



U.S. Small Business Administration

## Small Businesses, Clean Energy and Green Jobs March 2012

Using less energy and expanding development of energy from cleaner sources is a winning strategy across many fronts – helping to reduce dependence on foreign oil, improve air quality, reduce greenhouse gas emissions, and, importantly, to create sustainable jobs.

As the country works to repower, refuel and rebuild its energy infrastructure, investing in clean energy can create new jobs and new industries – which means new opportunities for entrepreneurs. According to SBA’s Office of Advocacy, there are nearly 30 million small businesses in the country, and nearly 6 million are small business employers. Small businesses created 64% of the country’s new jobs over the last 15 years. These businesses drive innovation, global competitiveness and economic recovery. Small businesses that work on innovative, cost-saving energy products are building solutions to energy challenges and creating jobs. Small businesses in other fields are working to update their buildings and systems to save money on energy.

At the US Small Business Administration (SBA), we are working to incorporate clean and efficient energy initiatives across our main program areas – counseling, financing, and contracting – as well as through new partnerships with other Federal Agencies. These programs are helping small businesses grow and create jobs by taking advantage of the opportunities for achieving greater energy efficiency and savings. Some key initiatives we are working on include:

### **Small Business Energy Assistance and Industry Counseling**

- **Energy Assistance for Small Businesses:** As SBA Resource Partners, Small Business Development Centers (SBDCs) provide counseling, training and technical assistance to thousands of small businesses across the country each year. In the past three years, SBA has made over \$2.5 million in targeted grants to SBDCs for special programs that focus on helping small businesses that develop and commercialize clean energy technology, processes and services, as well as helping all small businesses reduce their energy costs. These targeted programs are currently available in seven states.
- **Helping Manufacturers and Businesses adopt Green Practices:** SBA is collaborating with the Departments of Commerce (NIST and MEP), Energy, Labor and the Environmental Protection Administration on the **E3 Pilot Program** (Economy, Energy, Environment). This program assists small manufacturing businesses address energy and sustainability challenges through collaboration among manufacturers, utilities, local government, and federal resources. The partnering agencies have successfully piloted this program in 13 states, and another 33 states have expressed an interest in implementing the program.
- **Green Building Technology Regional Innovation Cluster:** SBA is funding the Greater Philadelphia Innovation Cluster (GPIC) for Energy-Efficient Buildings along with two other agencies. There are also four other support agencies providing technical assistance. The initiative brings together a Department of Energy HUB grant for research and development in green building technologies with funds from the Economic Development Administration, the Manufacturing Extension Partnership, and SBA to support the region’s efforts to leverage this funding into a partnership to commercialize those technologies, build businesses in relevant supply chain areas, and develop a skilled industry

workforce. Through this partnership SBA is funding a Commercialization Acceleration Program (CAP) for members of GPIC bringing together universities and research institutes with start-up companies to establish sound commercial pathways to bring the technology to market.

- **Mentoring for High-Growth Potential Energy Companies:** Mentoring early stage entrepreneurs helps increase the likelihood that they will succeed. [Entrepreneurial Mentor Corps](#) was a pilot program in 2011 that served approximately 100 early-stage clean energy companies by pairing them with four business accelerators and experienced business mentors to help them better understand business strategy and finances, learn from past experience, and gain access to professional networks that could lead to sales, investment, or recruiting. SBA worked in partnership with the Department of Energy and Advanced Research Projects Agency-Energy (ARPA-E) on the pilot program.
- **Small Business Guide to Energy Retrofit Opportunities:** As part of the ongoing “Recovery through Retrofit” effort, SBA worked with the Council for Environmental Quality, the Department of Energy, the Environmental Protection Administration, the Department of Labor, and other agencies to create a free, online course, that helps small businesses better understand whether green business opportunities, like energy auditing or efficiency retrofitting might be right for them. In its first three months, the course was viewed more than 4,000 times.

### **Green Government Opportunities**

- **One-Stop Destination for Green Business Opportunities:** The Federal government has made efforts to encourage “green” small business procurement. As part of this effort, SBA and the U.S. Department of Navy created [green.sba.gov](http://green.sba.gov), which helps entrepreneurs and small business owners working in the clean and renewable energy and energy efficiency industries to more easily find opportunities in procurement, grants, contracts, research and development, and patents. It is also a centralized source of clean energy news and resources to help these companies grow and create jobs.

### **Financing for Energy Efficiency**

- **SBA’s Flexible Loan Programs serve energy businesses:** SBA’s 7(a), Express and 504 loan guarantee programs help tens of thousands of businesses across the country to access financing they need to start and grow each year. The proceeds from these loans can be used for multiple purposes – including building renovations to encourage energy efficiency. In fiscal year 2010, SBA reported that 173 loans totaling over \$357 MM were disbursed through its 504 loan program in furtherance of its energy public policy goals to “reduce energy use by 10%” and “generate renewable fuels”.
- **Investments in Clean Energy Businesses:** SBA is leveraging the Small Business Investment Company (SBIC) program to foster equity investments and long term loans into small businesses that provide services or create products in support of energy savings and renewable energy. SBA will allocate a portion of its debenture authorization to energy savings investments and will encourage targeted investments to identify clean energy fund managers. SBA has partnered with the Department of Energy to help identify areas of opportunity for small business investment and entered into a Memorandum of Understanding (MOU) to provide technical expertise for defining energy savings and renewable energy investments. Additionally, the \$1 billion [Impact Investment Initiative](#) announced earlier this year as part of the Administration’s [Startup America](#) initiative, is committed to licensing SBIC funds that will deploy at least 50% of investments in “impact”, defined on place-based or sector-based criteria. Sector-based investments currently include clean energy and education as priority sectors.