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FOR IMMEDIATE RELEASE

State Budget Impasse Hampers Efforts to Support Struggling Small Businesses

Small Business Development Centers Program Facing Pressures to Continue Providing Services

SBDC Locations

Bucknell University
Clarion University
Duquesne University
Gannon University
Indiana University
of Pennsylvania
Kutztown University
of Pennsylvania
Lehigh University
Lock Haven University
Penn State University
Saint Francis University
Saint Vincent College
Shippensburg University
Temple University
University of Pittsburgh
University of Scranton
The Wharton School,
University of Pennsylvania
Widener University
Wilkes University

PHILADLEPHIA—Pennsylvania’s budget impasse isn’t doing much to help improve small businesses’ [record declining sales or overall dim outlook](#). Among items held up during the dickering is funding for the Small Business Development Centers (SBDC) program, a statewide support system for new and existing businesses.

“Without this service, I would not have been able to afford to pay private consultants and my business concept may have failed for this reason,” said Henry Sauers, owner of McKean Tire and Lube in Elk County, who is among scores of [small business owners who voiced their concerns](#) for the future of the SBDC program in letters to Governor Edward G. Rendell and legislative leaders.

The network of 18 university- and college-based centers, hosted at the University of Pennsylvania’s Wharton School of Business, annually assists 30,000 entrepreneurs whose companies employ roughly 100,000 Pennsylvanians.

Funding support from the Commonwealth enables the SBDCs to provide one-on-one confidential consulting services at no charge to clients. The network is seeking \$8 million for fiscal 2009-10 to sustain its efforts. The state funding is leveraged one-for-one and provides match needed to obtain federal and other financial resources.

The lack of commitment of state funding, however, is causing the SBDC network to contract. Centers are cutting services and staff.

“Any reduction in state funding has a negative impact much greater than just the amount of the decrease,” noted Christian Conroy, state director of the Pennsylvania SBDC network. “Quite simply, less investment from the state will mean a lot less impact. Having fewer consultants means spending fewer hours providing individualized and targeted services.”

Conroy explained the reduction in funding will also result in fewer educational programs and increased wait times. “This will significantly hinder our efforts to help small firms survive, grow and create jobs which are essential to the economic recovery,” he said.

As the recession has dragged on, demand for SBDC services has increased. Many companies are turning to the SBDC to find capital—including [emergency loans](#). So far this year, the SBDCs have helped entrepreneurs raise over \$75 million in start-up and expansion capital.

Small firms are also seeking SBDC help in identifying new markets, both domestically and [abroad](#), for their products and services. Meanwhile, with limited employment options, increasing numbers of individuals are working with the SBDC to turn their ideas into profitable new businesses.

Historically, the program has been a critical factor in small business success. While statistics show that two thirds of small businesses fail within their first five years, independent analysis confirms that 80 percent of companies started with SBDC assistance remain in business eight years later.

Help during a rough patch is especially important in that it can prevent failure and position the business for later success. For instance, Solar Power Industries Inc. of Rostraver, Pa., leaned on the Saint Vincent College SBDC nearly eight years ago when its Japanese parent company pulled its investment. The company worked extensively with the SBDC to take over ownership and keep jobs in the region. Last month, the manufacturer announced [plans to expand production and create about 375 jobs](#) over the next three years.

Such results are not unusual. Each year, approximately 2,500 new businesses are opened, and 8,000 new jobs are created as business owners utilize the knowledge they have gained from the SBDC to start and grow their companies.

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For more stories of small businesses helped by the SBDC, visit www.pasbdc.org/success.

About the Pennsylvania SBDC

Since its inception in 1980, the Pennsylvania Small Business Development Centers (SBDC) has evolved into a network of 18 university-based centers and more than 100 outreach locations, operating under the guidance of the State Director located at the University of Pennsylvania. Funding support from the Commonwealth of Pennsylvania, the U.S. Small Business Administration and the SBDC host institutions enables consulting services to be provided at no charge to the client. For more information on the Pennsylvania Small Business Development Centers' services and impact, visit www.pasbdc.org.