

Minutes

Board of Directors Meeting

Association of Small Business Development Centers (ASBDC)
September 26, 2004
New Orleans, Louisiana

Board Members Present: Scott Daugherty (Chairman); Don Wilson (President); Liz Klimback (Vice Chair); Henry Turner (Secretary); Jim Hogge (Treasurer); Doug Gurley; Georgianna Parkin; Grady Pennington; Mark Petrilli; Clinton Tymes.

Others Present: Bob Hamlin; Roy Miller; Darryl Mleynek; Janice Rhodd; Janet Roderick; Chris Rosander; Jon Ryan; Greg Sedrick; Max Summers; Debbie Bishop Trocha; Debbie Trujillo; Mary Lynn Wilkerson; Donna Ettenson; Dan O'Grady.

Call to Order: The meeting was called to order by Chairman Scott Daugherty at 8:00 a.m. on Sunday, September 26, 2004.

Approval of Minutes: Clinton Tymes moved that the minutes of the meeting of the Board of Directors of August 24, 2004, be approved. Mark Petrilli seconded the motion and the motion passed by voice vote.

Financial Report: Treasurer Jim Hogge reviewed the Association's financial statements, including the Association's Balance Sheet, Profit & Loss Statement, and Actual Profit & Loss vs. Budgeted Profit & Loss Statement. He reported that the Association's financial position is sound.

President's Report: Don Wilson reported on the following:

- 1) Reauthorization and Appropriations Bills in Congress -- Don Wilson reported that the Chairpersons of the House and Senate Small Business Committees had introduced new, streamlined SBA reauthorization bills in the hope of passing SBA reauthorization legislation before the conclusion of the current Congress. The new bills include confidentiality protections for SBDC clients and increase the authorized funding levels of the nationwide SBDC network. However, the SBA is opposed to a number of provisions in the new bills, including the SBDC client confidentiality protections. Don Wilson also reported that the House and Senate appropriations bills that fund the SBDC network are expected to be reconciled and wrapped into a larger omnibus appropriations bill that may be passed by Congress during a lame-duck session in mid-November.
- 2) ASBDC Annual Conference -- Don Wilson reported that the Association's annual conference in New Orleans might break the records for attendance, booth sales and sponsorships set at the Nashville conference in 2002. He noted that the Association has worked hard on outreach to other organizations, and the result is the participation of many important individuals and organizations in the ASBDC annual conference.

- 3) SBA Economic Impact Survey -- In response to a question about the status of the SBA's economic impact survey, Don Wilson reported that the response rate to the SBA Economic Impact survey was approximately 20%.
- 4) OMB Evaluation of SBDC Network -- A question was raised about OMB's evaluation of the SBDC network, in conjunction with the Federal FY 2006 budgeting process. Chairman Daugherty suggested that the Association could help OMB by asking business school deans to demonstrate the validity of the SBDC accreditation process, and by running SBDC economic impact data through external assessment models.
- 5) EDMIS -- A question was raised about the status of the SBA's electronic data management information system (EDMIS). Chairman Daugherty stated that the SBA has postponed the implementation of EDMIS until the end of FY 2005. As a result, state/regional SBDC directors will continue to use the program definitions in the FY 2004 program announcement. It was also noted that the Procedural Notice issued by the SBA (which contained program definitions that were different from the program definitions in the FY 2004 Program Announcement) has been withdrawn. The SBA will issue a revised Procedural Notice that conforms to the Program Announcement.

Strategic Planning Committee: The Board discussed a survey developed by the Strategic Planning Committee, chaired by Erica Kauten. The survey will be conducted from the ASBDC website, and its purpose is to solicit the views of all SBDC network members on the issues that should be addressed by the Association. It was suggested that terminology in the survey concerning state/regional SBDC directors and centers needed to be clarified.

Motion: Henry Turner moved that the survey be approved, with the clarifications discussed above. Grady Pennington seconded the motion and the motion passed by voice vote.

Veterans Task Force Update: Veterans Task Force Chairman Doug Gurley reported on the following:

- 1) MOU Proposal from the Veterans Corporation: The Task Force reviewed a proposed Memorandum of Understanding from the Veterans Corporation and concluded that the proposal was not mutually beneficial.
- 2) Status of New Law Allowing Veterans to Use Veterans Benefits for Entrepreneurship Training: The state veterans' benefits approving agencies have approved the curricula used by the SBDCs to teach entrepreneurship to participating veterans. SBDCs that want to serve veterans under the new law now need approval from their state approving agencies of the course instructors and class sites.

Manufacturing Task Force Update: The Manufacturing Task Force, chaired by Greg Higgins, has developed a proposal for an SBDC Manufacturing Assistance Program. In support of this proposal, Professor James Chrisman has written three reports on SBDC assistance to manufacturers, covering the years 1998 through 2003.

Legislative Committee Update: The Board discussed a proposal by the Legislative Committee to create a separate legislative alert communication to the membership. It was suggested that the Legislative Committee should ask the membership if such a communication would be helpful. As an alternative, it was suggested that the current *Member Connection* newsletter could include legislative alerts when needed.

Marketing Committee Update: Liz Klimback, Co-Chair of the Marketing Committee (with Christian Conroy of the Pennsylvania SBDC), shared the Marketing Committee's written report with the Board. She also described to the Board the process that the Committee used to develop a branding statement for America's SBDC Network, and she reviewed the finalists among the submissions in the branding statement competition. A suggestion was made that the Committee return to the Board with a smaller budget proposal, sufficient to accomplish the Committee's top recommendations.

Motion: Henry Turner moved that the Board approve the branding statement, "Your Success Is Our Business," as the branding statement for America's SBDC Network. Clinton Tymes seconded the motion and the motion passed by voice vote. (This branding statement was one of the finalists in the Marketing Committee's branding statement competition.)

Personnel Notebook: Clinton Tymes shared with the Board a Personnel Notebook, designed to establish the process and timeline for the evaluation of Association staff. The Personnel Notebook will be kept by the Board Chair.

Discussion with SBA: The Board welcomed Antonio Doss (SBA Associate Administrator, OSBDC), Jean Holcombe (SBA Deputy Associate Administrator, OSBDC), and Jean Smith (SBA Deputy Associate Administrator, OSBDC). The Board discussed the following items with its guests from SBA.

- 1) FY 2006 Budget and PART Evaluation -- The SBA and the White House Office of Management and Budget (OMB) are currently developing the President's FY 2006 Budget proposal to Congress and conducting the PART (Program Assessment Rating Tool) evaluation of the SBDC and other programs. Mr. Doss stated that it is clear that the SBDC program is unmatched among Federal grant programs in helping small businesses. However, Mr. Doss noted that the PART evaluation is a performance-based budgeting tool, and the SBDC program's funding formula is population-based, which puts the SBDC program at a disadvantage in the PART evaluation. Board members suggested that SBA and ASBDC could put together a dialogue with OMB on performance, and synchronize the SBA Impact Survey with the Chrisman Survey.
- 2) Risk-Based Reviews -- The SBA is considering a risk-based approach to financial and program reviews. Currently under consideration is a low-risk pilot program of states (including Alaska, Connecticut, Maine, New Hampshire and Vermont) in which the SBA would conduct desk-top financial reviews instead of field reviews.

- 3) Ranking SBDC Networks -- SBA is considering the development of a system to rank SBDC networks.
- 4) Goaling -- The OSBDC at SBA is committed to re-examining the goaling process, to consider program outcomes (such as jobs, sales and other economic impact) and not just numbers served, and to consult with the ASBDC and the SBDC network in the process of establishing goals.
- 5) Online Counseling -- The SBA is working with one SBDC network in each of the SBA's 10 regions to develop and assess on-line counseling.
- 6) Co-Branding Problem -- The SBA has recently taken the position that SBDCs should not use the SBA logo, the SBA disclaimer, Federal program funds or matching funds, on any SBDC materials the purpose of which is to solicit funds. The reason the SBA is taking this position is that Federal agencies are not allowed to solicit funds. The Board discussed with Mr. Doss and his colleagues the potential problems that this position could cause for SBDC networks, since SBDCs frequently seek support for their programs from the business community.
- 7) EDMIS -- The SBA has decided not to implement EDMIS until the beginning of FY 2006. As a result, SBDC networks can continue to use the old forms to report data to SBA. The new definitions contained in the FY 2004 Program Announcement have gone into effect as planned, because they are not affected by the postponement of the implementation of EDMIS. The OMB has requested more details on the reporting of minorities on Form 888, and the SBA may need to collect that information manually.
- 8) Client Confidentiality Protections -- The SBA is opposed to the SBDC client confidentiality provisions of the new, streamlined SBA Reauthorization bills introduced on September 21 by the Chairs of the House and Senate Small Business Committees. Mr. Doss asked Board members to help the agency to understand the importance of legislating client confidentiality protections, noting that recipients of SBA loans currently do not have such confidentiality protections. Board members provided several reasons for legislating SBDC client confidentiality protections, including:
 - SBA form 641 contains a promise of confidentiality, yet there is no legal guarantee of such confidentiality;
 - although SBDCs consider client information to be confidential, the SBA and others have sought to obtain such client information for marketing and other purposes;
 - SBDC clients sometimes do not want their identities made public. For example, clients who are employed may not want an employer to know that they are thinking about starting their own businesses, because it could cause them to be fired. Also, a woman SBDC client who is a resident of a battered women's shelter may not want her abuser to know her whereabouts;
 - an institution that hosts an SBDC could be held legally liable for the breach of an SBDC client's expectation of confidentiality; and,

- SBDC clients do not have the same level of privacy protection under law that SBA loan clients have.
- 9) Assessment of International Trade Assistance -- The SBA is currently assessing international trade assistance programs. SBA would like to work with the SBDC network to survey SBDCs that provide international trade assistance and work with USEACs, the Department of Commerce and other programs. Board members suggested that the SBA contact the ASBDC International Trade Interest Section to see if it would be able to conduct such a survey, with a web-based survey instrument used by ASBDC.

Accreditation Committee Recommendations: The Board discussed the recommendations of the Accreditation Committee. All of the Accreditation Committee's recommendations were acceptable to the Board. The Accreditation Committee's recommendations did not include a recommendation concerning term limits. The Board discussed the issue of term limits and agreed that there should be no term limits, and the Accreditation should continue its efforts to provide training on accreditation, develop a pool of experienced members of the Accreditation Committee, and draw from that pool for the Committee's membership.

Adjournment: The Board adjourned its regular meeting at 2:30 p.m. and reconvened in executive session. The Board adjourned its executive session shortly thereafter.

Submitted by Roy Miller, Secretary, ASBDC