

## VT Legislature – 2.18.26 Senate Econ Dev Committee

Good morning and thank you for the invitation to join you today.

*For the record, my name is:* **Linda Rossi, State Director** of Vermont Small Business Development Center (VtSBDC).

I appreciate the **committee's support of the Vermont Small Business Development Center** outlined in **S. 327**.

### First - Why now? Context on why this increase is so critical:

- **The SBDC in Vermont is part of a nationwide program**-built on a partnership of **federal and non-federal partners** (the state and higher education).  
**Federal** - U.S. SBA   **State** – Agency of Commerce, DED   **Higher Ed** - VSC/VTSU
- **SBDCs must have a 1:1 match (non-federal funding to federal funding)**....of which at least 50% must be in cash. 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.
- The funding proposed in **S. 327** will **ALLOW us to accept the full federal award** (that comes through the U.S. Small Business Administration) in the amount of **\$833,333**.
- At the **Governor's suggested budget** level of \$388,889, we **would be short** and unable to draw down all the federal dollars allocated to VtSBDC.
  - In the last 11 years, the base funding from the State to VtSBDC has increased \$31k (it was \$357,400 in 2016).
- **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 their focus on financial sustainability, the percentage of our grant funds going to pay for these shared administrative services and benefits for retirees has increased.
- Per federal statute, we are **not allowed to charge for our services**, so we are unable to add revenue to offset this increase.

## **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. Many client stories and testimonials describing our role in their success can be found on our website. [Client Features - Vermont Small Business Development Center](#)
- An **independent 3<sup>rd</sup> 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.  
Last year's report showed:  
Sales increase by VtSBDC clients = 16% vs. general population = 3%  
Employment increase by VtSBDC clients = 21% vs. general population = 1%
- Nationally **accredited** every five years.
- 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** – The increase **will go directly to advising and educating more entrepreneurs & small business owners (1:1, confidential, at no-fee)** allowing us to **address the top economic & demographic challenges** faced by business owners: 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. Adding a succession-focused advising will allow us to meet rising demand without diverting resources from startup and growth advising.
2. Strong financial decision-making at the early stages of business development is critical to long-term success. When entrepreneurs understand their financials, they are better equipped to make informed decisions about pricing, cash flow, hiring, financing, and growth—reducing the likelihood of failure and supporting a stronger Vermont economy.

## CONCLUSION

- I understand you all must balance many priorities. However, **investment in small business assistance** doesn't compete with other priorities—**it advances them**.
- Small businesses are Vermont's economic backbone and community anchors. **Strong small businesses support workforce development, housing stability, public health, and local tax revenue.** When we prioritize small businesses, we invest in the systems that sustain Vermont.

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

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