

Newsline

A Quarterly Newsletter from the San Diego District Office

U.S. Small Business Administration



Your Small Business Resource

Volume 1 Issue 3

Did you know ...

- More than three million businesses are minority-owned, and this number is growing. (Source: Dun & Bradstreet, 2001).
- There are more than 9.1 million women-owned businesses — accounting for more than a third of all U.S. companies. (Source: Dun & Bradstreet, 2001).
- 85 percent of Americans view small businesses as a positive influence on American life. (Source: NFIB, 2001).

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SBA Improves HUBZone Program

The U.S. Small Business Administration (SBA) is changing its Historically Underutilized Business (HUBZone) program to help small businesses create more jobs in economically distressed communities.

"These pivotal changes to the HUBZone program expand its reach dramatically and will create more jobs and economic growth in economically depressed areas for small businesses, and stimulate growth in the nation's economy," said Administrator Hector V. Barreto.

Under recent legislation, a small business applying for HUBZone certification no longer needs to be owned and controlled exclusively by U.S. citizens. Now, the level of required ownership by U.S. citizens is 51 percent. Also, agricultural cooperatives have joined community development corporations and Indian tribes as entities

that can participate in the HUBZone Program.

Tribally-owned small businesses also have new options regarding the HUBZone employment requirement, one of four basic eligibility criteria. A tribal business can choose to meet the 35 percent residency at the time of application or wait until the firm actually receives a HUBZone contract. If this latter option is cho-

relative to either the state's annualized unemployment rate or the national unemployment rate. Previously, the only comparison was permitted against the state level.

Finally, small businesses that either were terminated or are facing imminent termination from the HUBZone Program because the areas where the firms are located are no longer considered to



sen, the business will be required to ensure that 35 percent of those working on the contract reside in a reservation area controlled by the tribe, or an adjoining HUBZone.

Another change permits a rural county to qualify for HUBZone status if its local unemployment rate is high

be economically distressed will retain the ability to participate in the HUBZone Program until the results of the next census data collection, scheduled for 2010, is analyzed and released to the public.

The HUBZone program
See HUBZone on Page 2

SBA Success Story— Chips and Salsa

It's been said that the fastest way to go out of business is by going into the restaurant business. But don't tell that to Jaime and Marilyn Arias who opened Chips and Salsa, a Mexican/American food restaurant, in 1999. Going into business for themselves is a decision the Arias' have never regretted, although they're glad that their four year old business has gotten through the

See Chips and Salsa on Page 3



Jaime Arias, Owner, Chips and Salsa

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California Winter Storm Disaster Assistance

Businesses, non-profit organizations, homeowners, and renters in San Diego County that sustained damage as a result of severe winter storms, flooding, debris flows, and mudslides, that struck California between December 27, 2004 and January 11, 2005, may be eligible for low interest rate disaster loans through the U. S. Small Business Administration (SBA). Disaster loans from SBA are the primary source of funds for repairing and rebuilding disaster damaged private property.

There are three types of disaster loans: Home Disaster Loans, Business Physical Disaster Loans, and Economic Injury Disaster Loans (EIDL).

Home Disaster Loans assist homeowners and renters repair or replace disaster damages to real estate or personal property, up to \$200,000 for real estate related damages and up to \$40,000 for personal property. Loan amounts are limited to the verified, uninsured disaster loss.

Business Physical Disaster Loans assist businesses and non-profit organizations repair or replace disaster damages to property owned by the organization, including real estate, machinery, equipment, inventory, and supplies, up to \$1,500,000. Businesses of any size are eligible.

Economic Injury Disaster Loans (EIDL) are available to small businesses and small agricultural cooperatives to assist through the disaster recovery period with working capital. Loans of up to \$1,500,000 are available and limited to those organizations that are unable to secure credit elsewhere.

All applicants must demonstrate an ability to repay the loan and collateral is required for loans over \$10,000 and all EIDL loans over \$5,000. Terms range from 3 years up to a maximum of 30 years and are determined in accordance with the borrower's ability to repay. Interest rates are determined by formulas set by law and may vary over time. Rates for this disaster are shown in the table.

Only uninsured or otherwise uncompensated disaster losses are eligible. Disaster loan proceeds may not be used to assist with damages to secondary homes, personal pleasure boats, airplanes, recreational vehicles, or similar property, unless used for business purposes.

SBA's Disaster Area 4 Office has opened two local disaster recovery centers in San Diego county. One is located at the Tierra-Santa Recreation Center, 11238 Clairemont Mesa Boulevard, San Diego, CA 92124. The center will be open Thursdays and Fridays between the hours of 9:00 am to 6:00 pm, and Saturdays between the

	No Credit Available Elsewhere	Credit Available Elsewhere
Home Loans	2.937%	5.875%
Business Loans	4.000%	5.800%
Non-profits	4.000%	4.750%
EIDL	4.000%	Not Applicable

hours of 10:00 am to 3:00 pm. Another center will be located at the San Luis Rey Water Treatment Facility, Administration Building, 3950 North River Road, Oceanside, CA 92054. Hours for this center will be Monday through Wednesday between the hours of 9:00 am to 6:00 pm.

Individuals and businesses unable to visit SBA's disaster

center may obtain information and loan applications by calling toll-free (800) 488-5323. Hearing impaired individuals may call (916) 735-1683.

The filing deadline for applications for property damage must be returned to SBA by **May 16, 2005**. Applications for economic injury must be returned by **November 4, 2005**.

HUBZone Program

Continued from Page 1

was created in 1997 and has more than 11,000 participants. The program provides certified firms an opportunity to compete for federal contracts and provides local employment in distressed communities. The program boasts an online application that allows small businesses to determine whether they are located in a HUBZone, apply for HUBZone certification and check on the status of an application at any time during the review process.

For additional information

on the changes to the HUB-Zone program visit www.sba.gov/hubzone.



Chips and Salsa

Continued from Page 1

start-up phase.

Jaime Arias and his wife have spent the majority of their lives as Brawley Residents. Chips and Salsa had been in the Brawley area for four years and had experienced a decline in profit. Mr. Arias came to the Imperial Valley Small Business Development Center (IVSBDC) because he wanted to move his business to El Centro. The IVSBDC counselor assisted Mr. Arias in developing a business plan, which in-

cluded various strategies to reach his new goal. Chips and Salsa has now been relocated to the Vacation Inn in El Centro and has been successfully operating there for the past two years.

Mr. Arias recently opened another location, Chips and Salsa II, on the campus of Imperial Valley College. This opportunity came about, again, with the assistance of the IVSBDC. The IVSBDC informed Mr. Arias that the Imperial Valley College (IVC) was seeking proposals for food service vendors to pro-

vide cafeteria and catering services beginning July 1, 2004. They then explained the proposal process and requirements and helped him prepare the proposal to obtain the bid. Chips and Salsa II is now the main foodservice provider, within a five-mile radius, to 7,000 Imperial Valley College enrolled students and 350 faculty and staff.

CHIPS AND SALSA is located at 2015 Cottonwood Circle, El Centro, CA 92243, (760) 337-8333. **CHIPS AND SALSA II** is located on

the Imperial Valley College Campus.

To find out more about the IVSBDC visit their website at www.ivsbdc.org or call (760) 312-9800. The SBDC program is partially funded by the U.S. Small Business Administration. For information about how SBA can assist your business, visit our website at www.sba.gov/ca/sandiego or call (619) 557-7250.

SBA and HP Foundation Kickoff 2005 Business Matchmaking Season

The U.S. Small Business Administration (SBA) and the HP Small Business Foundation, a non-profit subsidiary of HP, officially announced the Business Matchmaking schedule of both one-on-one and online matchmaking events for 2005.

Business Matchmaking is a public-private sector contracting initiative made possible through a cooperative agreement between the SBA and the HP Small Business Foundation. The program works by matching small companies with government agencies and private sector corporations including Fortune 500 companies. The small business and the buyer then have a chance to meet one-on-one or via phone and negotiate a business deal for potential contracts.

"Small businesses make up 99 percent of all U.S. businesses, employ nearly 56 million people and account for more than two-

thirds of all new jobs," said SBA Administrator Hector V. Barreto. "The SBA and the HP Small Business Foundation are committed to supporting the success of these companies by enabling them to meet and negotiate contracts with government agencies and corporations. Business Matchmaking gives small business owners opportunities they may not otherwise have."

"Helping small businesses thrive is vital to jumpstarting the economy, and until now, entrepreneurs in pursuit of government and large-company contracts have often had to learn by trial and error, sometimes at great expense, and for mixed results at best," said Robyn West, Vice President, Small and Medium Business, HP.

West continued, "Business Matchmaking streamlines this process, helping them find the right buyer at the right time. To

date, the program has created nearly 23,000 appointments for small business owners throughout the U.S. to meet with buyers from government agencies as well as the country's largest corporations – resulting in more than \$26 million in new business for small businesses."

The 2005 Business Matchmaking one-on-one schedule includes an event scheduled locally for June 7 and 8, 2005 in Los Angeles, CA, at the Pasadena Center. Business Matchmaking regional face-to-face events bring together over 1,000 small business owners and managers with procurement representatives from federal, state, and local governments as well as major corporations. The events are free to attend for both buyers and sellers and include an *Introduction to Business Matchmaking Workshop* featuring presentations from small business experts, the SBA, SCORE, SBDC, and pro-

curement representatives.

Additionally, Online Business Matchmaking, a new and innovative expansion announced earlier this year promises to greatly extend the reach of the current matchmaking program by enabling small business owners to participate in a virtual matchmaking process without having to travel to one of the above events. Online Business Matchmaking is scheduled start in 2005, initially as a pilot Phoenix, AZ; Albuquerque, NM; Kansas City, MO; Tampa, FL; and Denver, CO.

Small Business owners interested in learning more about Business Matchmaking or participating in the upcoming events are encouraged to visit the Business Matchmaking web site at www.businessmatchmaking.com.

Women’s Business Center of California Offers Certificate Programs for Women

The Women’s Business Center of California (WBCC), an affiliate of National University’s School of Business and Management, was founded in 2003 with a grant from the Small Business Administration. Since then the WBCC has become San Diego’s trusted educational resource for women entrepreneurs who want to develop the skills and confidence needed to open and run a successful venture. The WBCC presents dozens of educational seminars and certificate programs every year, and has trained more than 3,500 women on topics ranging from accounting basics to marketing, and from technology skills to effective growth strategies.

The Women’s Business Center of California will present two certificate programs in 2005. The first program, scheduled for every Thursday in May from 9 a.m. to 12 p.m., is titled “Accounting Basics 101.”. Students will gain a solid understanding of accounting practices, reports and software required to run a small

business.

Mastering basic business accounting practices is critical to business planning. Whether students are opening a new venture or expanding an existing business, a clear understanding of accounting basics will assist in estimating the financial risks and potential outcomes for decisions small business owners must make every day. The Accounting Basics 101 program will train entrepreneurs to project profit and loss, manage cash flow, analyze financial reports and make the IRS an ally in their business.

In September, the Women’s Business Center of California will present “Technology to Build Your Business.” Through this certificate program, students will gain in-depth knowledge of technology tools that will help them to build a successful company.

Technology consistently presents small business owners with tremendous challenges and opportunities. It’s difficult for busy entrepreneurs to keep up

with technology advancements and often impossible for early stage companies to hire professional information technology consultants. This program will provide students with an understanding of hardware, software, and Internet options, as well as present invaluable technology tips and tricks that will provide a real advantage in today’s competitive market.

Every student successfully completing the 12 hours of instruction will receive a certificate of completion from the Women’s Business Center of California.

Specific topics for each program are listed below. Certificate programs presented by the WBCC are held at National University’s Spectrum Academic Center. The Women’s Business Center of California urges those

interested in attending the certificate programs to register early – seating is limited. For more information visit the Women’s Business Center of California’s web site: <http://wbcc.nu.edu> or register by calling (619) 563-7118.

By Carolyn Morrow
Executive Director
Women’s Business
Center of California
(619) 563-7118
<http://wbcc.nu.edu>



Women’s Business Center of California
National University, School of Business and Information Management

Accounting Basics 101 Certificate Program		Technology to Build Your Business Certificate Program	
May 5	– Build a Solid Accounting Foundation	September 8	– Hardware and Software Basics
May 12	– QuickBooks Fundamentals	September 15	– Working with Office, QuickBooks and other Software Applications
May 19	– Making the IRS Your Friend	September 22	– Internet Business Basics from E-mail to E-commerce
May 26	– Planning and Projections	September 29	– E-business Options to Build a Successful Business

Classes are scheduled from 9:00 am to 12:00 pm. Cost: for the program is \$120.

Reducing Marginal Tax Rates Increases Entrepreneurship

Reducing marginal income tax rates on entrepreneurs increases entrepreneurial entry, decreases exit from entrepreneurship, and lengthens the duration of entrepreneurial ventures, according to a study released today by the Office of Advocacy of the U.S. Small Business Administration (SBA).

“This study shows how tax rates directly impact entrepreneurship,” said Thomas M. Sullivan, Chief Counsel for Advocacy. “Reducing marginal tax rates on entrepreneurial income provides a clear incentive for entrepreneurial activity. Policy makers who understand the importance of increasing entrepreneurship and economic growth should use this study to guide their policy decisions.”

The study, *Taxes and Entrepreneurial Activity: An Empirical Investigation Using Longitudinal Tax Return Data* written by Donald Bruce and Tami Gurley with funding from the Office of Advocacy, offers several specific findings including:

- A marginal tax rate reduction of one percent on entrepreneurial income increases the probability of entrepreneurial entry by 1.42 percent for single filers and 2.0 percent for married filers.
- A marginal tax rate reduction of one percent on entrepreneurial income decreased the probability of exiting entrepreneurial activity by 17.32 percent for

single filers and by 7.81 percent for married filers.

- A marginal tax rate reduction of one percent on entrepreneurial income lengthens the duration of entrepreneurial activity by 32.5 percent for single filers and 44.8 percent for married filers.
- Higher marginal tax rates on wage-and-salary income also increase entrepreneurial activity as they provide incentives for workers to start their own businesses.

The study was released at a panel discussion entitled “Tax Policy and the Entrepreneurial Sector,” sponsored by the Small Business & Entrepreneurship Council. It analyses tax return data from 1979-1990. This period encompasses the tax policy changes of the 1980s, which allowed the authors to closely examine the effects of tax rate changes on entrepreneurship.

The Office of Advocacy, the “small business watchdog” of the government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, and the President. It is the source for small business statistics presented in user-friendly formats and it funds research into small business issues. For more information and a copy of the report, visit www.sba.gov/advo.

Created by Congress in 1976, the Office of Advocacy of the U.S. Small Business Administration (SBA) is an independent voice for small business within the federal government. Appointed by the President and confirmed by the U.S. Senate, the Chief Counsel for Advocacy directs the office. The Chief Counsel advances the views, concerns, and interests of small business before Congress, the White House, federal agencies, federal courts, and state policy makers. Economic research, policy analyses, and small business outreach help identify issues of concern. Regional Advocates and an office in Washington, DC, support the Chief Counsel’s efforts. For more information on the Office of Advocacy, visit www.sba.gov/advo, or call (202) 205-6533.

Small Business Tax Information Day

Sponsored by the State Board of Equalization

Friday, June 3, 2005

University of San Diego

Attend the San Diego County Small Business Tax Information Day!

- Learn more about your rights and responsibilities as a business owner.
- Get free information.
- Meet representatives from many government agencies and nonprofit organizations.
- Attend a seminar to assist you with your small business.

Participating Agencies include:

Board of Equalization
 City of San Diego
 County Assessor’s Office
 Department of Homeland Security
 Employment Development Department
 Franchise Tax Board
 Internal Revenue Service
 Small Business Development & International Trade Center
 U. S. Small Business Administration
 University of San Diego

Call (760) 744-6284 or (619) 525-4550 or email: sdtaxday@boe.ca.gov for additional information.

SBA Announces Local Small Business Week Award Recipients

The U.S. Small Business Administration (SBA) will publicly honor local small business owners and advocates on Thursday, May 19, 2005, at the annual Small Business Awards Luncheon to be held at the San Diego Marriott Hotel and Marina on Harbor Drive in downtown San Diego. SBA is co-sponsoring the event with San Diego's Regional Chamber of Commerce. One thousand attendees are expected to participate in the celebration.

Each year, the President of the United States designates one week to recognize the contributions of small busi-

ness to the American economy. SBA's National Entrepreneurial Conference and Expo are being held in Washington, D.C. April 25 - 28. For more information or for Expo registration, interested parties can visit the Expo website at <http://www.sba.gov/expo>.

SBA San Diego District Director George Chandler said, "As SBA begins its second 50 years, this is an excellent opportunity to celebrate those small businesses that have helped make our Nation great. Since its inception in 1953, SBA has helped well

over 20 million Americans start, grow and expand their business - placing tens of billions of dollars in loans into the hands of entrepreneurs in all sectors of the economy. Small business is an enduring symbol of the American Dream." Chandler said, "Small Business Week recognizes outstanding small business owners for their personal achievements and contributions to the nation's economy." Trade associations, chambers of commerce and business organizations typically nominate candidates. "SBA is proud to honor the men and

women whose entrepreneurial spirit, dedication and hard work have helped to create jobs and fuel this economy. Small business represents 99 percent of all employers in America. Small business truly is where America works, and these successful small business owners and advocates deserve recognition for their achievements," said Chandler. "We are especially delighted to be co-sponsoring this event with San Diego's Regional Chamber of Commerce for the 25th consecutive year," he said.

2005 SBA Award Recipients

2005 Small Business Person of the Year

Avram Ninyo, Ninyo & Moore

2005 Women-Owned Small Business of the Year

Betty Hall, Canyon Creek Animal Hospital

2005 Family Owned Small Business of the Year

David & Ruby Konstantin, K-CO Construction Inc.

2005 Minority Owned Small Business of the Year

Harold & Tina Lewis, JRL, LLC

2005 Veteran Small Business Champion of the Year

Robert Mulz, Disabled Veteran Business Enterprise Network

2005 Delores Braswell Award

Advocating Women in Business

Lois Sudmeier, SCORE: Counselors to America's Small Business

2005 Minority Small Business Champion of the Year

Carmen Amigon, Community Housing Works

2005 Home-Based Business Champion of the Year

Paul Hollenbach, Hollenbach & Associates/SCORE

2005 Financial Services Champion of the Year

William Martinez, Winston Real Estate/Southwestern College SBDITC

2005 Small Business Lender of the Year

Kurt Chilcott

CDC Small Business Finance Corp.

2005 Small Business Lender of the Year

Rick Benito

Bank of America

Small Business Week Awards Luncheon Seats Now Available

Luncheon seats are now available. For tickets to the event, please contact the San Diego Regional Chamber of Commerce, which produces the Small Business Awards Luncheon in conjunction with the U.S. Small Business Administration. To register, please call the Chamber at (619) 544-1339, or register online at: www.sdchamber.org. For further information call (619) 544-1335.



Be a part of the U.S. Small Business Administration's Expo '05: Celebrating National Small Business Week. This special event, taking place in Washington, DC, April 26-28, provides an exceptional opportunity to join forces with business leaders from around the country, network, and celebrate the tremendous contributions made by America's small businesses to our nation's economy.

Come and learn about cutting-edge business practices, find out what's hot in business trends, meet government officials and talk with decision-makers who help shape the economy.

Conference Highlights:

BUSINESS MATCHMAKING

A unique opportunity for small businesses to meet one-on-one with federal and Fortune 500 representatives. Business Matchmaking is a program funded by SBA through a cooperative agreement with HP Small Business Foundation.

EXPO FLOOR

Hundreds of exhibitors from the public and private sectors will provide information and offer opportunities to conduct business.

BUSINESS SESSIONS

A superb lineup of educational seminars featuring expert panelists discussing the latest developments and best practices in the world of business and entrepreneurship.

TOWN HALL

Tackle the pressing issues facing entrepreneurs today; talk to the SBA Administrator as part of a live web cast discussion; ask questions and talk about what's on your mind.

And much more!

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www.sba.gov/expo

U.S. Small Business Administration



Your Small Business Resource

550 West C Street, Suite 550
San Diego, CA 92103-3500

Phone: 619-557-7250
Fax: 619-557- 5894
Email: sandiego@sba.gov

www.sba.gov/ca/sandiego

The U. S. Small Business Administration was created in 1953 to maintain and strengthen the nation's economy by aiding, counseling, assisting, and protecting the interests of small businesses and by helping families and businesses recover from national disasters.

SBA's San Diego District Office is your small business resource for access to capital, counseling services, training, and government contracting opportunities, to help start or grow a small business in San Diego and Imperial counties. Our programs and services are delivered through participating lenders and our resource partners, SCORE: Counselors to America's Small Businesses, the Small Business Development Center, and the Women's Business Center.

Newsline is produced by the U. S. Small Business Administration's San Diego District Office. Subscribe to Newsline by registering online at web.sba.gov/list. Look for San Diego News.

San Diego District Office Fiscal Year 2005—Year-to-Date Activity

October 1, 2004 through March 31, 2005

	Number of Loans	Dollar Amount
7(a) Loans	536	\$102,543,000
504 Loans	84	\$55,182,000
Total	620	\$157,725,000

Bank of America, NA	88	\$3,118,600
CDC Small Business Finance Corporation	62	\$41,789,000
Wells Fargo Bank, NA	53	\$4,487,600
California Bank & Trust	48	\$5,518,200
Capital One, FSB	45	\$1,980,000
Innovative Bank	40	\$265,000
Union Bank of California, NA	26	\$949,700
La Jolla Bank, FSB	22	\$10,738,500
US Bank, NA	19	\$1,630,000
First National Bank	18	\$4,752,500

The San Diego District Office provided approximately 12,446 clients with counseling assistance and training through the assistance of our Resource Partners, SCORE: *Counselors to America's Small Business*, the Small Business Development Center, and the Women's Business Center of California. Additionally, we made 239 8(a) contracts, including modifications, worth \$40,843,599.