

COMMUNICATOR

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SBA AND RISBDC HOSTS THIRD ANNUAL ECONOMIC SUMMIT



Rhode Island Governor Donald L. Carcieri addresses the standing-room-only audience during the plenary session of the Third Annual Rhode Island Economic Summit held at the Johnson & Wales University Culinary Museum in Providence. All five state general officers participated in a lively question and answer session.

Karen Mills nominated to be next SBA Administrator

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Helping small businesses start, grow and succeed



More than 175 small business owners, business leaders, and elected officials gathered on the Harborside Campus of Johnson & Wales University in Providence to share ideas and offer recommendations on how to solve the state's economic woes and create a more business-friendly environment in Rhode Island.

For the first time, each of the five state general officers participated a plenary session discussion. Afterwards they said that they had an even better understanding of the issues that are of foremost concern to small business owners.

URI Economics Professor Leonard Lardaro opened the summit by presenting his

views about the Rhode Island economy and his opinions about the steps that must be taken by elected officials, business leaders, and the lending community to get the state moving in the right direction.

The attendees were invited to participate in one of three breakout sessions. Two sessions focused on short-term and long-term solutions toward building Rhode Island's future, while the third session dealt with healthcare issues.

Included among the dozens of recommendations and observations made by summit participants (not in ranking order) are:

- Establish a standing committee on small business in both the Rhode Island House and Senate.

- Instill ethical behavior in both the public and private sectors.
- Make certain that the education system is producing the skills needed by the business community.
- Make state and local governments more efficient and productive.
- A portion of the State employee pension fund should be invested in Rhode Island businesses.
- A microloan program (\$50,000-\$100,000) must be implemented immediately.
- Rhode Island must be competitive with the border states—taxes and fees cannot be higher.

(See Summit—Page 2)

KAREN GORDON MILLS NOMINATED TO BE NEXT SBA ADMINISTRATOR

Karen Gordon Mills, President Obama's pick to be the next SBA administrator, is awaiting confirmation by the U.S. Senate.

Mills has been both a business owner and a venture capitalist. She is currently the president of MMP Group in Brunswick, Maine and was one of the founders of Solera Capital, a New York-based venture capital firm.

At a news conference introducing Mills, then President-elect Obama said, "With Karen Mills at the helm, America's small businesses will have a partner in Washington to create jobs and spur growth. As a venture capitalist who invests in small businesses, Karen understands the challenges faced by both small business owners and the workers they employ."

Mills said that she looks forward to working with the administration to support American entrepreneurship. "Building and growing a small business is a defining tradition in America," Mills said at the news conference. "This is a legacy I'm proud to be a part of and promote for our future."

Mills served as chair of the Governor's Council on Competitiveness and the Economy for the State of Maine. In that role, she worked with the council to attract federal investment in rural and regional development initiatives.

Mills is married and has three sons.



Her husband Barry Mills has been the president of Bowdoin College in Brunswick, Maine since 2001.

Meanwhile, President Obama has designated Darryl Hairston, as Acting Administrator.

Hairston currently serves as deputy associate administrator for Management and Administration, and has served the agency over the past 30 years in a variety of senior executive positions in the Office of Government Contracting/Business Development, the Office of Investment, and the Washington D.C. District Office. He began his SBA career in 1978 as a business management specialist in the Charleston, W.V., District Office.

Summit (continued from Page 1)



State Representative Douglas W. Gablinske of Bristol makes a point during the breakout session. In the foreground is State Representative Patricia A. Serpa. Her district covers parts of Coventry, Warwick and West Warwick.

- Analyze cost/benefit of the Temporary Disability insurance—only two or three states have this insurance.
- Expand airport and port capacity.
- Provide incentives for energy-related businesses.
- Integration of municipalities (regionalization)
- Return purchasing of healthcare discounts to the chambers of commerce.

The information shared in the healthcare breakout session included:

- Rhode Island leads the nation in the health information technology adopted.
- Rhode Island is second in the nation in the advancement of electronic prescription information exchange.

The summit committee chairs and the SBA Rhode Island district office and RISBDC staffs are compiling the recommendations and a final report will be presented to the Governor, General Assembly leadership and the small business community. It is anticipated that the report will be released by mid-February.

SBA OFFERS FREE ONLINE TRAINING FOR EXPORTERS

A new online course will help small business explore exporting opportunities in international markets. Global Enterprise: A Primer on Exporting is a free, self-paced course that provides practical guidance on exploring international markets.

The course is available from the SBA training Web site at www.sba.gov/training. To access the course click on "Free Online Courses," and then select the first course listed under International Trade.

Course participants completing the online training programs can earn a certificate of completion from the SBA with their name, date, and course title.



*From the
District
Director's
Desk*

Mark S. Hayward

The Third Annual Rhode Island Economic Summit was held at the Culinary Musuem at Johnson & Wales University on January 9th. Again this year we had an overflow crowd of elected officials, state and local municipal officials, and small business owners and advocates.

I want to take this opportunity to thank John Cronin and his staff at the Rhode Island Small Business Development Center at Johnson & Wales University for co-sponsoring the summit. Their hard work and dedication have made the economic summit a reality since its inception three years ago.

We are extremely fortunate that the top state elected officials support this forum, which encourages meaningful dialogue aimed at fostering a more positive environment for small businesses in this state.

Each of the five general officers were in attendance and they all told me that the summit is an excellent sounding board that allows them to gauge the concerns of the small business community.

The summit committee chairs and the RISBDC and SBA district office staffs are now reviewing the input from the three breakout sessions and the plenary session and are developing a final report of concerns and recommendations. We are confident that the report will be ready for distribution to the governor and General Assembly leadership in a few weeks. We also will be sharing it with the public.

We now have a new President and administration running the federal government. President Obama has nominated Karen Gordon Mills to be the SBA administrator. Her nomination must be confirmed by the US Senate. I want to publicly thank former acting administrator Sandy Baruah for his support of the Rhode Island District Office. Mr. Baruah visited Rhode Island last October and was the keynote speaker at R.I. Minority Enterprise Development

Week Awards Dinner.

Meanwhile, President Obama has appointed Darryl Hairston as the acting administrator.

Hairston currently serves as deputy associate administrator for Management and Administration. He has served the agency for 30 years in a variety of senior executive positions in the Office of Government Contracting/Business Development and the Washington, D.C. District Office. He began his SBA career in 1978 as a business management specialist in the Charleston, W.V. District Office.

Renovation of the district office is completed. Our space has been reduced to fit the staff size. We are planning an open house in the spring to show off our "new digs."

SBA ALLOWS LENDERS TO USE LIBOR RATE FOR SMALL BUSINESS LOANS

The SBA is now allowing its lenders to use the London Interbank Offered rate (LIBOR) rather than the Prime Rate for pricing for SBA-guaranteed loans.

Many SBA lenders' source and cost of funds is partially or completely based on the LIBOR rather than Prime Rate, which traditionally has been SBA's base interest rate for establishing the maximum interest rate lenders can charge for SBA loans.

Historically, LIBOR rates, which are shorter term interbank lending rates, have consistently been about 3 percentage points less than the Prime Rate. However, due to the recent volatility and uncertainty of the international financial markets, the 3 percent spread between LIBOR and Prime has

LIBOR has actually exceeded the Prime Rate.

SBA is allowing an adjustment of 3 percentage points to the thirty day LIBOR rate to reflect the historical 3 percentage point spread between LIBOR and the Prime Rate, and to help reduce the uncertainty and the financial risk to lenders and to the secondary market participants.

Under the revised regulation, the base rate in effect on the first business day of the month will determine the basis for the initial interest rate for any loan application received by SBA during that month.

These changes are not applicable to applications already received or approved by SBA. Lenders cannot change the base rate of existing loans by a servicing action.

NEW PHONE NUMBERS AT SBA SACRAMENTO LOAN PROCESSING CENTER

PLP/SBAExpress/CommunityExpress Loan Applications:

- Hien Nguyen (916) 735-1200
- Hardy Slay (916) 735-1223
- Barbara Stefani (916) 735-1224
- Richard Taylor (916) 735-1221

PLP/SBAExpress Fax Number: (916) 735-0640

Lender Nominations and Renewals:
Sally Schimmel (916) 735-1216

Lender Nominations and Renewals
Fax Number: (916) 735-0643

SBA RELEASES FEDERAL GOVERNMENT AGENCIES CONTRACTING SCORECARD

Government-wide Data Shows Small Businesses Won a Record \$83.2 Billion

Small businesses won a record \$83.2 billion in federal prime contracts in Fiscal Year 2007, an increase of almost \$6 billion from 2006, according to the U.S. Small Business Administration's second annual small business procurement scorecard. In addition, each socio-economic group increased its share of federal contracting dollars by at least \$1 billion.

The total does not include \$3.9 billion worth of contracts for which size was not indicated in the federal government's official database, the FPDS-NG. As a result, none of those dollars were counted toward small business achievement numbers. Also not included was an additional \$64.8 billion in federal subcontract dollars received by small businesses.

The federal government database shows that federal agencies awarded 22 percent of their contracting dollars to small businesses, just short of the 23 percent government-wide goal. Achieving 22 percent, shy of the 23 percent goal, reflects the need for the federal government to bolster its efforts across government to secure contracting opportunities for small businesses. It also reflects SBA's efforts to increase the transparency, accuracy and accountability of small business federal contracting.

The release of the Scorecard this year was delayed partly because SBA Acting Administrator Sandy Baruah wanted to personally review the process and the rationale for the ratings after he was named Acting Administrator in August. Also, he said he wanted to ensure that senior officials at federal agencies had the opportunity to fully review and understand their data and how they were graded.

The annual Scorecard rated federal agency performance in meeting the overall small business goal and the component contracting goals for small disadvantaged businesses, small businesses in HUB-Zones, and small businesses owned by women, and service-disabled veterans.

According to the Scorecard ratings of performance on all five goals:

Category	Goal	2006	2006	2007	2007
		%	Revised \$	%	\$
Small Businesses	23%	22.8%	\$77.7 billion	22%	\$83.2 billion
Small Disadvantaged Businesses	5%	6.8%	\$23 billion	6.6%	\$24.9 billion
Service-disabled Vets	3%	0.9%	\$2.9 billion	1.01%	\$3.8 billion
Women	5%	3.4%	\$11.6 billion	3.4%	\$13 billion
HUBZone	3%	2.1%	\$7.2 billion	2.2%	\$8.5 billion

- Three agencies – VA, DOE and SBA – met or surpassed their goals in all areas.
- Seven agencies – DHS, USDA, DOT, and DOI, NRC, GSA, and EPA – met or surpassed four of the five goals.
- Two agencies – DOL and State, – met or surpassed three of the five goals.
- Five agencies – Treasury, HUD, OPM, NSF and NASA – met or surpassed two of the five goals.
- Five agencies – DOC, DOD, SSA, Department of Education, and HHS – met or surpassed one of the five goals.
- Two agencies – DOJ and USAID – met none of the five goals.

SBA's Scorecard builds on a series of significant initiatives the agency began two years ago to improve small business access to federal contracts. SBA, along with the Office of Federal Procurement Policy, ordered the federal contracting database to be scrubbed, removing many cases of non-profits, state or local governments, and large companies that were recorded erroneously as small businesses.

The agency also issued a rule – effective July 1, 2007 – requiring any small business with a federal contract to recertify its size if it merged or was acquired, and to recertify its size a minimum of

every five years on a contract longer than five years. In some cases, businesses had won contracts when they were small, but then grew, merged, or were acquired by large firms and were still recorded as small businesses.

About the Scorecard

SBA rates 24 agencies green, yellow or red on each of the individual goals established by Congress and gave a numerical score to each agency based on how many of the five goals were met or surpassed.

Each federal agency has a different small business contracting goal, determined annually in consultation with SBA. SBA ensures that the sum total of all of the goals meets the 23 percent target established by law.

With nearly 10 million contracting actions each year, miscoding and errors will not be completely eliminated from the contracting database. By publicizing the reports, and providing new tools to facilitate public review of the database, SBA and OFPP will enlist affected businesses and other stakeholders in the effort to continuously improve the accuracy and integrity of the procurement data.

The goal reports released by SBA are available at:

<http://www.sba.gov/aboutsba/sbaprograms/goals/index.html>

MILITARY LOAN PROGRAM EXPANDED

Legislative changes now make a SBA loan program more accessible to small businesses facing financial loss when the owner or essential employee is called to active military duty by extending the application period, increasing the unsecured loan threshold, and raising the maximum loan limit.

Under the new rules, a small business can apply for an MREIDL on the date the essential employee receives notice of the expected call-up. The application period is extended to one year after the essential employee is discharged from active duty, an increase from the previous 90-day application window.

In addition, the small business is no longer required to pledge collateral to secure an MREIDL of \$50,000 or less. Previously, the business was required to put up collateral if the loan amount exceeded \$5,000.

The Small Business Disaster Response and Loan Improvements Act, passed in May 2008, also increased the MREIDL cap from \$1.5 million to \$2 million.

The MREIDL is a direct working capital loan, and the funds may be used to cover operating costs until the essential employee or business owner is released from active duty. An "essential employee" is defined as an individual (whether or not the owner of the small business) whose managerial or technical skill is critical to the successful daily operation of the business.

The interest rate on these working capital loans is 4 percent, with terms up to a maximum of 30 years.

Businesses can apply online by going to the Web site at www.sba.gov/services/disasterassistance. To get an application by mail, or for other questions about the loan program, contact SBA's Disaster Assistance Customer Service Center at 800-659-2955 or by e-mail at disastercustomerservice@sba.gov.

8(A) PARTICIPANTS MUST NOTIFY SBA ABOUT COMPANY CHANGES

Companies participating in the 8(a) Program are reminded that SBA must be notified about any changes made by the participant to management agreements or other corporate documents that may affect the participant's continued eligibility.

Annually, the SBA district office requests from each 8(a) participant that it services, information contained on SBA Form 1450, 8(a) Annual Update. Item #6 of this form requires the company to provide information about "any changes in the Participation Agreement, Articles of Incorporation, By-Laws, or stock issues since the firm was certified for 8(a) participation that have not been previously reported to the SBA."

SBA will be sending letters to each 8(a) participant reminding them that as a condition for continued Program participation, they must advise SBA in advance of any ownership or management changes. Failure to do so may be grounds for initiating termination action.

SBA PROVIDES LINK TO FEDERAL POST-DISASTER CONTRACTING OPPORTUNITIES

Information about federal contracting opportunities for small businesses able to support post-disaster cleanup and rebuilding in areas devastated by recent storms and flooding is now accessible through the U.S. Small Business Administration's Disaster Contracting Assistance Center.

The DCAC provides a central point of reference for small businesses, particularly minority, women and veteran-owned businesses, to register for and learn about federal contracting opportunities.

Business owners can visit the Web site at www.disastercontractingassistance.gov for a detailed look at how to seek government contracts. Also on the main page is a link to FedBizOpps, which allows businesses to sign up for e-mail notification of open contracts related to specified fields. In addition, steps on how to register for a Data Universal Number System identification number from Dun & Bradstreet, and information on how to sign up with the Central Contractor Registration — which establishes a company's eligibility to seek federal contracts—are provided on the DCAC site.

The site also provides information on prevailing wages in construction contracts, sub-contractor information and federal acquisitions regulations.

The DCAC can be contacted by phone at 1-888-4USADOC (1-888-487-2362) Monday through Friday 8 a.m. to 9 p.m. EST, and 9 a.m. to 9 p.m. EST Saturday and Sunday. Contact the center by e-mail at disastercustomerservice@sba.gov.

For more information about SBA's Disaster Assistance program, visit the Web site at www.sba.gov/services/disasterassistance

401-528-4561



providence.ri@sba.gov

SBA OFFERS ONLINE RESOURCES TO HELP SMALL BUSINESS WITH ECONOMIC RECOVERY

Entrepreneurs can take advantage of new, free online training and other resources offered by the U.S. Small Business Administration to assist them during this period of economic recovery.

The SBA offers a variety of online courses to assist small businesses in more effectively managing their firms in the current economy. The new course topics, available directly at www.sba.gov/services/training/onlinecourses, include revising business plans to reposition with current conditions, winning customers in a slowing economy, restructuring existing debt, and diversifying your customer base with federal contracts.

The most recently added course is “Downshifting in a Slowing Economy: A Business Planning Guide.” This course is designed to help business owners reorganize and streamline their business strategies. Other related business tools include a new automated business plan template, and an assessment and strategies guide for surviving in a slowing economy.

In addition, SBA offers a variety of resources and referrals to small businesses uncertain about what to do in the current economy on its Web page on Economic Recovery at www.sba.gov/helpingmainstreet.”

Each free course is self-paced, and provides practical guidance on how to stay on top of economic conditions. These and other courses can be accessed from the SBA’s Web site at www.sba.gov/training. To access them, click on “Free Online Courses,” then make a selection under the header “Surviving in a Down Economy.”

The SBA can also help to find local agency offices and lenders. Business owners can: talk with an SBA representative about financing options and identify local, participating SBA lenders; learn about SBA’s Loan Guaranty Program using an electronic guide with audio and many targeted links; and train with expert counseling and mentoring services by talking with an SBA representative or resource partner about management assistance.

SBA APPLAUDS TREASURY ACTION TO BOLSTER SECONDARY MARKET FOR SMALL BUSINESS LOANS

A plan by the Treasury and the Federal Reserve to improve market conditions for asset-backed securities—including those composed of SBA-backed small business loans—should be welcome news to credit-hungry small businesses across the country.

The plan established the Term Asset-Backed Securities Loan Facility, or TALF, to breathe new life into a secondary market that essentially ground to a halt in October. The TALF would make loans to investors who purchase asset-backed securities made up of small business loans guaranteed by SBA, auto loans, student loans, or credit card loans. As a result, lenders will find it easier to sell the loans they make, and use the proceeds of those sales to make new loans.

About \$4 billion in securities backed by SBA-guaranteed loans are bought and sold in the secondary market each year, with the total outstanding amounting to about \$15 billion. At present, a share of the current year’s volume of loans securitized by lenders—estimated at up to \$3 billion—is essentially frozen. The resulting lack of liquidity hampers the ability of some of SBA’s lending partners to make new SBA-backed loans.

The loans that investors will receive from TALF can be used to purchase these securities from brokers.

SBA recently implemented LIBOR as a base rate for SBA loans and the development of Weighted Average Coupon pools.

Free Small Business Seminars

SCORE

Counselors to America’s Small Business

4/18/2009	9:30-11:30 AM	How To Start A Business (Admin Considerations)	Providence Public Library
4/25/2009	9:30-11:30 AM	Marketing Your Business	Providence Public Library
5/2/2009	9:30-11:30 AM	Web Page Development	Providence Public Library
5/9/2009	9:30-11:30 AM	Finance and Accounting	Providence Public Library
5/16/2009	9:30-11:30 AM	Writing Your Business Plan	Providence Public Library
3/24/2009	9:00-12:00 AM	Preparing a Business Plan	Every Company Counts

For more information, please contact Faith White at 401- 528-4561, or by email to faith.white@sba.gov

Space is limited and prior registration is required.

U.S. Small Business Administration



Your Small Business Resource

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Official Business

Penalty for Private Use, \$300

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**REPORT ON THE
RHODE ISLAND ECONOMY**

University of Rhode Island Economics Professor Leonard Lardaro delivered remarks on the state of the Rhode Island economy during the opening of the Third Annual Rhode Island Economic Summit.

Professor Lardaro outlined the action that must be taken by the state's elected officials, both on the state and municipal levels, the business leaders across the state, and the lending community to turn around the dismal economic conditions that exist in the Ocean State.

