

UNIVERSITY AT ALBANY
STATE UNIVERSITY OF NEW YORK

For Immediate Release

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UAlbany, SEFCU and Empire State Development Launch Program Backed by \$2.5 Million Loan Fund Targeted to Small Businesses in the Capital Region

ALBANY, N.Y. (June 29, 2011) --The University at Albany is partnering with SEFCU and Empire State Development (ESD) to launch the Capital Region's first character-based microloan program with a sophisticated evaluation design. SEFCU is making available a revolving loan fund of \$2.5 million targeted to small businesses and ESD is providing \$96,700 for staffing to coordinate the project.

The Small Enterprise Economic Development (SEED) program links faculty, staff and students from the UAlbany School of Social Welfare, the UAlbany School of Business, and the School of Business's Small Business Development Center (SBDC), with financial support from SEFCU and ESD, to stimulate the creation and growth of small businesses in the Capital Region.

"This unique public-private partnership leverages the skills and expertise of University at Albany faculty, staff, and students to create new firms and new jobs in the Capital Region," said UAlbany President George Philip. "The partnership between a school of social welfare and a school of business is unprecedented. The SEED program illustrates the role UAlbany plays as a catalyst for promoting economic development in the Capital Region and New York State. We are grateful to SEFCU and ESD for supporting this worthy program."

"In today's difficult economic climate, securing funding for a new business can be challenging," said Michael J. Castellana, SEFCU president and CEO. "Through SEFCU's partnership with the University at Albany and the Empire State Development Corporation, we can give entrepreneurs not only the financial backing they need but also arm them with the support system to allow their conceptual seed to take root and grow."

"Addressing the needs of the small business community is a critical piece of Governor Cuomo's economic development agenda," said Empire State Development President, CEO and Commissioner Kenneth Adams. "This first-of-its-kind SEED program is a perfect example of how using New York's best assets—our premier higher education institutions in the SUNY schools, innovation and strong public/ private partnerships—can help us advance our goals and

produce real results. I'm excited that ESD is an integral part of a program that will help create jobs and grow small businesses in the Capital Region from the ground up."

Entrepreneurs in the program will participate in eight weeks of training to learn the key components of becoming a small business owner, including business planning, legal issues, marketing and financial management. The program coordinator, UAlbany interns and volunteers will serve as mentors, assisting candidates with the development of their business models and providing social supports, including capacity building.

Each participant who completes the eight-week program will also receive assistance with the development of a business plan and financial projections to be submitted with a financing application.

The SEFCU revolving loan fund will serve as the financing mechanism, using character-based lending as one of several underwriting criteria. This non-traditional form of lending assesses an entrepreneur's creditworthiness based on his or her relevant expert knowledge, entrepreneurship, good knowledge of the relevant market, and ability to handle crises. The project will pilot test character-based assessments so that more credit can be extended to populations historically left out of small business investments and loans. The famous Grameen Bank model first popularized micro-lending.

The program's key goal is to improve local economies in the Capital Region and surrounding counties by promoting and fostering small business and microenterprise development.

"It is well-known that entrepreneurial firms create almost all the net new jobs. However, some entrepreneurs are falling through the cracks. The University at Albany SEED program targets worthy entrepreneurs who cannot secure loans based on standard financial criteria and also need technical assistance to start and expand their companies," said School of Business Dean Donald Siegel. "The School of Business is proud to support this innovative program, which can only be delivered at a research university. SEED is the first university-based microloan program with a sophisticated evaluation design, which will allow us to assess and enhance its effectiveness and also publish our findings in major academic journals."

"Through the mentoring process provided by both our schools of Social Welfare and Business in this pilot project, we will learn what barriers these entrepreneurs face," said School of Social Welfare Dean Katharine Briar-Lawson. "We will learn how to help them overcome barriers and how to help facilitate their success. The integration of both social and economic supports is essential and our two schools in joining forces with SEFCU and SBDC will help with these dual facets of success."

About SEFCU

Established in 1934, today SEFCU is among the 50 largest credit unions in the U.S. with more than \$2.2 billion in assets, over 200,000 members, and 42 branches in the Capital Region, Binghamton, Syracuse, and Buffalo. In addition to full service retail and commercial banking

products and services, SEFCU is committed to supporting the community through the donation of time and talent of its staff and members, as well as monetary contributions to help people and make an impact in the communities it serves.

About Empire State Development

Empire State Development is New York's chief economic development agency and administrator of the statewide business resource portal: New York First (www.NYfirst.NY.gov). The mission of Empire State Development is to promote business investment and growth that leads to job creation and prosperous communities across New York State. ESD also oversees the marketing of "I LOVE NY," the State's iconic tourism brand. For more information on Empire State Development, visit www.esd.ny.gov.

Empire State Development's Division for Small Business is established in New York State Economic Development Law to represent the interests of small businesses and to support business development and expansion of small business with under 100 employees. The Division directs a wide array of programs and initiatives to support small business growth and development. Visit New York First's [Small Business Resource Center](#) for more information.

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