



# NEWS & VIEWS



**SBA News and Views** is a monthly publication of the SBA Wisconsin District Office. Its purpose is to provide Wisconsin lenders and small business leaders with up-to-date information on SBA programs and small business issues. It is distributed at no cost, and the reprinting of articles is encouraged

## Serving America's Small Businesses

**U.S. Small Business Administration  
Wisconsin District Office**

**Eric Ness, District Director  
February 2004**

**In this issue:**  
 7(a) Proposes Legislation.....page 1  
 SBA FY 2005 Budget.....pages 1 & 2  
 Rule Changes.....page 2  
 SBA Transformation Update.....page 3  
 SBA Recognized.....page 3  
 FTC Hotline.....pages 3 & 4  
 Disaster Update.....page 4  
 African American History .....pages 4 & 5  
 WBDFO Training.....page 5  
 SCORE Corner.....page 6  
 January Lenders.....page 6  
 Microlenders.....page 6  
 Calendar of Events Link.....page 6  
~~50<sup>th</sup> Anniversary Invitation  
 REGISTRATION FULL~~

SBA Home Page  
<http://www.sba.gov>  
 Wisconsin SBA Home Page  
<http://www.sba.gov/wi>

Editor:  
 janice.wipijewski@sba.gov

### **SBA Proposes Legislation to Add \$3 Billion to 7(a) Loan Program**

The U.S. Small Business Administration announced a new legislative proposal that is expected to add at least \$3 billion in lending authority to the 7(a) loan program this year. If enacted, the bill would allow the agency to increase lending authority by more than 30 percent, providing money for thousands more small loans in fiscal year 2004. The bill would also remove the current lending cap of \$750,000, and allow loans up to \$2 million.

By expanding the SBA Express program, which allows lenders to apply for 7(a) loans using their own forms and processes instead of lengthy and burdensome government forms, the entire 7(a) program would move to a lower guaranty rate of 50 percent. This reform would allow the agency to increase lending authority by over 30 percent. Based on FY 2003 numbers, that increase could have resulted in more than 22,000 additional loans to America's entrepreneurs. If enacted for FY 2004, the lower guaranty rate and increased number of loans could provide capital to create as many as 500,000 new jobs. The proposed changes have the added benefit of moving the 7(a) program

toward the goal of a permanent zero subsidy level. Preliminary data indicates that if this proposal is passed and signed into law, 7(a) could move to zero subsidy with fees that are below current congressionally mandated rates, making 7(a) loans even more attractive to small business owners and lenders.

### **SBA FY 2005 Budget Request Reflects Commitment to Provide Capital for Small Businesses**

The U.S. Small Business Administration announced a fiscal year 2005 budget request of \$678.4 million that increases loan authority for the agency's flagship lending program and strengthens the agency's most successful programs.

The budget requests \$12.5 billion in loan guarantee authority for the 7(a) program, a 30 percent increase over the FY 2004 requested level, building on the SBA's record-breaking 2003, which saw an historic number of loans granted under the 7(a) program.

The budget proposal also includes a zero subsidy rate for the 7(a) program, due in part to the expiration of a temporary fee reduction passed by Congress. The result is a funding structure that will add stability and independence

to the program, which would no longer rely on an annual appropriation.

In an effort to provide more effective service to small businesses, the budget also includes funding for its core programs with an emphasis on making better use of these programs' extensive resources and well-developed infrastructures.

Those program levels include:

- \$12 million for Women's Business Centers
- \$88 million for Small Business Development Centers
- \$5 million for the SCORE program
- \$750,000 for National Women's Business Council
- \$750,000 for Veterans Outreach
- \$1.5 million for 7(j) technical assistance
- \$1 million for the Drug Free Workplace program

By relying on these core programs, the SBA can deliver a wider array of services to more small businesses with increased customer service and efficiency.

The budget also includes:

- \$4.5 billion program level for the 504 lending program with zero subsidy rate
- \$4 billion program level for the SBIC Participating Securities program with zero subsidy rate
- \$3 billion program level for the SBIC Debentures program with zero subsidy rate
- \$792 million program level for disaster loans

### **SBA Proposes New Rule Changes to Assist Businesses in the Information Technology and Testing Lab Industries**

Two new rule changes will help more small businesses in the information technology and testing lab industries qualify for small business contracting opportunities and assistance from the U.S. Small Business Administration. Both rules were published in the *Federal Register* on December 29, 2003, and became effective on January 28, 2004.

The SBA established a new industry category for information Technology (IT) Value Added Resellers and set the maximum size standard to qualify as small at 150 employees. Under the new rule, a small business would be classified as an IT Value Added Reseller if it provides IT equipment and multi-vendor hardware and software along with significant services on a federal contract.

The SBA also increased its receipts-based size standard for small businesses in the testing lab industry from \$6 million in average annual receipts to \$10 million.

Before the IT reseller change, small businesses that contracted with the government to provide IT equipment and computer-related services were classified as manufacturers or non-manufacturers (distributors) with a size standard based on employees. Small businesses that provided services along

with information technology equipment were classified as a computer services provider with a size standard based on receipts.

For purposes of receiving SBA assistance other than federal procurement, an IT Value Added Reseller must be primarily engaged in providing IT equipment and computer software, and provide value added services, which account for at least 15 percent of its receipts, but not more than 50%. Value added services consist of, but are not limited to, systems integration, configuration consulting and design, training and product technical support.

The change will allow smaller IT firms to better compete for IT-related federal contracts and may result in an additional \$10 to \$25 million in contracts. The SBA estimates that more than 1,700 small businesses will qualify for SBA assistance as a result of this new rule.

The testing lab rule change was the result of requests from testing laboratories to review the size standard because of upgraded capacities and skills that federal agencies have recently required of laboratories. SBA examined factors including average firm size, distribution of firms by size, start-up costs, industry competition and patterns of federal procurement. Under this new rule, the SBA estimates that 120 additional firms generating 10 percent of sales in this industry will obtain small business status.

For additional information on the new size standards, visit the SBA's Office of Size Standards web page at [www.sba.gov/size](http://www.sba.gov/size), and click on "What's New?"

### **SBA Transformation Update**

In the Midwest, the district offices located in Illinois, Wisconsin, Indiana, Michigan, Minnesota and Ohio will be the first to join the transformation pilot. The portfolio management functions for the above listed offices have been transferred to the National Liquidation/Purchase Center, US Small Business Administration, Herndon Corporate Center, 1145 Herndon Parkway, Herndon, VA 20170.

Phone number is (703) 487-9283.  
Fax number is (202) 481-4674.

Guaranty issues go to email [sbapurchase@sba.gov](mailto:sbapurchase@sba.gov) and general liquidation issues go to email [loanresolution@sba.gov](mailto:loanresolution@sba.gov). If you have any issues pertaining to the portfolio management, please contact the above center.

### **SBA Recognized for Creating 'One-Stop' Legal and Regulatory Web Site for Small Businesses**

The U.S. Small Business Administration won double honors at the annual Excellence.gov awards luncheon. The agency won top honors for BusinessLaw.gov and was one of 25 award winners for developing a first-of-its kind integrated state business registration and federal Employer Identification Number Web service.

The annual awards recognize e-government projects that are innovative, mature, demonstrate measurable results, impact the

agency's mission and can be copied by other organizations. The site, launched in December 2001, was among 90 nominees for the award. BusinessLaw.gov is a one-stop legal and regulatory site built primarily by SBA field attorneys. It helps businesses find, understand and comply with laws and regulations at all levels of government. The site can be found on the Web at <http://businesslaw.gov> or through the Laws and Regulations section of <http://www.sba.gov> or <http://www.business.gov>.

Covering all 50 states and the Commonwealth of Puerto Rico, BusinessLaw.gov is currently accessed approximately 320,000 times per week for a total of over 20 million times in the past two years, saving businesses an estimated \$100 million annually by making legal and regulatory information available at their finger tips.

BusinessLaw.gov consolidates and indexes more than 6,500 Web pages containing links to credible sources of information on 39 topics of general interest ranging from the most basic, such as licenses and permits, to the highly specialized, such as e-commerce and exporting. The site also offers information specific to each state and territory including sections on "Hiring Employees," "Paying Taxes" and "Selecting a Location." It features interactive tools, searchable frequently asked questions and answers, downloadable forms and publications, electronic regulatory compliance guides and links to online transactions.

### **FTC Hotline to Assist Small Businesses and Other Victims to Recover from Web Cramming Scam**

The Federal Trade Commission has launched a consumer hotline to assist alleged victims of a Web cramming scam operated by Miami-based Epixtar Corporation and several of its subsidiaries, including one formerly known as SBA Online, Inc. The hotline number is **202-326-2998** and will advise consumers how to obtain a refund.

The hotline was established as a result of a lawsuit filed by the FTC against Epixtar and its subsidiaries for allegedly violating federal law by deceptively marketing a free trial of Internet services, and then unfairly billing customers' telephone accounts without their expressed informed consent and without their knowledge. The FTC investigation was prompted in part by the U.S. Small Business Administration's objections to the unauthorized use of its trademark by the company and complaints to the SBA from small business owners.

Cramming refers to the practice of billing businesses for services that were never authorized and have little value. The bogus charges usually appear on businesses' telephone bills.

The SBA had warned small businesses across the country in March 2003 about a company calling itself "SBA Online" after receiving a number of complaints from members of the public advising that representatives of the company were contacting their

businesses seeking to interest them in purchasing certain commercial services allegedly offered by their organization, or in paying to become members of "SBA." The SBA does not charge the public for its materials, nor for membership in its programs.

The FTC and the defendants, last November, agreed to an injunction that prohibits the companies from continuing this practice, requires the defendants to notify customers that they are being billed for Web services, and also to permit customers to cancel any unauthorized service. The FTC's complaint alleged that the defendants "crammed" a charge of \$29.95 per month on the telephone bills of those businesses that did not cancel the service during the trial period, without obtaining consumers' permission to bill them.

The FTC is advising customers who believe they have been victims of the scam to call the hotline for advice on how to proceed. Also, consumers who receive notices from the defendants stating that they are being billed for Internet services, are being advised to determine whether they authorized the charges and, if not, to call the number on the notice and cancel the service.

### Disaster Update

The U.S. Small Business Administration (SBA) announced that federal disaster loans are available to small, non-farm, agriculture-dependent businesses in various counties in Michigan, Indiana, and Wisconsin. The Declaration numbers are 9Z31-MI, 9Z32-IN, 9Z33-WI. The disaster declaration was issued as a result

of a similar action taken by the Secretary of Agriculture to help farmers recover from damages and losses to crops caused by drought beginning July, 2003. Under this declaration, SBA's Economic Injury Disaster Loan (EIDL) program is available to small agriculture dependent businesses and small agricultural producers.

Eligible small businesses may qualify for loans of up to \$1.5 million. These loans are available at a 2.953% interest rate with loan terms up to 30 years. SBA determines eligibility for the program based on the size and type of business and its financial resources. Under this disaster declaration, SBA does not provide loans to agricultural producers, and cannot provide loans to non-agricultural dependant businesses. Nurseries are also eligible for economic injury caused by drought conditions.

The declaration designates every county in the State of Michigan eligible for assistance as either a primary or contiguous county. The eligible counties in Wisconsin are Florence, Forest, Iron, Marinette and Vilas.

SBA also announced that federal disaster loans are available to small, non-farm, agriculture-dependent businesses in various counties in Michigan, Indiana, Ohio and Wisconsin. The declaration numbers are 9Z34-MI, 9Z35-IN, 9Z36-OH, 9Z37-WI.

The declaration was issued to help farmers recover from damages and losses to crops caused by extreme temperature fluctuations, freezing rain, and periods of abnormally warm weather followed by very low

temperatures that occurred from Feb. 28 through July 21, 2003 and heavy rains, flooding, hail, and high winds that occurred from May 7 through July 21, 2003.

Eligible small businesses may qualify for loans of up to \$1.5 million. These loans are available at a 3.189% interest rate with loan terms up to 30 years. SBA determines eligibility for the program based on the size and type of business and its financial resources. Under this disaster declaration, SBA does not provide loans to agriculture producers, and cannot provide loans to non-agricultural dependent businesses.

The eligible counties in Wisconsin are Florence, Forest, Marinette and Vilas.

Interested business owners in these declarations should contact the [SBA Disaster Area 2 Office](#) at One Baltimore Place, Suite 300, Atlanta, GA 30308, or call 1-800-359-2227 for more information and to obtain a loan application.

Loan applications must be returned to SBA no later than September 23, 2004.

### African American History Month

February is National African American History Month. The theme for 2004 is: **Before Brown, Beyond Boundaries: Commemorating the 50<sup>th</sup> Anniversary of Brown v. Board of Education.**

In the early 1950's, racial segregation in public schools was the norm across America. Although all the schools in a given district were

supposed to be equal, most African American schools were far inferior to their white counterparts. In Topeka, Kansas, an African American third grader named Linda Brown had to walk one mile through a railroad switchyard to get to her African American elementary school, even though a white elementary school was only seven blocks away. Her father, Oliver L. Brown, attempted to enroll her in the nearby white school, but her enrollment was denied. African American children throughout Topeka had to travel past nearby schools to attend one of four schools designated for African Americans. The Topeka NAACP challenged the “separate but equal” doctrine governing public education and filed a class action suit against the Board of Education of Topeka Public Schools. When the Topeka case went to the Supreme Court, it was combined with other NAACP cases from Delaware, Virginia, South Carolina and Washington, DC. The combined cases became known as Oliver L. Brown et al v. The Board of Education of Topeka.

On May 17, 1954, America was changed forever when the United States Supreme Court ruled unanimously to outlaw racial segregation in the Nation’s public schools. State-sanctioned segregation of public schools was a violation of the 14<sup>th</sup> Amendment and was therefore unconstitutional. This historic decision marked the end of the “separate but equal” precedent set by the Supreme Court nearly 60 years earlier in Plessy v. Ferguson. It also served as a catalyst for expanding the civil rights movement, protecting the rights of all races, and setting the

country on a course of change that continues today.

President George Bush has noted, “...we also recognize that, despite our progress, racial prejudice still exists in America. As a Nation and as individuals, we must be vigilant in responding to discrimination wherever we find it. By promoting diversity, understanding, and opportunity, we will continue our efforts to build a society where every person, of every race, can realize the promise of America.”

For over 50 years, the U.S. Small Business Administration has helped ensure that the door to the American dream is truly open to all entrepreneurs, because the dream should never be limited either by race or by access to capital, information or training. In America, an entrepreneur’s only limit should be his or her own ideas, abilities and desire to succeed. SBA is committed to helping entrepreneurs keep the American Dream alive and well, both today and for future generations.

**Wisconsin Business Development Training**

Wisconsin lenders have access to a variety of economic development programs to enhance the structure of financing packages. To assist lenders in understanding the types and uses of these tools, Wisconsin Business Development (WBD) is presenting a statewide series of seminars focusing on creative financing solutions. A representative from the U.S. Small Business Administration is scheduled to present at each session.

**Locations**

**Green Bay**

**Tuesday, March 2**

Comfort Suites/Rock Garden  
1951 Bond Street

**Oshkosh**

**Wednesday, March 3**

Hilton Garden Inn  
1355 W. 20<sup>th</sup> Avenue

**Manitowoc**

**Thursday, March 4**

The Courthouse Pub  
Eighth & Washington Streets

**Wausau**

**Tuesday, March 9**

The Plaza Hotel & Suites  
201 N. 17<sup>th</sup> Avenue

**Milwaukee**

**Wednesday, March 10**

Holiday Inn-City Centre  
611 W. Wisconsin Avenue

**Waukesha**

**Thursday, March 11**

Country Inn Hotel  
2810 Golf Road

**Hayward**

**Wednesday, March 24**

Comfort Suites  
15586 Cty. Road B

**Eau Claire**

**Thursday, March 25**

Ramada Inn Convention Center  
205 S. Barstow Street

**La Crosse**

**Tuesday, March 30**

Radisson Hotel  
200 Harborview Plazas

**For registration information, call (608) 819-0390**

**SCORE Corner**

**Small Business Helpline**

The Milwaukee SCORE office has established a Small Business Hotline to answer questions about business start-ups, financing, permits, licensing and other questions pertaining to small business.

The Hotline will be available from 9:00 a.m. to 3:00 p.m., Monday through Friday. Messages may be left during the hours the Hotline is not being answered by the counselors and a counselor will call you back.

SCORE also offers Small Business Workshops and Loan Seminars. The Hotline number is (414) 297-3942.

**SBA Lenders for January 2004**

**Amcore Bank NA Rockford**  
Rockford, IL – 1 Loan for \$46,000

**American Express Centurion Bank**  
Salt Lake City, UT  
1 Loan for \$25,000

**American National Bank-Fox Cities**  
Appleton – 1 Loan for \$41,500

**Anchor Bank**  
Fitchburg – 1 Loan for \$214,200

**Associated Bank NA**  
Green Bay – 18 Loans for \$2,330,400

**Bank Mutual**  
Milwaukee – 3 Loans for \$310,000

**Bank of Mauston**  
Mauston – 1 Loan for \$75,000

**Bank One NA**  
Columbus, OH  
7 Loans for \$1,054,300

**Business Loan Center LLC**  
New York, NY  
1 Loan for \$314,000

**Capital One Federal Savings Bank**  
Falls Church, VA  
1 Loan for \$35,000

**Community Bank & Trust**  
Sheboygan – 5 Loans for \$968,000

**Community First CU**  
Appleton – 1 Loan for \$136,000

**Community State Bank**  
Union Grove – 1 Loan for \$175,000

**Dutrac Community CU**  
Dubuque, IA  
1 Loan for \$22,000

**First National Bank & Trust Co.**  
Beloit – 1 Loan for \$200,000

**First National Bank Fox Valley**  
Menasha – 2 Loans for \$35,000

**Great Lakes Asset Corp.**  
Green Bay – 1 Loan for \$425,000

**Harris Bank Barrington NA**  
Barrington, IL  
1 Loan for \$50,000

**Harris Bank Cary-Grove**  
Cary, IL – 1 Loan for \$700,000

**Hometown Bank**  
Saint Cloud – 1 Loan for \$150,000

**Innovative Bank**  
Oakland, CA  
1 Loan for \$5,000

**Legacy Bank**  
Milwaukee – 1 Loan for \$313,000

**M&I Marshall & Ilsley Bank.**  
Milwaukee – 28 Loans for \$4,169,800  
Tomah – 1 Loan for \$250,000  
**Total: 29 Loans for \$4,419,800**

**Monona State Bank**  
Monona – 1 Loan for \$40,000

**National Exchange Bank & Trust**  
Fond du Lac – 1 Loan for \$307,000

**Park Bank**  
La Crosse – 2 Loans for \$63,000

**Racine County Business Development Corp.**  
Racine – 2 Loans for \$556,000

**S & C Bank**  
Eau Claire – 1 Loan for \$168,750

**Somercor 504 Inc.**  
Chicago, IL – 1 Loan for \$588,000

**The Riverbank**  
Osceola – 1 Loan for \$85,000

**United Bank**  
La Crosse – 1 Loan for \$88,000

**US Bank NA**  
Cincinnati, OH  
4 Loans for \$92,000

**Waukesha State Bank**  
Waukesha – 7 Loans for \$1,318,000

**Wells Fargo Bank Minnesota NA**  
Minneapolis, MN  
3 Loans for \$817,000

**Wisconsin Business Development Finance Corp.**  
Monona – 9 Loans for \$2,855,000

**Microlenders for January 2003**

**Lincoln Neighborhood Redevelopment Corp.**  
1 Loan for \$25,000

**Calendar of Events**

# EVENT IS FULL

## ~~AN INVITATION TO SBA'S 50<sup>TH</sup> ANNIVERSARY LUNCHEON~~

### ~~SBA'S ECONOMIC GROWTH TOUR *Listening to America's Job Creators*~~

~~The United States Small Business Administration has been the number one resource for entrepreneurs in the United States for 50 years. Millions of small businesses owe their success to one or more of SBA's counseling, technical assistance, guaranteed financing, procurement or disaster programs.~~

~~On March 22, 2004, SBA Administrator Hector V. Barreto and Region V Administrator Patrick E. Rea would like you to join us for an Anniversary Luncheon to celebrate SBA's contribution~~

~~to the economic development of Illinois, Indiana, Michigan, Minnesota, Ohio and Wisconsin.~~



~~This event will be held at the Lambeau Field Atrium, Legends Club Room, Green Bay, Wisconsin. The luncheon will begin at 11:30am. SBA Administrator Hector V. Barreto will be~~

~~the featured speaker and will recognize the achievements of small business leaders from across the region.~~

~~There is no charge for this event, but seating is limited and pre-registration is required. Please complete the form below and fax to (202) 481-2419 or register on the web at [www.sba.gov/wi](http://www.sba.gov/wi) or [www.sba.gov/region5](http://www.sba.gov/region5).~~

~~Please RSVP by March 12, 2004. Direct questions to Ms. Mary Trimmier at (414) 297-1093 or email [mary.trimmier@sba.gov](mailto:mary.trimmier@sba.gov).~~

To register for SBA's Anniversary Luncheon on Monday, March 22, 2004 at 11:30 AM, complete and fax to (202) 481-2419 or reply online at [www.sba.gov/wi](http://www.sba.gov/wi) or [www.sba.gov/region5](http://www.sba.gov/region5).

Name \_\_\_\_\_ Date \_\_\_\_\_

Business Name \_\_\_\_\_ **EVENT IS FULL** \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_ E-mail Address \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Attending Name(s) (Print clearly for name tag purpose) \_\_\_\_\_ Confirmation will be received by e-mail

\_\_\_\_\_

~~The support given by the U.S. Business Administration to this activity does not constitute an express or implied endorsement of any cosponsor's, donor's, contractor's, or participant's opinions, products, or services. All SBA programs and cosponsored programs are extended to the public on a non-discriminatory basis. Reasonable accommodations arrangement for persons with disabilities will be made, if requested at least 2 weeks in advance. Co-sponsorship Authorization #03-2410-52.~~

~~740 Regent Street, Suite 100, Madison, Wisconsin 53715. 608/441-5263 FAX 608/441-5541  
310 W. Wisconsin Avenue, Room 400, Milwaukee, Wisconsin 53203, 414/297-3941 FAX 414/297-1377~~