



**BOARD OF DIRECTORS
MEETING MINUTES**
June 20-21, 2019

*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)	
✓	Mike Bowman (Delaware)	
✓	Bill Cummins (Alabama)	
	Jennifer Deamud (Michigan)	✓
✓	Kristin Johnson (Nor-CA)	
✓	Steve Lawrence (Houston, Texas)	
✓	Greg Panichello (Kansas)	
✓	Linda Rossi (Vermont)	
✓	Lisa Shimkat (Iowa)	
✓	Tee Rowe, America’s SBDC	

SECRETARY’S REPORT/APPROVAL OF THE MINUTES – Minutes of the May 21, 2019 BoD meeting were sent out by e-mail. With no additional edits suggested, Allan asked for a motion to approve them as presented. Motion to approve from Greg, with a 2nd from Lisa. The Board voted unanimously to approve.

CHAIRMAN’S REPORT

Allan discussed EDMIS and how members are reconciling what is reported to SBA against their data. Greg mentioned a 10,000 record limit in EDMIS reports. Board members described their experiences with their numbers being closer in some cases, and higher/lower than SBA in others. Michele and Allan were on a call

recently with Bruce and George and they mentioned preparing a scope of work for a contractor, with a new system being 1-2 years out. Lisa explained that some of the states with rejected records were not doing any troubleshooting or data maintenance before the upload. SBA is talking with our vendors, and continues to say that FY19 will not be an accountability year. Some suggested that Tee should send a protocol to everyone on the basic steps to follow before uploading; that way we can be consistent and clear, and pinpoint the problems we're seeing. Members also raised concerns about SBA citing SBDC errors, when some errors were found to be on the SBA side. ACTION: Lisa and Greg will put together key bullet points, for Tee to send out to SBDCs.

SBA LEADERSHIP

Allen Gutierrez, George Koklanaris, and Andrew Coffield joined the board for discussion and Allen first asked George to introduce himself. George began by saying he looks forward to more engagements with us, and wanted to thank people for their responses on the EDMIS errors (most of which was not SBDCs fault). He said some errors due to deleted records are not a big deal, and are expected. SBA wants a better system; they are working diligently, and have asked several SBDCs to make recommendations. He has developed an internal team and said the system that replaces EDMIS needs to react with the systems we have (Neoserra, CenterIC). Regarding Long Beach, he asked SBDCs to give ideas for things we want in the two 90-minute SBA sessions, in order for them to be valuable and useful to us.

Allen gave an update on the Administrator who will replace Linda McMahon. Jovita Carranza, the nominee, will go through the official nomination process and the hearing could be done before summer recess. Next, Allen talked about the recent hearing and the IG audit of SCORE. After SCORE, the IG is looking at OWBO, and next will be SBDC. He referenced the changes that are being made under his leadership and how the IG findings help SBA make improvements. He is working with George and Andrew on tightening things up. As far as EDMIS, Allen shared that once they have a contractor, they will be ready to go to the next phase with an RFP. This is one of the Agency's top priorities, to have a cloud-based system that is compatible with agency priorities. Allen said they have received legal feedback on marijuana at yesterday's hearing and will have an informational notice out within the next week or so to give guidance and clarity. Allen said they are planning on the Host summit next February in Washington, D.C. instead of in Long Beach.

We spoke about the reauthorization and the language in the draft Senate proposal and said from the macro perspective, it may not be a bad idea, but the devil is always in the details. Allen wants to focus on the goals and performance and is looking for SBDC to meet SBA in the middle to make it a win-win for all. He said it could be an opportunity for SBDCs and the Administration to have things included that we both want. He did express concern the way it was written, that it seemed like someone was giving advice to the small business committee. He encouraged SBDCs to think about the IG audit that is coming; and how we are providing services to small businesses over their life cycle.

SBA is looking for minimal information on clients, some type of unique identifier, and nothing like tax returns or private information, in order to track businesses using SBA resources, over time. Allen said they are going to push hard on this, as currently SBA is inhibited. He thinks sharing would help us too; if we all had a cloud-based dashboard from the beginning, we could use it to show impact to our state.

Board members gave several examples of how SBA gets publicity through SBDC client success stories, and how the client release process allows the client to talk about where they are in the life cycle from pre-venture through exit planning.

George asked about SBDC reluctance to share more details. Board members gave examples of SBA contacting clients and offering products and services, after the relationship was built by SBDC. Allen reminded the board that SBDC doesn't own the relationship as it is taxpayer's money. Michele provided additional context that clients would feel betrayed if we sign confidentiality agreements with them, and someone else came in behind us, without any knowledge. Allen talked about the 641 and the box where clients check to give permission to share with SBA. He doesn't think SBDCs are making clients aware of this. Board members reassured SBA leadership that we do what's best for the client.

Allen feels it is counterproductive for both of us to be on the Hill; Tee is there and SBA is there and said when the GAO comes down on SBA things will get worse for us. Allen said he has been cleaning up a lot that wasn't done for the past 8 years, as his goal is to leave OSBDC better than he found it. Tee feels there is room to meet in the middle, and is looking at the long view, beyond one administration.

George said there needs to be some compromise that will encourage a reasonable amount of information sharing and doesn't think it will be weaponized. Allen will look into some of the examples referenced by board members to see what happened and how the SBA team should be working together under the cooperative agreement. Addition conversation took place on what data points SBA might already have, in order to show a life cycle of supporting businesses, and what is missing. George wants to move forward and work past the acrimonious debates and frustrations to a place with real agreement. There was further discussion on the goals, and Allen said how SBA compromised by including capital infusion, which was important to SBDCs. He then talked about cyber security, and data controls within his division that are being done to make sure information is protected each month.

Allen asked about our work with HBCUs. He knows we are doing specific things that would show real impact, and knows Congress is looking at this so it would be an opportunity for us to work together. He suggested a small committee that could get together in the next week. **ACTION:** Tee will talk with membership, on what they think is in the best interest of clients.

Tee said that the last thing we wanted to ask about is when the Funding Opportunity will be shared with us. After some discussion, George said that it will be done this week and they will share it with the ASBDC operations committee who can review and provide input/feedback. SBA said we will not find anything controversial in it, just a few programmatic additions: Opportunity Zones, and HBCUs in there. Michele said we appreciated having the opportunity to review before it is finalized by OGC.

There was a final question from non-board members on marijuana asking for further guidance on the gray areas in certain client situations. Allen said he will think about who will be the POC on this topic and will provide clarity to settle the gray areas for all resource partners.

PRESIDENT'S REPORT

Tee started with a conference update. Registration for Long Beach is up and running with 648 attendees registered so far. All hotels are walkable distances, three being across the street from either end of the convention center with shuttles operating to get attendees around. The State Star reception will be on the Queen Mary, a luxury liner from the 1930s, put into service during war and now a hotel. There is a tour (which tickets have been purchased for the State Stars) which shows the location from the movie Darkest Hour about Winston Churchill where you are greeted by the Commodore of the ship, and "meet" Winston Churchill, and then the State Stars will move into the fantail of the ship for food, beverage and music.

State Director round tables are all first thing in the morning on Wed, Thurs, and Fri and topics are being finalized and will include a session on the economic impact of our program with a dual presentation by Ray Bowman (from his PhD research) and a representative from Mississippi State (ASBDC impact survey); a panel on best practices on export advising, and how trade helps your overall program, which Bill will moderate; an open discussion on Accreditation and how it is meeting our purpose given recent changes on the standards, new Directors, etc. A Port Tour is being scheduled for Thursday afternoon for SDs and ADs only. This will have a \$60 fee to cover transportation to/from. An all-day tour takes place on Tues (for anyone else), for \$135.

Tee talked about cyber security and some free licenses for an assessment; this is part of a larger effort to position us, with DHS looking at SBDCs to “train the trainer”, which has yet to be defined. Tee is speaking with Federal Market Group, who would like to partner with SBDCs to go after DOL funding. This would help small businesses certify employees, and have apprenticeships on federal contracts. The role of SBDCs would be to encourage those in government contracting to expand their role and take on more projects. Tee thought this was an area of broad application and could be a great certification for the employee and capacity builder for employer. Our role would be to encourage the small businesses to get into the training platform; we would identify clients, refer them to the program. There was a question on what PTAC will think. We need more details to define our role, so ASBDC is ready to submit a proposal. ASBDC will be the partner and have a management role. He will try to leave it as flexible as possible. Christian suggested we do fixed price contract, and figure out on the ground how to handle (sub it out, with local PTAC, etc.).

Tee brought up the HBCU topic that Allen keeps mentioning and is directed by Congress. He is not aware of any large issues and has pointed out that HBCUs exist in 18 states. Match is often a challenge for these higher education entities as hosts of SBDCs. Allen G/Bruce (SBA): mentioned there will not be any quotas or measurements, but they do encourage us to co-sponsor events on campus in order demonstrate collaboration. Tee has told members on the Hill that we are open and accessible to all. However, the reviews/audits that come down from SBA make it challenging in some situations. Allan suggested that we explain this to our liaisons. Michele said we could compile good examples of where we have successes.

ACTION: Get feedback from states with HBCUs, to provide input on what we are doing, and what is working.

Bill said the GAO study attempted to do that. Christian mentioned the idea of HBCU students working with SBDC clients on financial projections, and whether we could we get funding from banks.

The language that we’ve been given on simplified acquisition threshold which is new for us, should prompt us to go back and look at our expenditures, purchase processes. Lisa mentioned getting a variance through your University’s purchasing dept. and that we should be in touch with your hosts on this. ACTION: Lisa to send around to all board members. Tee suggests we go through past purchases, and write down backup documentation. He will go over the Accreditation contracts, as we are under a piece-work contract there. Tee expects them to take the approach of auditing a couple big, a couple small, and a couple of middle programs. Because we are the largest program, he thinks they will be pretty thorough with us.

BOARD COMMITTEE REPORTS AND INTEREST SECTION REPORTS

Accreditation: Jody joined the group and said she is working to schedule a meeting in Long Beach and in July will prepare 2020 team assignments. They are planning to review 7-9 reports in September. There are a couple of reviews in Aug, which may not be ready for Sept review. Kristin asked if they were still getting pressure from

SBA and Jody said no, they talk with Program Managers before the report and the DDs on site, and that seems to have quieted things down. As they write reports, the team will address any concerns related to program & financial reviews. Jody feels the committee has done their part and they expect George to continue to participate on behalf of OSBDC.

Marketing: Nothing new to report; will soon have plans for conference.

Data: Lisa sent the variance information to board members; and said Tee could go ahead and forward to membership if he'd like. Bruce Purdy contacted Lisa to be sure the information was correct. Universities get the variance from the agency where they get the most federal funds; and then can apply it to all federal funding. Also, the committee is working with a handful of states on their EDMIS ejections, and have most of them fixed. If they are due to deletions, they will drop off at year end, and there is nothing that can be done until that point. She said we now have a working group for both Neoserra and CenterIC.

Operations: They await the Funding Opportunity.

Leadership: The three State Director round tables in Long Beach were discussed during the President's report. Christian is point person on new State Director orientation in Long Beach. Linda will be sending out an email to the membership to solicit new committee members.

Elections: Mike reviewed the five seats for open board member elections, as Allan and Bill will not re-up. Three are up and running again, and we have two new: Laura Fine, and Bruce Strong.

Allan asked board members to continue to beat the bushes with our liaison groups. Donna just sent out the profile template to the nominees. And the list will go out to the membership for their review, which will also act as a reminder for last minute nominees (which would need to follow process outlined in the bylaws).

Leadership Institute: Christian gave an update on his activity and said June has been a busy month. The Association submitted a grant for the SBA Prime grant that would be a train the trainer in Opportunity Zones, and serving rural business clients; this could happen at the 2020 conference, and subsidize one member from each network to attend. He talked about grant opportunities with the Appalachian Regional Commission and Delta Regional Commission and will reach out to SBDC contacts in those states to discuss capacity and interest in a pilot project.

Christian has been very engaged in supporting transitions and leadership searches; that has included Virgin Islands and Louisiana. The hosts that have worked with Christian have learned what characteristics make a successful SBDC and they have a better appreciation for how the SBDC works. Colorado has made a transition on their own. Three other searches are going on in South Dakota, Puerto Rico and Guam. He encouraged board members to share these openings with our liaisons. Christian continues to develop and update the materials on the search process including a skills and experience matrix, position description, identification of the search committee, sample interview questions, description of draft transition plan, and more.

Christian made suggestions on operationalizing the annual network survey with takes place in the summer, and gives the board data to review and then discuss during the September meeting. There was some discussion about minor modifications from last year, but to keep the core set of questions, in order to analyze trends.

Other: Concerns had been raised by the Small But Mighty group on accessing conference training via video and Cathy (who joined by phone) said that survey sent out did not produce meaningful responses on next steps.

IMPACT SURVEY UPDATE

Tee said we have received the most recent set of numbers/response rates from Dr. Vardaman. He will leave it open until June 27th to collect last round of results. We are ahead of last year at this date, and what is being collected is in exactly the right format that Dr. Chrisman needs. So that whole process will go smoother. Dr. Vardaman is very conscientious, and already thinking of improvements for next year. Allan said that hopefully we have successfully transitioned to 3rd party data. Allan suggests we have a session on response rate, outreach strategies during the Feb mtg. The cost is significantly less than last year, about \$90+k for this survey.

Christian asked Beth a question about whether clients who are unsubscribed to emails are getting this survey. She said they would still get a survey if they say no only to marketing pieces. Others asked if there will be national data to compare to our state results. The answer is yes; Jim Chrisman will do that. If we haven't contracted with him yet, however, we need to do so.

TREASURER'S REPORT

Greg stated that for the financial statements for May, he has 3 comments: Lost the net income from the balance sheet, and it will be back next month; Cash is flowing according to what we expected, and reinforces that we will have lost the \$200k; 16 of our programs have not paid dues, and are over 90 days.

Payroll and benefits included a mismatch of expenses and will be fixed in June's financials. Greg sent each of us financial files on the 5-year projections which included: Financial statements last and this year; All job descriptions for the Association; The standard P&L, focused on 2016-2018 actuals, the budget for 2019, which is pretty accurate. He did not attempt to budget every line item, but rather provided a forecast with assumptions. He encouraged us to read and ask questions about these assumptions; and explained how he listed the draws from the contingency reserves in order to show what it took to balance the books. With most everything shown as either core or strategic, it is straightforward and easier to analyze and make decisions such as: what we are going to spend money on from strategic reserves, what is worth continuing to invest in, and how long is something a 'test'?

Greg then discussed the dues structure and its impact, and suggested that this may be the time (with a federal increase) to adjust the dues. The board considered what would be viewed as equitable, and a fair distribution. Allan said the cap hasn't moved since 2010 which is a long time. Everyone in the middle has been absorbing increases during the decade; and the minimum have paid the same amount forever, yet the cap states (which are around 16-17) have been paying \$15,000 since 2010. Greg said there are three models for us to review and he will work up some additional detail and talking points. And, working backwards, if we are going to change the dues structure he suggests we put some information out to the membership in advance of Sept mtg.

2:00 – 3:00 PM LEGISLATIVE UPDATE

Tee introduced and thanked Omar Franco who has been very helpful on the Hill. Again, the House financial services marked us up at \$150m. Other ED programs are seeing upward movement as well. Omar said it seems that they are not going to let sequestration happen. The question is where they put the caps for budget allocation. Omar sees a short term CR til December, which puts us in a strong position to get at least the \$135m.

To submit budgets at the President's budget of \$101m will create major problems. Our hosts have been ok with risk budgets thus far, but at the proposed budget of \$101m, many will not allow a budget to be higher than the proposal, and schools will evaluate their own audit/risk policies. Tee said this is another reason not to move everyone to a Fiscal Year cycle.

Tee has been looking at changing the minimum funding, from \$500k to \$600k, and with the denominator from \$90m to \$105m, which would move the whole formula up. He feels the time to do this would be during a time when all are getting an increase. There was some discussion on the 18 SBM states, and their capacity to get match. Tee said if we moved it to \$600k over \$100m, at \$140m fed funding amount, it would be \$770k to SBMs under old formula, and under the new formula, it would be \$840k to the SBM.

Tee then discussed reauthorization and what is helpful with this proposal. Omar suggests that we come up with some things that lean in Allen's direction, as a proposal to address his main concerns. Basically, to come up with "our" version of what is possible. Tee is looking at the bill, and talking with the House staff members. The one constant is that we want to get a reauthorization done, and have it be operationally sound from a management standpoint. In terms of what they are looking for on privacy, Tee could draft something up. He understands Sen. Rubio has a privacy bill, and the House wants to have an annual impact report on all of OED. Omar said we believe privacy has to be held in tact; our clients trust us, because we are not the government.

Tee and Omar want us to be positive as we meet with staff tomorrow and state that there is nothing wrong with the concept, however we do have concerns in the details, including how our hosts would view the added liability. We could say we are generally supportive of the coordination, but not down to the detail level; and ask a few questions, saying we are just getting up to speed on this, and ask what route they see this taking.

BOARD NETWORK LIAISON REPORTS

Mike said his group is working on an Aug retreat. Michele said the southeast region is meeting in early August, and please they were able to get a candidate to run for the board. Bill said Bruce has agreed to run for the board from the Heartlanders. They are also working with Christian on hosting the Peer Exchange in Milwaukee or Minneapolis. Greg said Christian was on their quarterly call, and the group offered strong support for what Christian is doing, even if that meant states should pay more for some of those services in the future. Cathy (Hawaii) mentioned that one of the reasons the position came into being is due to the identified lack of support for new Assoc SDs getting leadership training to transition to SD positions.

OLD BUSINESS

Tee gave a recap on IBIS world survey, and Bloomberg. Tee said they are still out there, trying to renew contracts. Their response to a nationwide license was about \$1.1m with no particular discount to the concept of a nationwide license. Tee sent a survey around, as talked with Market Line and Bloomberg. He thinks we may be able to get a richer database that is a better deal. Greg thinks we'd have to train our people on how to use a new tool, which would have some cost to it. Currently, 29 states are using IBIS.

NEW BUSINESS/NON-BOARD MEMBER TOPICS

Bill: mentioned the over 800 CDFI funds, with only the largest ones having the capacity to provide technical assistance to their clients. The smaller ones are under deployed and don't have business advisors to help use those monies. Christian and Bill talked about how we might have a more formal program to provide technical

assistance and that it might be worth exploring opportunities. Allan asked what we should do next.

ACTION: Bill plans to contact them at the fund (Treasury).

Kristin asked about funding to the ASBDC regarding the Main Street Act, for ESPOPs. She had heard there was a \$4m set aside. ACTION: Tee will look into it with the Association of Employee Ownership.

MOTION TO ADJOURN FOR THE DAY: A motion to adjourn by Michele, Kristin at 4:30 p.m.

FRIDAY JUNE 21, 2019

8:30 AM RECONVENE; **BOARD BREAKFAST WITH CONGRESSIONAL STAFF**

Tee provided a welcome to the Congressional staff who are joining us today and thanked them. Congressional staff present are:

House: Ellen Harrington – Democratic staff (Velazquez); Delia Barr – Republican (Chabot)

Senate: Maggie Moore – Republican staff (Rubio); Therese Meers – Democratic staff (Cardin)

Tee said we are grateful for their support in updating the program with a successful reauthorization.

There was discussion on the \$150m funding number in the House, along with the challenge for SBDCs of SBA asking for proposals at the President's budget. Board members explained that this year the President's budget level is too low to keep some of our programs going. Most of us are in universities, and our hosts will not be willing to provide 'risk' funding in the meantime. Other topics including that SBDC is waiting to see the Funding Opportunity for FY'20.

Tee then brought up the Senate proposal on reauthorization and said the board had read it briefly and would offer cautious optimism and is supportive of the potential for collaboration and removal of silos between programs. Allan shared that there is a natural divide between the resource partners, but sometimes the SBA actually increases the competitiveness based on how they allocate goal metrics. Board members provided clarification to staff members on the key differences between resource partners.

Staff members asked about incentives for working together and wondered about the unique identifier that SBA is trying to accomplish in order to show multiple "touches" to the same individual. Board members offered several scenarios that illustrate the complexity of this topic. Others gave examples of how resource partners work together to complement each other in their states, in order to utilize the core capabilities of each partner and meet the entrepreneur wherever they are at.

There was some discussion on which metrics are the right ones to determine effectiveness of the investment of public resources, and the explanation that SBDCs don't count outcomes unless clients attribute their success to our advice. Further conversation included the success of SBDCs preventing people from making mistakes.

Staff members talked about demographic data that Congress is curious about. The board shared that clients are skeptical of sharing data, and explained that we do distribute industry information but cannot divulge information on individual clients. Allan said Congress put in the current privacy clause to create a secure environment and encourage people to seek help from the SBDC. Staff members expressed concern that some populations would not seek assistance if they knew we were sharing their data.

Michele asked what data Congress would like to see and their response something that not only gives SBA data, but also allows all of the resource partners to use it.

Kristin mentioned that SBDCs provide a lot of information to SBA that doesn't get to Congress due to the lack of translation from EDMIS. Tee said if there was a common numerical system that would work, it could tell who is accessing what services and trace a business through its life cycle.

Staff members asked about our national economic impact survey and if they could see the questions asked. Michele said that each SBDC also uses client satisfaction surveys. Staffers asked if they could see a sample from a few states. **ACTION:** Tee will send a sample of our national economic impact survey and some sample client satisfaction surveys.

The staff members asked about metrics for resource partners that would not cause competition for clients. Allan said the challenge is to try and make all programs follow the same plan, as some states have stronger or weaker chapters of other resource partners. When asked about core capabilities, board members stated that in surveying the people who receive SBDC services, the in-depth, long-term advising is what stands out. Michele gave the data that 85-90% of SBDC impact comes from clients we spend 5-6 or more hours with.

The board discussed how in FY19, the SBA "leveled the playing field" by allocating goals by population only, not taking into account the specific state or market factors, other matching resources, etc. which would normally be discussed during the negotiation process (that was removed in FY19). Christian described the concerns he has heard across the country that we are in a "pass/fail" mentality, which impacts the SBDCs ability to respond in a disaster, since that work is not part of core metrics. Board members then described how SBDCs have intellectual capital due to our connection with higher education, as well as leverage other resources such as students, human resources and more. The Congressional staff was interested in any analysis on the indirect portion that we pay to our universities, and how the amount impacts the relationship (ie. cash versus strategic perspective). Non-board members mentioned the 18 minimally-funded states, saying the university may or may not provide rent/matching funds; in many cases the state legislature provides the only match.

Lastly, the Congressional staff talked about the GAO report on the amount SBA has given to HBCUs and what could be done to incentivize HBCU locations in general? Michele explained that 18 states have them, and there may be more going on than people are aware of, including collaboration on programming. The board shared that many HBCUs have financial challenges, and cannot provide the required match. The staff asked about more flexibility for less resourced areas, and the possibility of direct funding, set asides, or grants. They also said their expectations is more engagement with HBCUs, but not necessarily hosting SBDCs.

ACTION: Conduct a survey of the 18 SBDCs with HBCUs that have SBDCs and get an update on activity.

Motion to adjourn: Kristin, Greg at 11:20 a.m.

NEXT BOARD MEETINGS:

Monday July 15, 2019	3:30 - 5 PM EST
Monday August 19, 2019	3:30 - 5 PM EST
Monday September 2, 2019	8:30 - 4 PM EST Long Beach, CA
Monday October 21, 2019	3:30 - 5 PM EST