



BOARD OF DIRECTORS

MEETING MINUTES

September 3, 2018

*Supporting the Success of its
Members – America’s SBDCs*

OUR SHARED MISSION

Deliver high-quality, professional business advice, education, and information that generates meaningful results.

OUR SHARED VISION

America’s SBDCs are highly valued for driving economic prosperity.

ASBDC’S PURPOSE

To support the success of its members.

BOARD OF DIRECTORS OBJECTIVE

To establish the Association’s mission, vision, strategic direction, approve the Association’s budget and operations plan, and appoint and evaluate the performance of the Association’s President, including setting compensation.

CALL TO ORDER ROLL CALL

The Chairman called the ASBDC Board of Directors meeting to order at 8:30 a.m.
The Secretary completed the Board of Director roll call; quorum present.

PRESENT	BOARD MEMBER	NOT PRESENT
✓	Michele Abraham (South Carolina)	
✓	Allan Adams (Georgia)	
	Vacant	
✓	Bill Cummins (Alabama)	
✓	Jennifer Deamud (Michigan)	
✓	Mark Langford (Texas)	
✓	Michael Myhre (Florida)	
✓	Greg Panichello (Kansas)	
✓	Linda Rossi (Vermont)	
✓	Lisa Shimkat (Iowa)	
✓	Tee Rowe, America’s SBDC	

Mike reviewed the agenda for the day and then asked guests to introduce themselves.

APPROVAL OF THE MINUTES – Meeting minutes of the August 20 BoD meeting were sent out by e-mail.

Linda asked for a motion to approve them as presented. Motion to approve from Greg with a second from Lisa with the changes as noted. The Board voted unanimously to approve.

TREASURER'S REPORT

Lisa stated that the financials are the same as our last meeting two weeks ago. She will hold a Zoom meeting to get input and direction for strategic and operational reserves and will coordinate with the Board to look at investment funds for our strategic opportunities.

Tee said the Foundation board meeting is on Wednesday afternoon and open to all members. Nothing has changed at this point. We have a grant for \$300,000 in process for Finagraph and financial statements for the Foundation are in the packet.

PRESIDENT'S REPORT

Tee gave an update on Association business including the Chrisman survey and executive summary from NBRI. He expressed disappointment in the work of NBRI, and thought we'd get a better response. However he feels the executive summary reinforced what we already knew, that customer satisfaction is very high, and the comments were interesting to read. He is asking Dr. Chrisman to get shorter term data, as he did the usual long term analysis. On October 8th, Christian will start as a contractor to ASBDC and has several states who plan to engage his services right away.

Conference is in good shape with a great set of programs planned. Some Congressional staff will join us on Wednesday morning for the State Director round table at 8:00 a.m. to discuss management issues of SBA and Appropriations; the Administrator will not as she is in Arkansas. He hasn't received definite confirmation from Secretary Perdue.

The Senate has us at \$130m and House at \$132.6m so will it will go to conference. On the authorization side of things, we were stymied on the Improvements bill; they are looking to keep all ED programs together. Sen. Gillibrand bill went through. They key is for SBDCs to work with and have ESOPs in their client mix. Sen. Risch's Cyber Security bill will require coordination of cyber strategy from Homeland Security with NIST, SBA, SBDCs.

Tee has expressed his concern on the Hill about our partnership with SBA, the new goals and approach to them, and especially the removal of the negotiation process. He said it is clear in the statute that negotiation is needed as it forms the basis for the individual negotiation.

The Host Summit will include representatives from hosts, the Chief of Staff and the Acting Undersecretary of Education. As of now, about 20 hosts have RSVP'd. It is unfortunate that the Administrator will not be there. Tee discussed the meet & greet reception for hosts and board members to privately discuss the current relationship with SBA and thank them for coming. We can use it to convey the talking points. They can question the nature of the partnership as they put in resources. Michele added that Tee will be present during the portion where SBA is with our hosts. We'll continue to work rationally through these issues and keep Congress informed.

Tee mentioned the regulations CFR 130.700 and the terms we should all be familiar with. What is not included there, however is a process such as notice, appeal, and adjudication. Some time ago, SBA sent out the Advance Proposal of Rule Making, which is still on their website, but no action thus far. Mike said he thinks SBA has taken action that is outside of their level of authority. The “goals” are within the Cooperative Agreement; this is what concerns us.

CHAIRMAN’S REPORT

This is Mike’s last meeting before resigning after 3-years on the board, his second as Chair. As difficult as some of these circumstances are, they have been enjoyable. He thanked everyone for their trust, and cares deeply about SBDC and has made a career here.

Strategic plan: The board focused on things our members say are most important to them. Grow Funding was one of them. Another was diversification of funds. And, professional development. This created VISION 2020 and guided our efforts, including the recommendation letter to SBA, our efforts with NBRI. We’ve made significant progress on increasing core funding by \$13 million in a short period of time. We are getting close to the limit of our authorization level of \$135m.

2018 America’s SBDC Leadership Survey: Mike reviewed the responses thus far (32 as of last night) around networks using all of their funds, state and host support levels predicted, the level of national funding the Association should be looking at, and SBDCs felt would be the most challenging of the new SBA goals to achieve. Most all programs (87%) felt their current CRM vendor met their needs, and certifications of SBDCs showed NASBITE as the highest. IBISworld was used by 75% of the respondents. ACTION: Tee will keep working on a national license since MEP has one giving all members access.

Next Mike suggested that the new Board should remain focused on the top priorities of our members. He showed a slide of what SBDCs felt the priorities for the next Board should be, including supporting transitions, performance improvement, host integration, legislative relations, and overcome the adversarial relationship between SBA and SBDCs. Mike said it was concerning that SBA says members do not agree with the Association, and how important it is for SBDCs to have a unified front in working with the Agency. ACTION: The new Board should review all responses to this leadership survey.

Negotiation & Recognition: There is important language in 15 U.S. Code 648, section 3, sub section A. Mike suggested some housekeeping to clean up some of this language that falsely gives the perception that we are “under” SBA. ACTION: Tee issued a letter recognizing that SBA did this and will keep on this.

The most recent OED Terms & Definitions (8/31/18) will be in the Board packet. Board discussion on definitions, calculations, EDMIS, and how we need a unique client id or 641 for every single customer we want to count (advising/training). He reinforced that our Accreditation process will continue to look for attribution for the impact of jobs created and retained. However, Accreditation will not focus on attribution of jobs supported (SBA’s definition). ACTION: ASBDC will have a task force to continue to work with our members and OSBDC on goals, allocation, reporting of EDMIS.

Mike asked the board and non-board members present to share thoughts on what we should bring up with SBA during our afternoon discussion. Some of the topics included:

- *OED training on these definitions to all resource partners.
- *What programmers are hearing may be different than policy holders.
- *We are looking toward successful implementation and seeking clarity.

*Even though they are looking at contracts with 62 individual programs, they should funnel their concerns through the Association and the Accreditation, Operations and Research & Data committee.

*We know 2019 is a transitional year of implementation and evaluation; what would cause a change to these goals, and how does it get changed?

*We've heard from OED, OSBDC very directly that there will be some type of penalty-can they elaborate?

*We are concerned that population is not the most equitable allocation method. Outcomes are not based on SBA cooperative agreement funded activity alone. Some states have much greater resources and varying economic factors.

*ASBDC is very concerned, by the documentation on goals and performance put out thus far; and how they will be used to judge non-performance.

After a break, Mike led the board through the SBA goal methodology in alignment with the CBJ. New Businesses Created goal was increased from 13,000-14,500 in FY18 and kept level for FY19. Capital infusion up in FY18, level for FY19. Jobs Supported: Mike reviewed how he thinks they pulled the data from a CenterIC snapshot having looked at 2017, 2018. **ACTION:** PREPARE an ASBDC annual report which highlights our collective success. And, recommend that everyone strive to report the performance that has actually been achieved.

BOARD LIAISON ENGAGEMENT UPDATES

Board members stated that their discussions with liaison states have contained similar themes as our board discussion on SBA goals, and concern over allocation methods and definitions. Additionally, Allan shared that CA/Merced has a new Regional Director, Kurt Clark. Linda shared that the New England group is looking forward to hosting the new SD round table program at the end of October.

Jennifer described the activities of the ASD group. They are planning bi-monthly calls and there has been increased use of the Mobilize tool and interest in collaborating including a small group looking at mentoring for the ASD group. They have a nice agenda planned during conference including NBRI, the mentoring, and what folks need for support in meeting the new goals. There are now ten Interest Sections, with three in place, and seven launching at conference. So far, 128 individuals across ASBDC have already signed up in at least one, with 38 networks represented.

BOARD COMMITTEE REPORTS

Accreditation: Jody described their productive two-day meeting reviewing 6 new reports, 3 final updates and 5 interim report updates. They are working with Christian on how to utilize his work with the committee. OSBDC has always been a member of the committee; Lori and Bruce were very engaged which was appreciated. Standard 4.2 on client attribution remains in place for jobs created and retained, yet they will not expect jobs supported as an output. One request of OSBDC was the application of the accreditation process with SBA performance measures. The 2019 assignments are confirmed. A reminder that the self-study needs to be submitted 60 days in advance of the onsite review. The standards are on the website and there are opportunities for new SDs to observe an accreditation. If interested, SDs should contact Jody or Mark as committee co-chairs. There are two sessions during the conference on Accreditation. Jody reiterated that the Accreditation process is not in place to duplicate SBA's job with regard to compliance.

Conference: Joel gave stats on the conference including 1460 attendees, which will be in the top five of all time conference attendees. He went over the purpose of the committee and said they are seeking additional members on the committee and are looking for a cross section that ranges from SD's & ASD's to admin staff to advisors. Joel will be sending out the job description and time commitment involved for the 2 types of activities outlined above within a few weeks of the conference. He thanked the hard-working committee members that make all of this happen; and in addition to the committee, he thanked the DC network (led by Carl Brown) and

the VA network (led by Jody Keenan) for donating their time and efforts volunteering. He is pleased to report that we did as promised by keeping the State Directors involved in the workshop process this Spring and keeping the line of communications open enough that we fulfilled a State Director's request to have for the first time a "live stream of a pre-con workshop event". We will report at a later date the results of this "pilot". He also reported that we offered a broader and deeper selection of workshops for all experience levels of advisors as well as offering new certifications in business valuations and the SBA intermediate level on international trade. They doubled the pre-con offerings and will provide a more granular report at the fall Board meeting. Lastly Joel thanked Mike, Lisa, Rod, Drew, and Mark as his board liaison for providing valuable insight along the way.

Marketing: Save the day for 2019 #SBDCday which is March 20, 2019. It's a great opportunity to spread all the good work, lots of proclamations, social media activity. With regard to the roll out of SBA logo, there are graphic designers and marketing professionals on the committee who are available to help other networks. The Marketing Meet-Up will be on Thursday morning.

Leadership: There are three State Director round tables scheduled during conference. One on congressional engagement where we will be joined by Congressional staff members, another on leadership qualities for high performance and the third to discuss more about leadership and program development including the services that will be available from Christian Conroy.

Operations: There are four new members. The committee never had the opportunity to review the PA. Thanks to Lyle Wright, who did a comparison of all the changes, and was sent out by Tee--which was helpful especially for FY programs that had to submit already. ACTION: Send the document Lyle created around to all.

Research Committee: They are working on two things, survey of how close their data was to EDMIS in order to share best practices and looking at the tools we use. Mike is pushing for more responses to the leadership survey. ACTION: The leadership survey will be forwarded to Lisa and the R&D committee can then take a deeper dive in related areas.

International Interest Section: Bill said that we were asked to participate in a survey with other International Trade groups, and with the completion of our survey, will have a comparison for review in November. Jim Foley is putting on a strong international trade track at conference including prep sessions on Friday for the SBA intermediate test. The Agency did drop professional development requirements. Looking at a webinar aimed at our international trade specialists including tariff exemption issues. There have been some conversations about STEP money being opened up for SBDCs.

Mike asked non-board members if there was one question you'd like to ask Allen Gutierrez this afternoon what it would be. Mike collected the responses which included: what SBA means by 2019 being a 'baseline year', a better understanding of the definitions, whether or not we will return to negotiating with the District Office, what they mean by consequences for not meeting goals.

At 1:00, SBA joined the board (Allen, Andrew, Adriana).

Mike welcomed everyone and asked participants to introduce themselves. Allen said it was great to see a representation across the country and territories.

Allen said the Administrator is focused on customer service both internally and externally and has an aggressive goal to visit all 68 District offices by December; she has already been to 54. After every trip, they get a report of what is and is not working. They have recently had extensive training of field personnel. She is working with USDA for cross-agency promotion of services and maximizing the large number of USDA employees (90k) to

leverage rural initiatives. Sec. Perdue, Adm. McMahon MOU to assist across the U.S. Allen thanked us for recognizing SBA as our key partner with the buttons.

Mike expressed we were sorry that Admin McMahon will not be able to join us this week. He asked for further explanation on what field alignment means and how the new performance goals are related?

Allen described the Administrator's Ignite tours where she asks questions about what is and is not working. As a result, district goals have been reduced in order for them to be out and hands on more; before they had over 100 goals and were doing lots of box checking. SBA's budget keeps shrinking and they are doing more with less; they've gone from 3300 to 2000 employees and trying to work smarter.

Regarding goals, he said they don't want to create new things that are counterproductive, yet did want to offer something unique for each resource partner. Allen said they had good dialogue with the board, and a thorough analysis as a result of the letter. As an example of compromise, capital infusion (which wasn't high on their list, yet it was for SBDC) remains a goal.

Mike asked about their philosophy regarding goal negotiation going forward, as the District office would employ the people most empowered to know the local/state situation. He said this year provides a new base line and we can spend time with our District office on other things besides goal negotiation.

Allen did mention that they need to work on the goal allocation for the minimally funded programs to make sure it is fair and equitable. He also said for those who say it's too high and difficult to get to the new goal must have been carried by others for years.

In FY19 program managers will be held more accountable and make quarterly presentations. He feels it is a necessity for them to be involved on what is working, what is affecting their portfolio's performance. It is a cultural change. Allen said after 2nd quarter they will look at the numbers, and what are the challenges for those that are not meeting the "minimum standards" (ie. goals). SBA will not wait until the end of the year.

Mike expressed that one of the challenges is related to the OED goals & definitions documentation that was put out, and needs to be clearer. Discussion about assuring programmers who are responsible for EDMIS codes are changing them in accordance with the policy. Allen is taking more ownership of daily operations of OSBDC. He said EDMIS is at a good place right now with fewer intake tickets every time he looks. Allen said EDMIS itself will be around for at least one more year. Beginning in FY19-they will put out an RFP for a new system. A new system would run parallel with EDMIS for a while. They are looking at a system-wide CRM approach at the Agency and have two full-time folks on this. Their goal is to have a FY2020 roll out. Adriana also said the process of changing goals was not haphazard or impulsive. It was OMB scrutinized and included external data people. Mike asked about ED program partner meetings so everyone will be clear on the common metrics in case there are some comparative analysis. Adriana said the 'room for interpretation' was done on purpose to give more freedom for WBC, SCORE; as it was handicapping those two previously.

Allen said they will have ongoing meetings regarding the numbers and mentioned if a state hasn't been meeting goals for many years and nothing has been done, something needs to change. The host should decide about better outcomes, because they are putting money in also. SBA feels like there needs to be a stronger relationship established with host as they are signing on the dotted line.

Discussion about access to client data. SBA is interested in a life cycle picture—if a business was counseled, trained, had capital, etc. He said it hurts SBA as they can't do that now and suggests we think about it as a board.

With regard to population-based funding, Michele gave an example of counties with well-known economic distress—and that if you look only population you will miss key information to use in allocation of personnel & goals.

Allen said SBA needs to look at individual numbers, and not present just macro SBDC numbers to Congress. Mike explained our long term substantive consulting strategy of concentrating on fewer consulting clients and going more in depth with each, and that is why ROI has dramatically improved. This is what the states and other stakeholders care about.

Adriana said that Congress wants to know about clients served. They don't ask about long-term, they want to know how many are going through our doors. She said Congressional inquiries also include questions about how many were trained. SBA tried to find a metric that would combine and allow for us to meet it either way. They need this metric to respond to Congressional inquiry. She also said another question Congress asks is: Why is it in the same location you have a: SBDC, SCORE, WBC, VBOC...which one can you cut?

Discussion about Accreditation as a long term strategy. Are the program managers responsible for the achievement of goals? What are the roles & responsibilities? Contract compliance. SBDCs and Accreditation are to ensure long-term growth and improvement of SBDCs. Jody said the process, while looking at continuous improvement, is not about compliance as those roles are with the Agency.

The board asked SBA to work together to change some of the wording in order to clarify the definition, while not changing the definition, and suggested that SBA put a date on the documentation as currently we don't know which version we are looking at.

There was some discussion about the CFR and that SBA does not believe the CFR says "negotiate"; it says "consult".

Allen closed with the fact that they are looking forward to this week as the SBA team will be here all week. Individual regional meetings with program managers. He said hopefully after everyone talks, even though we might not be a fan of the metrics, we will see there was some compromise. And, we can continue to work in a true partnership as that is his ultimate goal.

After SBA leadership left, Mike debriefed the SBA session. With regard to the Statute, he said Adriana is technically correct with the word "consult" yet you cannot have a negotiated cooperative agreement without a negotiation. They are defining "consult" as they received our letter and they considered it.

Michele said that programs and services should be jointly developed, negotiated, and agreed upon with full participation. We need to document to SBA, at whatever point we are able, what we interpret those definitions to be; and put it back in SBA's court to correct any misinterpretations. The areas we have the most trouble are the areas where we don't have the same metrics as SCORE, WBC. Discussion that SBA is coming at this as if we are resistant to change. Others believe they are already talking about performance-based funding. The other big issue is access to client data. The 641 field was previously to opt out to surveys, etc. The law in statute is that we do not share, with exceptions that are spelled out.

NEW BUSINESS:

Time and Effort Reporting: Jennifer did some research and expects it to be an area of focus with compliance. The six who have responded so far, say they align with host policies. Mike hopes the results can be turned into best practices. ACTION: Operations will take it on.

A question was brought up about SBDC employees who teach classes and how that is reflected. If teaching business and working with students on client projects, is it or is it not part of the “SBDC day”?

OLD BUSINESS:

Christian Conroy spoke about his contract with the Association and he is working out operational details with Tee. He will start on October 8th. He gave an overview of the 5-page position description and the services offered and he will share with the membership tomorrow. He described how this will be complimentary to what is already in place by Accreditation mentors and the leadership training and mentoring. Christian described how the concept was piloted in Kentucky after Becky retired in May and the University brought him in to help the host through the transition. It added value to them.

Beth Melnik gave an update on the annual economic impact survey by NBRI. She said it was a step in the right direction and she’ll be talking with the ASD’s about what went well, and what didn’t. Dr. Chrisman did get all the data very cleanly and quickly. With regard to the effectiveness of the process, we have some work to do with the vendor. Some response rates were not as good as in previous years. Beth has some more data from NBRI including comments, benchmark data and industry standards. Some felt NBRI did not live up to their end of the expectations and think we should move quickly on the RFP for next year.

Mike reviewed the Agenda for the Host summit. There will be a split session; State Directors will be with District Directors but we don’t know which DDs are coming yet.

Non-Board member topics: None

Mike went over the details for the State Star reception, including the times and locations for catching a shuttle to the International Spy Museum.

MOTION TO ADJOURN: by Mark Langford with a second by Mike Myhre at 4:25 p.m.

NEXT BOARD MEETINGS:

Oct 15, 2018 (Web-Ex 3:00 p.m. EST)

Nov 14-16, 2018 (Washington, D.C.)

Dec 17, 2018 (Web-Ex 3:00 p.m. EST)