



## **U.S. Small Business Administration**

The President's 2016 Budget is designed to bring middle class economics into the 21st Century. This Budget shows what we can do if we invest in America's future and commit to an economy that rewards hard work, generates rising incomes, and allows everyone to share in the prosperity of a growing America. It lays out a strategy to strengthen our middle class and help America's hard-working families get ahead in a time of relentless economic and technological change. And it makes the critical investments needed to accelerate and sustain economic growth in the long run, including in research, education, training, and infrastructure.

These proposals will help working families feel more secure with paychecks that go further, help American workers upgrade their skills so they can compete for higher-paying jobs, and help create the conditions for our businesses to keep generating good new jobs for our workers to fill, while also fulfilling our most basic responsibility to keep Americans safe. We will make these investments, and end the harmful spending cuts known as sequestration, by cutting inefficient spending and reforming our broken tax code to make sure everyone pays their fair share. We can do all this while also putting our Nation on a more sustainable fiscal path. The Budget achieves about \$1.8 trillion in deficit reduction, primarily from reforms to health programs, our tax code, and immigration.

The Small Business Administration provides smart, bold, accessible services to entrepreneurs by providing access to capital, high quality consultation, federal contracting opportunities, and disaster assistance. The SBA has taken strategic efforts to modernize the Agency, enhance customer service, broaden access to affordable financing, and ensure a strong return on the U.S. taxpayers' investment. These steps allow the SBA to deliver smart solutions through modern technology, streamlined processes, and bold actions from a dedicated workforce, while focusing on creating a more inclusive SBA by making services more accessible and delivering expert assistance at every stage of the small business life cycle.

To support this mission, the Budget provides \$701 million for the Small Business Administration. This funding includes \$152.7 million to administer over \$40 billion worth of zero subsidy loan guarantee programs, \$206 million to provide counseling and technical assistance to entrepreneurs, and an additional \$158.8 million is requested for disaster loan administration for Stafford Act disasters as a part of the disaster relief cap adjustment.



### **Funding Highlights:**

- The President's FY 2016 Budget provides \$701 million in discretionary funding and \$159 million related to major disasters as a discretionary cap adjustment for the Small Business Administration to provide capital, counseling, disaster assistance and contracting opportunities to America's entrepreneurs. With this funding, the Small Business Administration will:
  - Support more than \$40 billion in loan guarantees to help over 75,000 small businesses secure the financing necessary to start or expand their businesses;
  - Increase microloans and small-dollar lending to creditworthy borrowers seeking to start new enterprises;
  - Promote inclusive entrepreneurship through targeted initiatives to ensure equal access to SBA services for entrepreneurs of every race, gender, and region;
  - Offer unique training opportunities for transitioning service members and current veterans to pursue business ownership;
  - Expand entrepreneurial education programs that ensure business owners can effectively deploy capital to grow their businesses and create good jobs;
  - Provide over \$1 billion in disaster relief lending to business owners and home owners in the wake of Presidentially- or Agency-declared disasters; and
  - Facilitate access to over \$80 billion in federal contracting.
- The Budget also proposes the Scale-Up Manufacturing Investment Funds (SUMIF) program, a new loan guarantee program to assist in financing the scale-up of innovative new manufacturing technologies to commercial-scale production through a combination of Federal loan guarantees and matching private funds totaling \$10 billion over five years.

### **Reforms:**

- Supports the launch of SBA ONE to increase the efficiency of the loan application process, making it easier for our lending partners to process loans and make the approval process quicker for small businesses.
- Creates a "no-wrong-door" approach for small businesses interested in government assistance, through SBA.gov and Business.USA.gov, with a wide variety of online training courses and integration of other agencies' efforts.
- Provides \$3 million to develop an in-house "idea lab" to adopt private sector best practices and \$1 million to create a robust SBA digital services team to improve the delivery of information technology sources.



## **Expands Access to Capital through SBA’s Extensive Lending**

Access to capital is critical to the long-term success of America’s small businesses. The top priority at the SBA is to get lending flowing to small businesses. As the economy continues to improve, the SBA is working to ensure that remaining gaps in the commercial markets are filled and that small businesses across the country are well positioned to take advantage of opportunities. For example, improved economic conditions have led demand for the flagship 7(a) program to surge past the historical program level of \$17.5 billion in 2014 for the first time, and the program is on pace to lend even more in 2015. To meet this continued demand in 2016, the Budget now supports \$21 billion in loan guarantees for the 7(a) program, and also provides an addition \$7.5 billion in loan guarantees for capital expenses through the 504 CDC program, and calls on Congress to reauthorize the successful 504 Loan Refinancing program which helps small businesses refinance existing long term debt obligations. All three of these programs will operate in 2016 at zero subsidy cost to the taxpayer. The SBA also continues to streamline and simplify its loan programs to make its products more attractive to lenders and borrowers.

In addition, recognizing the important role that advanced manufacturing plays in growing the economy, SBA’s budget also includes a mandatory proposal for the Scale-Up Manufacturing Investment Funds (SUMIF) program. This new loan guarantee program would assist in financing the scale-up of innovative new manufacturing technologies from prototype to first commercial-scale production facility through a combination of Federal loan guarantees and matching private funds totaling \$10 billion over five years.

## **Grows Mentorship**

Entrepreneurs and small business owners who receive SBA training, mentoring, and/or advising services increase sales, create more jobs, and have greater economic impacts on their communities. SBA’s resource partner network – including 63 small business development centers (SBDC) with over 900 outreach locations, over 100 women’s business centers (WBC), and 11,000 SCORE volunteers nationwide – assists more than one million business owners and entrepreneurs each year, providing valuable advising and mentoring for every stage of business growth and development. The Budget provides \$139 million to continue to fund SBA’s resource network, designed to provide technical assistance and help small businesses grow.

## **Increases Exporting Opportunities for Small Businesses**

Expanding the base of small business exporters and making the process as easy as possible is a key component of the National Export Initiative/NEXT, the successor to the National Export Initiative. To accomplish this initiative, the SBA continues to partner with the Department of Commerce, Export-Import Bank, and others on the Trade Promotion Coordination Committee to promote exporting opportunities and trade shows, expand access to trade financing through initiatives such as U.S. Global Business Solutions, and train business counselors and banks on exporting services.



## **Invests in High-Growth Businesses**

Through its Small Business Investment Company (SBIC) program, the SBA is currently authorized to invest up to \$4 billion annually at zero subsidy cost, making the Agency one of the larger players in funding high-growth businesses. To better serve these businesses, the SBA has expanded its reach through two initiatives: an Impact Investment initiative that is focused on economically distressed regions and an Early Stage Fund. Both strategies use the existing SBIC platform and are designed to fill gaps in the current market and to spur new business starts.

## **Fully Funds Disaster Assistance Loans.**

Following a disaster, the SBA works closely with its resource partners to provide technical assistance and counseling to small businesses, and ensures small businesses receive increased opportunities to federal and local contracting opportunities. The Budget supports \$1.1 billion in disaster lending to small businesses, homeowners, and individuals. To administer this lending program, the Budget requests \$159 million for major (Stafford Act) disasters through the disaster cap adjustment approved in the bipartisan Budget Control Act of 2011, and \$28 million for non-Stafford Act disasters.

## **Increases Opportunities for Underserved Communities**

Underserved communities – including women, minorities, veterans and others – often have extreme difficulty accessing capital, consultation services, and federal contracting opportunities as market gaps remain. SBA’s unique products, services, and programs provide a path to business ownership for underserved communities that have been hard-hit by the recession and suffer from disproportionately high levels of unemployment. The Budget furthers SBA’s outreach efforts to these underserved communities by providing \$16 million for Women’s Business Centers, \$11.5 million for Veterans Outreach, and \$2 million for Native American Outreach.

## **Reforms**

### **Delivers Better Customer Service**

The Budget supports continued operation of SBAOne, an online platform deployed in FY 2015 to streamline the lending process, saving time and money for SBA’s financial partners and small businesses. In addition, the Budget supports continued improvements to, SBA.gov and Business.USA.gov to expand their outreach and effectiveness by creating a “no-wrong-door” approach for small businesses interested in government assistance, with a wide variety of online training courses and integration of other agencies’ efforts.

### **Integrates Innovative Best Practices into Core Agency Operations**

To further the President’s goals of improving customer service and enhancing the efficiency of government, the Budget includes \$1 million to support an SBA Digital Services team to adopt private sector best practices and recruit talent to improve SBA’s information technology systems. This team will



be responsible for driving the efficiency and effectiveness of the Agency's highest impact digital services by providing a common platform of tools for the small business community. In addition, the Budget includes \$3 million to support the development of an Idea Lab, which will house a team dedicated to incubating and investing in innovative approaches to more efficiently and effectively meet Agency strategic goals and objectives through greater employee engagement.

### **Removes Regulatory Hurdles**

The SBA plays a critical role in the Administration's ongoing efforts to reduce regulatory barriers to entrepreneurship, innovation, and U.S. competitiveness. With the budget, we are planning to further support the Start-Up America initiative. Start-Up America enabled government leaders to discuss ways to reduce barriers for small business growth with more than 1,000 entrepreneurs across the country. These conversations are essential to further guide SBA policy and programmatic decisions.