million for

63 Small Business Development Center grants to support 940 locations and \$20 million in technical assistance for microloan programs, to help businesses get started. The Budget also includes \$5 million for SBA's growth accelerators program and \$6 million for the Regional Innovation Clusters program, which help connect small businesses with universities, venture capitalists, and regional industry leaders to leverage a region's unique assets to turn entrepreneurial ideas into sustainable high-growth small businesses.

Provides a One-Stop Shop for Federal Business Assistance Resources. The Budget provides \$6 million for SBA's contribution to BusinessUSA, a one-stop shop for businesses looking for assistance from, or business opportunities with, the Federal Government. In 2015, SBA will continue scaling BusinessUSA into a robust, customer friendly system that supports U.S. small businesses and exporters to access the

broad range of Federal, State, and local business-facing resources. As the website continues to mature, BusinessUSA will further enhance the customer experience by incorporating a more personalized web design that will adapt the layout presented to users based on their preferences. BusinessUSA will also aim to create a leaner, more performance-focused website, enabling SBA to more closely monitor small business trends and increase relevant content on the website. BusinessUSA will seek to achieve interoperability across all platforms, browsers, and operating systems. BusinessUSA also plans to upgrade the Content Management System, allowing better maintenance and management of the content presented to website users. In addition, BusinessUSA will ensure that only the best and most relevant content is integrated into the site by assigning subject matter experts from other agencies to manage key business areas such as taxes and healthcare.