

VT Legislature – 4.8.26 House Commerce Committee

Linda Rossi, State Director of Vermont Small Business Development Center (VtSBDC).

I appreciate the committee's continued interest in understanding the **challenges** and **needs** of small businesses and, I am happy to provide any information that will be helpful to you...based on our **experience** in advising hundreds of Vermont small business owners each year in all stages of development with **1:1, no-fee, confidential advising...for the past 33 years**.

I'd like to talk with you about the **original S. 327** as described by Senator Clarkson in her walk through last week... that **outlined funding needed for business support organizations to respond to the demand from small business owners to start, grow, thrive, and prepare for transitions in ownership (buy/sell)**.

VtSBDC is part of a nationwide program-built on a partnership of **federal and non-federal partners** (the state and higher education).

Federal - SBA State – Agency of Commerce, DED Higher Ed - VSC/VTSU

First - Why this is important now?

At the recommended funding level in the Gov's budget (\$388,889) we will be unable to accept the full federal award of \$833k (for the first time in our history).

- **SBDCs must have a 1:1 match (non-federal funding to federal funding)**

Our cash match comes from the State's Agency of Commerce/Dept of Econ Dev. The remaining non-federal match can be from in-kind and waived indirect contributions.

- While we had one-time funding of \$150k in FY26, it wasn't included in our base for FY27 - our base reverted back to prior level; funding has increased only \$31k in 10 years
- In order to meet the 1:1 match, our ask is to maintain the same funding as in FY26 – at \$538,889.

\$833,333 (federal) – from U.S. Small Business Administration

\$538,889 (state) – maintain in '27 the same funding as in '26

\$294,444 (balance to come from in-kind and waived indirect) – VTSU is willing to waive approx. \$202,000 in '27 (same as in '26).

- **Our host & fiscal sponsor** is the **Vermont State University**, part of the VSC. **They do not contribute cash funds.** They provide **administrative** services (HR-payroll & benefits, IT, etc.) **and** several on-campus **offices**.
 - Given VTSU's focus on financial sustainability, the percentage of our grant funds going to pay for these shared administrative services has increased

If we receive a lower amount from the state than \$538,889, I will need to cut staff, which means fewer advising hours, and business owners served

- Per federal statute, we are **not allowed to charge for our services**, so we are unable to add revenue on our own

Second–VtSBDC has a proven track record (33 years)– giving the State a significant Return on Investment (ROI)

- All results/outcomes and impact reported – have **verification and attribution** by our clients. And **nationally accredited** every five years.
- An **independent 3rd party economist** conducts an annual study looking at clients with over 5 hours of advising – concluding that VtSBDC **clients reported greater increases in sales and employment** than the general small business population.
- With an operating budget of **\$1.2m in cash** (and **7.5 FTE advisors** covering ALL of Vermont)--- last year, we:
 - **Served 445** individual business owners in 1:1 advising
 - **All stages** and all business sectors from **148 individual VT towns**
 - **Created and retained 203 jobs**
 - **Started 24 new businesses**
 - **Secured over \$9.7 million** in new capital to start/buy/grow their business

Third – Funds go directly to advising more small business owners allowing us to **address the top economic & demographic challenges**: Business succession planning (ownership transition-buy/sell) AND Financial management and accounting (support for early stage, growing businesses)

1. Vermont's aging population means our small business owners are aging – creating an increasing need for planning to sell/transition the business to the next generation.

2. Strong financial decision-making at the early stages of business development is critical to long-term success. Making informed decisions about pricing, cash flow, hiring, financing, and growth—reduces the likelihood of failure.

CONCLUSION - I understand you all must balance many priorities. However, **investment in small business assistance** doesn't compete with other priorities—**it advances them.**

Vermont's small businesses are the heart of our communities, and the job creators and drivers of our state's economy. **Investments in small business assistance** strengthens Vermont's entire ecosystem—**from education and workforce development to housing stability, public health, and municipal revenue.**

I'd be happy to answer any questions you have—as well as provide any additional information. Thank you.

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