

**NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
SMALL BUSINESS CENTER NETWORK
Program Guidelines
November 20, 2020**

SMALL BUSINESS CENTER NETWORK PURPOSE

The objective of the Small Business Center Network (SBCN) is to increase the success rate and the number of viable small businesses in North Carolina by providing high quality, readily accessible assistance to prospective and existing small business owners which will lead to job creation and retention. Each Small Business Center (SBC) will be a community-based provider of education and training, counseling, referral and information in support of entrepreneurship.

**SECTION I
OPERATIONAL REQUIREMENTS**

A. General

The statewide entity under which this program operates is the "Small Business Center Network" (SBCN) and shall use the approved SBCN logo when referenced. The SBCN, when practicable, shall reference the North Carolina Community College System (NCCCS) as the parent organization and shall include the NCCCS logo in conjunction with the SBCN logo when applicable.

Colleges receiving funding through this program shall be subject to the SBCN Program Guidelines, approved by the State Board of Community Colleges. The entity/program at colleges funded through this small business program will be an identifiable entity at the college and shall be named the "Small Business Center" or "SBC" and shall use the approved SBC logo when referenced. The SBC logo may be altered to include the name of host community college. The local SBC, when practical, shall reference the local college as the local parent organization and shall include the local college logo in conjunction with the SBC logo when applicable. Colleges are restricted from changing, adding to, or subtracting from the program name or logo. Colleges may structure the SBC under other entities within individual colleges; however, colleges must refer to the SBC and use the SBC logo and other NCCCS approved statewide small business service brands when referencing programming or services offered using program funds.

SBC funds will not be used to produce FTE except for SBCN approved entrepreneurship offerings, as approved by the SBCN State Director.

All training provided through SBC funds must be entered in the SBCN Client Management System (SBCN CMS). Approved FTE-generating entrepreneurship programs will be entered in the college's student information system.

B. Local College Responsibilities

The local SBC operates under the SBCN Program Guidelines, approved by the State Board of Community Colleges and under the policies established by its Board of Trustees and President.

Each College SBC will have a full-time Director. The SBC College Director will be a full-time

STATE BOARD OF COMMUNITY COLLEGES
Small Business Center Network Guidelines

Request: The State Board of Community Colleges is asked to approve the removal of the number of seminars and the number of seminar attendees from the performance funding metrics for the Small Business Center Network, to be effective December 1, 2020.

Background and Rationale: Originating in 1984, the NC Community Colleges' Small Business Center Network (SBCN) is the state's largest state-supported small business assistance initiative. The Network is comprised of 58 Small Business Centers throughout North Carolina and supports the development of new businesses and the growth of existing businesses. Small Business Center Directors will continue to provide training and education; however, now they will focus more on individualized counseling support to small business owners and prospective entrepreneurs. This change in the performance funding metrics will enable the SBCN to stay focused on its primary mission to increase the success rate and the number of viable small businesses in North Carolina.

With the elimination of the number of seminars and number of seminar attendees, performance funding metrics will include:

- Number of Businesses Started
- Number of Jobs Created
- Number of Jobs Retained
- Number of Counseling Clients
- Number of Counseling Hours
- Number of Small Businesses in the Service Area

This request represents collective input from the 58 Small Business Center Directors and has also gained review and unanimous approval from the NC Association of Community College Presidents.

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position, having primarily only SBC duties and responsibilities. The SBC College Director will administer all SBC activities and develop relationships with the business community. The SBC College Director may arrange, coordinate, and instruct FTE-generating entrepreneurship courses/programs which have been approved by the SBCN State Director. Other than entrepreneurship courses, the SBC College Director may arrange and coordinate FTE-generating and/or Self-Supporting classes that are specifically designed to meet the management needs of entrepreneurs, if the SBC College Director's salary is prorated from non-SBC funds using a ratio of the number of FTE and/or Self-Supporting offerings to SBC seminars and counseling sessions as the pro-ration. Colleges requesting alternative pro-ration must submit alternative plans and verification data to the SBCN State Director for approval.

SBC College Directors shall adhere to credentialing standards adopted by the SBCN and, as such, shall be subject to review during center evaluations. Each SBC College Director shall complete specific professional development programs to reach three increasing levels of certification. SBC College Directors shall reach Level 1 within one year of hire, Level 2 within two years of hire, and Level 3 within three years of hire. Failure of an SBC College Director to meet certification requirements will be a basis for the SBCN State Director to recommend program probation.

In selection of new SBC College Directors, it is recommended that candidates have the following minimal qualifications:

1. A baccalaureate degree in Entrepreneurship, Business Administration, Accounting, Finance and five or more years of successful business experience in an ownership or executive management capacity; or
2. An advanced degree in Entrepreneurship, Business Administration, Accounting, Finance, or Law.

Exceptions to this subsection should be rare. If such exceptions occur, the justification, circumstances, and college plan to meet the needs of the small business community shall be documented in writing, placed in the personnel file and submitted to the SBCN State Director for review, comment, and evaluation. The SBCN State Director may use the exception and college plan as a basis of more frequent site visits and as part of the SBC Center Program Review process.

C. Local SBC Advisory Committee Responsibilities

Each SBC shall have an advisory committee that meets at least annually to act as advocates for and advisors to the Small Business Center, and to make specific recommendations for consideration in planning SBC program activities. Existing committees or boards can be used to fulfill this requirement as long as documentation, via an agenda and minutes, that the needs of small business, the services of the SBC, and specific recommendations for action, were considered by the entity.

D. State SBCN Responsibilities

The North Carolina Community College System, through the SBCN State Director, is responsible for implementing SBCN Program policies and budgets as approved by the State Board of Community Colleges. The SBCN State Director is responsible for overseeing program services and quality; staffing the SBCN Leadership Team; regularly reviewing the performance of each SBC; and sponsoring and coordinating state and regional initiatives to enhance the program delivery of the SBCN.

The SBCN State Director, with the approval of the Vice President of Economic Development, may originate policy memoranda to provide additional guidance, clarify the SBCN Program Guidelines, and/or address SBCN issues. Policy Guidance will be incorporated into the SBCN Operations Manual. All Community College SBC Directors are subject to these official written communications.

If requested, the SBCN State Director may assist colleges in reviewing SBC College Director job descriptions or to serve as an ex officio on SBC College Director selection committees.

E. SBCN Leadership Team

The SBCN Leadership Team is responsible for providing leadership and oversight of the SBCN in order to support the purpose and daily operations of the SBCN. Members of the SBCN Leadership Team will be appointed by the SBCN State Director, with approval from the Vice President of Economic Development. The SBCN Leadership Team will be comprised of: a Regional Director for each SBCN Region; Committee Chairs for each SBCN Committee; and others, as deemed necessary by the SBCN State Director. The specific duties of the members of the SBCN Leadership team are outlined in the SBCN Operations Manual.

F. Local Community College Support and SBC Facilities

There must be a dedicated site for the SBC that is readily accessible to the small business community. Facilities to include a SBC office and suitable space for confidential counseling, classroom space, equipment, exterior and interior signage, internet access, website presence and other support shall be provided.

SECTION II PROGRAM SERVICE REQUIREMENTS

Each SBC shall provide the following services:

A. Seminars, Workshops, Short Courses for prospective and existing small business owners. These offerings are at least one (1) hour and not to exceed 30 hours in duration; do not earn FTE, with instruction either gratis or paid for using SBC funds.

Core Curriculum: Each SBC will offer the following Small Business Development Series or SBCN-approved equivalent at least one time per fiscal year. The Small Business Development Series details the basic skills required to start and operate a successful business and will be offered in accordance with the SBCN Operations Manual.

The Small Business Development Series consists of the following topics, which are a minimum of 2 hours each:

1. How to Start a Business
2. How to Write a Business Plan
3. Financing Your Business
4. Marketing Your Business
5. How to Find Your Customers
6. Business Taxes
7. Basics of Bookkeeping

SBC College Directors have flexibility in the selection of titles for the Core Curriculum.

In addition to the core curriculum, the SBC shall offer additional educational programs and services designed to address the specific and unique management needs of existing and prospective local small business owners.

B. Counseling

Each SBC will provide one-on-one counseling sessions to assist prospective and existing small business owners. The initial counseling session with a small business client should screen for referral to other appropriate person(s) or agencies and/or follow-up counseling or training. Counseling will be provided by either the SBC College Director or a professional contracted with by the SBC (paid or unpaid). All counseling will be documented using the SBCN CMS policies, procedures, and documentation, and shall be conducted under the guidance and direction of the SBC College Director.

For SBC performance data accountability purposes, a client, counseling, and counseling session are defined in Section VI, Definitions. A SBCN client Request for Counseling (RFC) or electronic Request for Counseling (eRFC) form will be completed for each client.

C. Resource/Information Area

Each SBC shall have a dedicated SBC Resource Center which provides easily accessible current Small Business information and resources including such items as on-line resources, software, publications, DVDs, and CDs for use by SBC clients and shall provide internet access for SBC clients separate from internet access for the SBC College Director. The SBC Resource Center can be co-located with the college library as long as the resources are physically separate from, thus not assimilated in, the college collection. The internet access required within the section shall be located in such a manner that clients can work confidentially.

D. Regionally Based Programs

The SBCN State Director may designate specific programs, services, initiatives, or efforts, such as international trade, to be offered on a regional basis for efficiency or effectiveness. When regional collaboration occurs, SBC College Directors will be responsible for communicating to their respective college leadership and to the SBCN State Director. All appropriate Instructional Service Agreements (ISAs) must be in place.

SECTION III SBC REPORTING REQUIREMENTS

A. SBC Supported Training Activities

Each SBC College Director will report small business training activities, supported by SBC funds, in the SBCN CMS. Training activities that are not supported by SBC funds should be entered in the college's student information system. For annual reporting purposes, the distinction must be made between SBC classes offered with 1) SBC funds; 2) Other regular budget funds, or 3) Other self-supporting funds.

B. Reporting Client Counseling and Economic Impact

Each SBC College Director will report small business client counseling and economic impact using the SBCN CMS. SBC College Directors shall accurately enter all client data for each month by the 5th of the following month. Counseling sessions are subject to review, and those

files found not to be entered on a timely basis are subject to exclusion in state level reports and for performance allocation purposes. Exceptions may be authorized by the SBCN State Director. The SBC College Director will survey current year clients at least once per year. The SBCN State Director may recommend that SBC clients for the previous three years be surveyed on an annual basis to track their progress. The method (mail, e-mail, telephone, etc.) and timing (ongoing, semiannual, annual, etc.) of surveys are at the discretion of the SBC College Director. All economic impact data will be linked to a specific client and entered into the SBCN CMS.

Economic impact as a result of training events will be entered into the SBCN CMS as a miscellaneous session for the related individual.

C. SBC Annual Report

Each SBC College Director, through the College President, is responsible for providing a SBC Annual Report, due on or before August 1st to the SBCN State Director. This report provides information pertaining to activities sponsored and/or funded by the SBC from July 1 to June 30 of the previous year and will include:

- Economic impact data of SBC services
- Summary data on the number of SBC sponsored seminars and the number of attendees; workshops and courses; counseling sessions and hours counseled
- Summary data from evaluations from seminar participants
- Survey/follow-up on clients served during the year
- Summary of use of allocated SBCN funds
- A list of goals and objectives for the coming year
- An optional section that qualifies the SBC to be evaluated for the Excellent Small Business Center of the Year
- A business success story
- Other items as annually specified by the SBCN State Director

SECTION IV SBC Review and MEASUREMENT STANDARDS

A. SBC Review Method

Each SBC will be reviewed for continued funding and/or additional funding on the following criteria:

1. SBC Annual Report

Each SBC College Director will be responsible for submitting the SBC Annual Report. The SBCN State Director will review each SBC Annual Report for program guidelines compliance and program results. The SBCN State Director will then compile and review the State data.

2. SBC Program Review

The SBCN State Director will conduct a review of each SBC no less than every four years. In addition, the SBCN State Director will review annually any SBC that may need additional support or guidance, as deemed appropriate.

The review will be conducted using a standardized evaluation instrument, and will include a written summary of the overall findings. The results of the review and the written summary will be sent to the local SBC College Director and the College President.

Each SBC shall have a method for analyzing the needs of its small business community. During its Program Review, the SBC will show evidence of involvement with a variety of groups, public, private and educational, that can provide information for continuous program improvement.

B. SBC Performance Enhancement Process

Based on the results from the SBC Annual Report or SBC Program Review, the SBCN State Director and/or the Vice President of Economic Development may recommend to the President of the North Carolina Community College System that a Small Business Center be placed on probation. In doing so, the SBCN State Director and/or the Vice President of Economic Development will send written notification to the local College President that such a recommendation is being made. Should the NCCCS President determine probation is appropriate, the College President will be notified via a written letter.

The SBCN State Director shall then be tasked with establishing a Performance Enhancement Team (PET) that will work with the local college and the SBC College Director to develop a Performance Enhancement Plan for the Center. Within at least one year of being placed on probation, the SBC will be evaluated, by the PET, as to its progress on the Performance Enhancement Plan. If the SBC progress is found to be insufficient by the PET, the SBCN State Director can recommend to the NCCCS President that funding for the local program be discontinued. The NCCCS President in turn, based on this recommendation, may recommend to the State Board of Community Colleges that SBC funding not be provided to the college.

After one program year, the college may petition the NCCCS President for reinstatement of a Small Business Center. After an evaluation by NCCCS staff, the NCCCS President may recommend to the State Board of Community Colleges that a SBC program be reinstated.

SECTION V SBC FUNDING

The SBCN program is funded by the North Carolina General Assembly and administered through the North Carolina Community College System. The expenditure of funds for the SBCN must follow guidelines used for the expenditures of any other state funds

The state funds may provide for salaries to include the SBC College Director, counselors, instructors and/or support staff; contractual services for program facilitators/instructors; instructional supplies and materials; advertising and marketing; printing and postage; resource library materials; SBC staff travel expenses; specialized training equipment; instructional and administrative office equipment, including hardware and software for the SBC.

SBCN program funds may not be used for building or renovation of facilities.

At a minimum, the annual SBCN program funding will provide for the following at each of the 58 colleges: salary and fringe benefits for a full-time SBC College Director or in a manner that is at least equivalent to a full-time director as outlined in Section I B of the SBCN Program Guidelines; and nine thousand dollars (\$9,000) for instruction, either through instructional or

contractual services budget items, that does not earn budget FTE. All instruction funded by the allocation must be used for SBC-sponsored courses, seminars and workshops. SBC funds cannot be used to produce FTE with the exception of entrepreneurship programs which have been previously approved by the SBCN State Director.

Allocation Method: Each college receives a base allocation. Additional funding allocations above the base amount shall be determined on a basis of performance, as defined by the following factors, and as measured using the sum of the prior two years' data:

- Number of Counseling Clients
- Number of Counseling Hours
- Number of Small Businesses in Service Area
- Number of Businesses Started
- Number of Jobs Created
- Number of Jobs Retained

For each factor, a college earns 1-58 points. The sum of each factor's score determines a college's total point score. The total number of points determines a college's performance allocation.

Fiscal Management: These funds will be budgeted and expended through the following codes:

- Purpose codes: current or non-capitalized equipment – 363; capitalized equipment– 940
- Vocational code: 83
- Capitalized equipment purchases must be coded to object code 553500. Non-capitalized equipment purchase should be coded to purpose 363 and object codes 555100 (non-capitalized equipment) or 555200 (non-capitalized equipment – high risk)
- In order to capture all costs associated with the Small Business Center, colleges should charge all Small Business Center expenditures to this code and if additional funds are needed, should transfer funds from other purposes to purpose code 363. Total costs will be utilized for future funding requests and potential funding reallocations.

These funds can be reverted as part of the Management Flexibility Reversion or transferred into another purpose. However, doing so may impact future allocations. Specifically, colleges that use funds for non-SBC activities or transfer funds out of the SBC budget may not be eligible for their entire performance allocation in the next fiscal year. The performance allocation for next fiscal year may be reduced by the amount of funds used for non-SBC activities. Colleges are allowed to return funds as part of the Management Flexibility reversion or any other reversion up to the pro-rata share of the total amount of the cut without impacting next year's performance allocation. The \$9,000 requirement that funds be expended for instruction can be waived by the System Office upon recommendation of the SBCN State Director in the case of a budgetary shortfall. If that is the case, that reversion will not affect future performance allocations.

Each SBC College Director shall submit a mid-year budget status form (SBCN-B1) by January 20th of each year. This form will indicate the current SBC expenditures and estimated SBC expenditures by the end of the fiscal year. Based upon this data, the SBCN State Director may request reallocation of excess SBC funds.

Co-sponsorships

The SBC College Director can co-sponsor events with external partners. If fees are charged by co-sponsoring partners, the co-sponsor must attest that the fees are to recoup costs.

Continuation of SBC Funding

Continued SBC program funding is based on two primary factors:

- Continuation funds by the North Carolina General Assembly.
- Compliance by the local college in meeting SBCN Program Guidelines and performance standards.

SECTION VI DEFINITIONS

A. Client

An individual receiving one-on-one confidential counseling services. The client is the business, if it exists. In the case of a prospective business, the client is the individual (i.e. nascent entrepreneur) receiving SBCN services. Each client will be counted only once in a fiscal year, and the reporting will include both the number of sessions and the number of hours spent with the client.

B. Attendee

An individual who participates in training provided by the Small Business Center and whose attendance is verified in the SBCN CMS is considered an attendee. Appropriate documentation supporting the attendee's participation in the training, as outlined in the SBCN Operations Manual, must be on file.

C. Counseling

Services provided to an individual and/or business that is substantive in nature and requires assistance from a resource partner or SBCN personnel in the formation, management, financing, and/or operation of a small business enterprise AND is initially for no less than thirty minutes, one-on-one, in person, or on the telephone, or electronically, is specific to the client's individual needs, and requires a signed or electronic SBCN Request for Counseling form to document the initial counseling session. To allow for reporting of time invested in a client, preparatory time will be tracked separately from counseling time but attributed toward counseling time in data reporting. Travel time will not count toward counseling time but will be tracked separately.

D. Training Event

A seminar, workshop, or short course targeted specifically to prospective and existing small business owners to address their specific and unique management needs. Guidelines for training events are outlined in the SBCN Operations Manual.

E. Initial Counseling Session

An initial counseling session must be at least 30 minutes in length in order to be reported. Follow-on counseling sessions may be of any length. However, it is not the intent of this definition to encourage a time limitation of 30 minutes, but rather to create standardization across all SBCs. The SBCN recognizes the quality and impact of SBC counseling achieved through long-term relationships with clients and corresponding in-depth counseling.

F. Information Session

Services provided to an individual and/or business that is either not substantive in nature or is of a shorter duration than required to constitute an Initial Counseling Session are considered Information Sessions.

Information Sessions require the capture of individual/business name, address, and telephone number or e-mail address. If an information session is substantive in nature but was of a shorter duration than required to constitute an Initial Counseling Session, it can be combined with a follow up session of substantive nature and converted to an Initial Counseling Session if the combined session lengths are at least 30 minutes providing that the client completes an eRFC or RFC.

G. Economic Impact

Economic impact is an important measure of the results of a client's or an attendee's engagement with the SBCN. SBC College Directors will track their clients and attendees in order to record economic impact. Economic impact must be supported by appropriate documentation as outlined in the SBCN Operations Manual. Economic impact may be measured by the following categories: business start-up, jobs created, jobs retained, increase in sales, increase in profits, capital formation, contracts obtained, and increase in exports. Impact derived as a result of client counseling must be accompanied by a RFC or eRFC in order to be reported.