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Bankruptcies hit highest level since tougher law was enacted

Houston Business Journal - by [Kent Hoover](#) Washington Bureau Chief

Bankruptcy filings rose to their highest levels since 2005, according to quarterly numbers released by the Administrative Office of the U.S. Courts.

Filings totaled 210,449 in the quarter that ended June 30. That's the highest quarterly total since a new bankruptcy law went into effect in October 2005 that forces more debtors to pay off more of their debts.

Filings for the first six months of 2007 were up 48 percent over the same period in 2006.

"We expect bankruptcy filings to continue to rise for the balance of 2007," says Samuel Gerdano, executive director of the American Bankruptcy Institute.

The increase "reflects the economic reality of households under increasing financial stress," he says.

Fed watchdog will work on small business rules

The federal government's small business watchdog will work with businesses over the next few months to identify regulations that need to be changed or updated.

The Small Business Administration's Office of Advocacy already works closely with federal agencies to make sure they consider the impact that new regulations would have on small businesses.

But Tom Sullivan, the SBA's chief counsel for advocacy, says, "We're not doing enough to help agencies look at rules that are already on the books."

Sullivan plans to change that through his office's new Regulatory Review and Reform initiative. In September, his office will ask the business community to nominate regulations that should be reformed.

"I think that they will be happy to bring additional issues to my attention," Sullivan says. "Then the burden shifts to me to do something about it."

Sullivan's office will use this input to help agencies prioritize which regulations should be re-examined.

The Regulatory Flexibility Act requires agencies to review existing regulations that have a major impact on small businesses. Agencies also do discretionary reviews. A new study by the Government Accountability Office found, however, that agencies don't have enough time and resources -- or input from the business community and other interested parties -- to make these reviews as effective as they could be.

"Agencies are doing a lot more reviews than anyone knows about, and they need help," Sullivan says.

This summer Sullivan's office will issue a guide for federal agencies on how they should conduct these reviews. Next year, the office will post updates on its Web site every six months on the status of these reviews.

These status reports are important, Sullivan says, because business leaders were frustrated that it took a congressional hearing to find out the status of regulatory review nominations submitted through an earlier initiative by the White House's Office of Information and Regulatory Affairs.

"That just doesn't seem to be fair to agencies that are working very hard on them, the business community which has volunteered their time to help agencies reform their rules, and Congress, which shouldn't have to prod agencies to do what they've committed to do," Sullivan says.

The cost of complying with federal regulations totals more than \$1 trillion, Sullivan says. Since the regulatory burden falls disproportionately on small businesses, "we really have no choice but to take this type of action," he says.

Senators urge SBA to fund Women's Business Centers

The leaders of the Senate committee that oversees the Small Business Administration want the SBA to change its grant formula for Women's Business Centers so that older centers receive funding by Jan. 1.

If that doesn't happen, some of these centers "may be forced to cut key services or possibly shut down entirely," says Sen. John Kerry, D-Mass., who chairs the Senate Small Business and Entrepreneurship Committee.

Kerry and Sen. Olympia Snowe of Maine, the committee's ranking Republican, wrote a letter to SBA Administrator Steven Preston Aug. 17 urging the agency to implement legislation enacted May 25 that allows older Women's Business Centers to apply for three-year renewal grants.

Women's Business Centers provide counseling and training to more than 100,000 woman entrepreneurs a year. In addition to grants from the SBA, they are required to raise their own money. In the past, the SBA wanted to require these centers to become self-sufficient after five years so it could provide more money to new centers. Congress rejected that idea, and directed the agency to award grants to existing centers for an additional five years.

This spring, Kerry and Snowe attached a provision to an appropriations bill that created a renewal grant program for centers that have been funded for 10 years. This was necessary, Kerry says, "to ensure our successful centers ... remain strong so they can focus on providing woman entrepreneurs with the tools they need to succeed when starting or expanding a business."

The problem, says SBA spokesman Mike Stamler, is the SBA already had obligated grants to Women's Business Centers based on the old rules by the time the legislation became law. If the agency launched an application and evaluation process for a new round of grants, it would have "to strip money from 95 existing centers in order to provide grants to centers that have already graduated," he says.

"We're trying to do the right thing with this," he says.

khoover@bizjournals.com

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