

REGION 7 NEWS

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Wichita District Director



WAYNE BELL

Sandy K. Baruah, the former acting administrator of the U.S. Small Business Administration, announced the selection of a new district director in October for the Wichita District SBA Office. Wayne Bell replaced Pat Carney, who has served as the office's acting district director since the death of former Wichita DD Elizabeth Auer in March 2008. Bell previously worked with TSA in Wichita and is a longtime resident.

Helping small businesses **start, grow and succeed.**



Your Small Business Resource

SBA TO LEAD NATION'S SMALL BUSINESS RECOVERY EFFORTS

The American Recovery and Reinvestment Act contains a package of loan fee reductions, higher guarantees, new SBA programs, secondary market incentives, and enhancements to current SBA programs that will help unlock credit markets and begin economic recovery for the nation's small business sector.

90 Percent Guarantee

The bill allows SBA to raise its loan guarantee from the current levels to as much as 90 percent for some loans. At present, SBA can guarantee loans up to 85 percent on loans up to \$150,000, and up to 75 percent on loans greater than \$150,000. The 50 percent guarantee on SBA Express loans would remain unchanged. Increasing the SBA guarantee percentage will encourage lenders to extend more capital to small businesses by increasing the share covered by an SBA guarantee.

Business Stabilization Loans

The bill creates a new SBA loan program to provide deferred-payment loans of up to \$35,000 to viable small businesses that need

the money to make payments on an existing, qualifying loan for up to six months. These loans will be 100 percent guaranteed by SBA. Repayment would not have to begin until 12 months after the loan is fully disbursed. The bill provides \$255 million for this new program. These loans will help ensure that small businesses have time to re-focus their business plans in order to succeed in the long run.

Microloans

The bill expands SBA's Microloan program, which provides small loans (up to \$35,000) paired with technical assistance to start-up, newly established or growing small businesses. The bill provides funding to increase loans from SBA to participating Microlenders by \$50 million through September 30, 2010, and adds \$24 million in grants to provide technical assistance to borrowers. Historically, these loans reach low-income individuals, women and minorities in both rural and urban areas. Expanding this program through the stimulus bill will help ensure these entrepreneurs are not left behind in the credit crunch.

Refinancing

The bill also gives SBA the power to use the 504 Certified Development Company program to refinance existing loans for fixed assets, providing fresh support for small business expansion. This change will help business owners expand their current development projects and create jobs in their communities.

The bill also authorizes SBA to deploy federal guarantees for pools of these first lien loans, so that they can be sold to investors in a secondary market.

Providing liquidity for these first mortgages will help encourage lenders to

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Some elements of the Act will require the SBA to set up new program structures ; others, such as Microlending are funded with stimulus money NOW.

Stimulus Bill

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continue participating in SBA's 504 loan program, which provides a key source

single small business to 10 percent of total capital, and raises from 20 percent to 25 percent the percentage of any licensee's dollar investments that must be made in "smaller" businesses.

The SBA has three new educational tools available at:
<http://www.sba.gov/stimulus/>

of capital for community development and other projects.

The bill empowers SBA to set up a Secondary Market Lending Authority that would make direct loans to broker-dealers that participate in the secondary market for SBA-guaranteed 7(a) loans. These broker-dealers would use the funds to purchase SBA-backed loans from commercial lenders, assemble them into pools and sell them to investors in the secondary loan market. This program may help address some of the issues facing the secondary market for SBA loans and may ultimately help SBA lenders make new loans to borrowers.

Investment Program

The bill helps SBA-licensed Small Business Investment Companies (SBICs) and families of SBIC funds better leverage the capital they use to invest in small businesses. It sets maximum levels of funding the agency can provide to these companies at up to three times the private capital raised by those companies, or \$150 million, whichever is less. It also raises the percentage any one SBIC can invest in a

Surety Bonds

The bill raises the maximum contract amount that can be covered by an SBA guaranteed surety bond from \$2 million to \$5 million, and, under certain circumstances, for contracts amounting to \$10 million, and provides additional funds to cover the costs of expanding this program. Small businesses need surety bonds in order to bid on and obtain many federal and other contracts. SBA guarantees surety bonds to small businesses that private surety companies would not otherwise extend.

SBA Gains in Budget

President Barack Obama's FY 2010 Budget Overview offers full support for the SBA's credit programs, authorizing SBA to support loan guarantees of \$28 billion..

The FY 2010 Budget Overview provides a broad outline of the President's budget priorities, including an appropriation for SBA of approximately \$700 million. The full budget proposal with account level appropriation details is scheduled for release in April.

The spending cited in the broad proposal would be in addition to the \$730 million funding provided for SBA .credit programs in the Recovery Act.

The bill also provides for \$1.1 billion in direct disaster loans and provides for the launch of a pilot program to test the use of SBA-guaranteed loans as part of the agency's response to disaster declarations.

The proposal:

- sustains funding for the agency's technical assistance and training programs
- improves federal contracting data and continues reviews of small business size standards to help improve targeting of federal contracting opportunities for small businesses
- modernizes core agency information systems, streamlines loan processes and enhances human capital resources.

Tax Provisions

The American Recovery and Reinvestment Act offers many new tax breaks for small businesses..

It extends a provision allowing businesses to expense up to \$250,000 of new capital equipment immediately rather than over time through depreciation. The \$250,000 amount originally was established for 2008, nearly doubling the amount from 2007. The new amount now applies to all of 2009 as well.

The Act also extends, through the end of 2009, the 50 percent bonus depreciation on some capital expenses. That provision had been slated to expire after last year. Businesses with annual revenue, based on a three-year average of up to \$15 million, can now carry back their 2008 losses over a period of five years. This allows businesses to reduce their tax burden in those earlier years. Previously businesses could carry back their losses only two years.



SBA PROGRAM REPEATS IN DES MOINES

The U.S. Small Business Administration will be continuing its successful *Emerging 200* Initiative in Des Moines, Iowa.

The goal of *e200* is to identify 200 inner-city businesses across the country that show a high potential for growth and to provide them the

network, resources and motivation required to build a sustainable business within a designated inner-city geographic location.

Based on the success of the initiative in Des Moines in 2008, SBA will offer the program again beginning in April.

Other cities offering *e200* for 2009 include Boston, Philadelphia, Baltimore, Memphis, Atlanta, Chicago, Milwaukee, Albuquerque, and New Orleans. In addition, five new cities will be offering *e200* for the first time. These include Detroit, Dallas, Denver, Jacksonville, and Portland.

The American Recovery and Reinvestment Act will be carried out with full transparency and accountability.

Recovery.gov

is the centerpiece of that effort. Click on it.

Taking a new look at small business sales to the federal government...

STIMULUS TO PROVIDE NEW CONTRACTING OPPORTUNITIES

By Dwight Johnson

Procurement Center Representative,
SBA Office of Contracting

During extraordinary times, all of us look for ways to perform in extraordinary ways. That includes small business taking a new look for opportunities to sell to the federal government.

In normal times, monies flow to federal agencies by rather systematic means, with agency forecasts of sales and spending being very similar from year to year.

In normal times, SBA encourages small business to explore opportunities to sell to the federal government per our mandate in the Small Business Act.

The Act calls for the federal government to provide small business with "maximum practicable" opportunities, which translates into 23% of federal contract dollars going to small business. That mandate does not change with the times.

Now money for economic stimulus flows to federal agencies in unprecedented amounts. Agencies move quickly to get solicitations for contracts out onto the streets.

One can get a glimpse of how that is changing by scanning these links:

<http://www.usmayors.org/mser/documents/mser-report-200901.pdf> and http://www.stimuluswatch.org/project/by_state

How does this impact small business? Our message is that when looking at this market one needs to find the answers to four questions:

1. Is your business small?
2. Does the federal government buy what you sell?
3. What size contract can you handle?
4. What size geographic area can you serve and make a profit?

Now we suggest small businesses move faster in finding answers to these questions.

There are thousands of websites on selling to the federal government. To help small business focus, we have posted some our favorites here: <http://www.sba.gov/localresources/district/newopportunities/index.html>

The government uses different means to purchase depending upon the size of the purchase. For purchases of under \$3,500, agencies purchase by credit card. One prepares marketing materials and targets federal buying offices.

Is your business small? Learn to self-certify.

Federally funded Procurement Technical Assistance Centers (PTACs) form a nationwide network of procurement professionals dedicated to providing an understanding of the requirements of government contracting, and the know-how to obtain and perform federal, state, and local government contracts. This information is available at little or no cost. To find the closes PTAC, go to <http://www.dla.mil/db/procurem.htm>.

Note that generally this market is usually not considered to be the best for a start-up business. Those

PTACS help you answer four questions and that help you move faster to enter the market.

Contrary to what late night TV ads say, entering this new federal market still takes time for research and registrations for larger contracts. One must be in the system.

who do best usually have been operating for at least two years and employ people.

What about if you already sell to the government? Increase your marketing even more.

REGION VII SMALL BUSINESS CHAMPIONS FOR 2009

Minority Small Business Champion

Eddie G. Davis, Principal
DaLite & Associates, LLC
St. Louis, MO

Women's Business Champion

Kelly Scanlon, President
Thinking Bigger Business Media, Inc.
Shawnee Mission, KS

Financial Services Champion

Stephen R. Callow
Regional Small Business Banking Manager
Sr. Vice President
Southwest Bank, an M&I Bank
St. Louis MO

Veteran's Business Champion

Darcella Craven
Business Development Coordinator
St. Louis Veterans Business Resource Center
St. Louis, MO

Young Entrepreneur of the Year

Davin & Patricia West
President/Vice President
Metzger Enterprises, Inc., dba Scott City
True Value & Just Ask Rental
Scott City, KS

Home Based Business Champion

Richard (Rick) E. Gier, Attorney
The Law Office of Richard E. Gier, P.A.
Overland Park, KS

Jeffrey Butland Family Owned Bus Champion

S & S Oil & Propane Co., Inc.
James Shepherd & Joyce Shepherd French
President/Vice President
Emporia, KS

Exporter of the Year

American Natural Soy, Inc.
Mark and Julie Ann Schuett,
President and Vice President
Cherokee, IA 51012

Small Business Journalist of the Year

Susan Wilson Solovic CEO
SBTV.com - St. Louis, MO



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Cedar Rapids, IA Branch
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Omaha, NE
(402) 221-4691

Wichita, KS
(316) 269-6273

SBA Small Business Persons of the Year 2009

IOWA

John F. Lohman, Publisher
Corridor Media Group, Inc.

KANSAS

Jeri Bartunek
Bartunek Technology Group, Inc.

MISSOURI

Russell Odegard & Michael Pruett
DYNALABS Innovation Accelerated

NEBRASKA

James & Connie Hellbusch
Duo Lift Manufacturing Company, Inc.



Leaving the Region VII SBA Offices this month were Sam Jones (middle back) and Wendell Bailey (middle right), both Bush Administration appointees to the positions of Regional Administrator and Regional Advocate, respectively. Left to serve are career federal employees Dean Cotton ((left, back) named Acting Regional Administrator; June Teasley (left, front) the Regional Communications Director and Carol Morris (right front), the Regional Resource Coordinator.