

April 13, 2017

Dear Chairs, House Commerce and Senate Appropriations:

As the VtSBDC Advisory Board, we wish to convey our support – and urge you to optimize the funding for VtSBDC in the FY'18 budget. We realize there are difficult choices and budget gaps – and the stakes are high. We understand your task is to make good decisions for highest and best overall results with limited resources.

We are constantly aware and reminded of Vermont's demographic challenges and the essential need to attract people and build the workforce for our organizations, businesses and institutions to flourish. Small business is the job-creation engine for this – from startups, to land and craft lifestyle businesses to going concerns and growing gazelles – they are the economic engine and business landscape we need to foster.

VtSBDC is a proven, effective economic development investment. There is clear evidence that the clients of VtSBDC:

- Add more employees (13% greater job growth than national average) and have higher sales (4 times the national average), and are more profitable (than businesses that are not clients).
- Investing in VtSBDC has a direct and positive connection to future new jobs and profitable/sustainable businesses in our communities.

These facts are verified every year by an independent study conducted by a national economist.

More Good Reasons:

VtSBDC has been asked to assist more entrepreneurs and business owners, but needs funding to do so—as currently 6 business advisors cover the whole state. Simply put, this increase from the State would allow for more advisors, and fund VtSBDC on par with the average federal:state funding formula (1:1) seen in other small population states throughout the U.S.

In addition to VtSBDC's record of results, there are pressing reasons to fund this incremental investment:

- 1) Our economy has not rebounded from the 2008-9 recession as robustly as many other states. All you have to do is travel our country to observe this. There's a clear guarantee here – we will continue to lag unless and until we change our approach. VtSBDC is a high-odds investment because it's a proven organization.

- 2) This investment directly supports the Governor's top priority: the 6 in "6-3-1." It leverages an existing and proven organization, already operating in all regions to drive and enable economic development.
- 3) Incremental investment in more tech capacity - which these additional resources will fund - is the single surest way to foster the ongoing transformation from "one foot in the pasture to one in the future." We have a solid start to build on: our tech sector has competitive assets in a growing sector, pays above median wages, and is environmentally friendly. This is the sector that will lead the way attracting young people to our state so they can build their lives (and our communities) in an affordable way. Progress in this sector is also the best way to convince young, STEM-saavy Vermonters to stay and build their lives here.
- 4) Much attention is attracted to incubators and accelerators as the shiny objects in economic development. Clearly, It's essential to continue supporting new business formation - without commercial innovation, we will not create a sustainable future, but these take time to build. Strengthening and scaling existing businesses, which employ the current workforce and pay today's taxes is smart, essential - and today's urgency. Furthermore, much of Vermont's economy is in the hands of aging owners, approaching transition. Helping to assure that strong business value conveys to new owners is essential. What happened in Springfield is a clear example of why this is important. The take away point here is that VtSBDC is the organization that helps new businesses, existing businesses, and transitioning businesses to succeed all sectors, all types of businesses.

We are grateful for your support - urge you to invest in VtSBDC - keen to move things forward. Thank you for your consideration.

Bill Dunnington

VtSBDC Advisory Board Member, and,

Managing Director, PDS LLC

Owner, founder, managing director of this independent consultancy serving emerging small business, mid-market and Inc 500 firms. 15 years, \$7 million peak sales.