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Public Hearing on Economic Development & Job Creation  
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Good morning, Mr. Chairman, members of the Commerce Committee, other legislators and participants in today's hearing. My name is Tim Keohane and I am Director of the Lock Haven University Small Business Development Center. It is my privilege to speak to you today on behalf of the Pennsylvania Small Business Development Centers.

As some of you may know, the Lock Haven SBDC is one of 18 SBDCs across the state that is facilitating the entrepreneurship and small business development activities that will help assure a robust economic recovery. As has been confirmed many times over, small businesses are *the* job creators, and the Lock Haven University SBDC is providing assistance to businesses that will create and sustain much-needed jobs and generate tax revenues.

The Lock Haven University SBDC covers Clinton and Lycoming Counties and has been a part of the region since 1992. In that time, the SBDC has assisted literally hundreds of businesses start, grow and prosper throughout the area. This is done in conjunction with many partners: regional and local economic development organizations, chambers of commerce, financial institutions, and state and federal agencies, among others.

Looking at the broad picture, over the past ten years the Lock Haven SBDC has worked with 1,025 clients and provided them with more than 31,750 hours of consulting. These clients have reported creating or retaining 1,205 jobs, entrepreneurs have reported starting 198 businesses and obtaining \$57.5 million in financing. These numbers are indicative of what occurs on a daily basis at all of the state's 18 SBDCs. In 2009, Pennsylvania SBDC clients reported saving 3,431 jobs and creating 1,561. Just fewer than 50 of these were reported from our two counties.

As you know, the past two years have presented challenges that many of us have not seen for many years. Sales are down, credit is tight, electricity rate caps are expiring, and global competition is intensifying. Meanwhile, thousands of unemployed individuals are struggling to find work, adding to the state's unemployment compensation burden. This stress can be seen in the 20% increase

in companies turning to the SBDC for help. To succeed in this emerging economic landscape, companies need to be nimble; they need to think strategically, employ creativity, create and leverage knowledge and offer unique experiences. This is where the SBDC's assistance can help.

For instance, the Lock Haven University SBDC has been actively organizing efforts to help small businesses capitalize on the opportunities with the Marcellus Shale gas fields. Just this fall, we were the lead co-host of the Central Susquehanna Gas and Oil Expo along with the Independent Oil and Gas Associations, the Williamsport/Lycoming Chamber of Commerce and the Penn State Cooperative Extension. This Business to Business style event included 124 exhibitors, including small businesses and energy companies – among others, and drew over 1,000 people. We are also working closely with Penn State Cooperative Extension to provide education via multiple webinar series offerings aimed at helping local businesses understand arising business opportunities surrounding the region's developing Marcellus Shale industry. Fostering the establishment of local companies to support this industry helps to assure revenues generated by this tremendous resource stay in Pennsylvania and creates jobs for Pennsylvanians.

Allow me to tell you about one of our well established clients who is a great example of the many Pennsylvania entrepreneurs who have benefited from SBDC services over the years. Dr. Jenifer DeWald, a local doctor of chiropractic, had been practicing with another chiropractic office for about four years when she decided in 2001 to open her own practice. She worked with the SBDC to create a business plan and develop a loan package to seek financial assistance and begin operations. After successfully opening her doors, Dr. DeWald remained a client of the SBDC for the next six years utilizing a wide range of services, including assistance with human resources, computerized accounting implementation, evaluating cash flow, and financial management. As a result, over a 5-year period Dr. DeWald had grown her practice's annual revenues by 572% and in 2007 she recognized that in order to fully contribute to the health of her clientele and the community, as well accept new patients, it would be necessary to expand the practice. Dr. DeWald was successful in relocating to a 6,300 square foot facility on Four Mile Drive in Williamsport, an expansion of an additional 5,100 square feet of opportunity. This local economic development investment included the purchase and renovation of the existing site for DeWald Chiropractic, as well as the addition of a third chiropractic doctor, a full time certified massage therapist, and one administrative staff member. Dr. DeWald continues to utilize the SBDC for periodic tax compliance assistance.

The SBDC's approach to helping entrepreneurs think long-term and providing them with the research and tools they need to implement strategies, has resulted in thousands of small companies achieving sustained success. This has meant solid employment opportunities for **hundreds of thousands of Pennsylvanians** and the ongoing generation of millions of dollars of state tax revenues. The firms helped by the Pennsylvania SBDC network represent the foundation of the Commonwealth's economy.

Yet at the very moment when the SBDCs can have the greatest impact on businesses, families and communities, our ability to respond is constrained because of diminished resources. Since FY 2007, state funds to the SBDC have been reduced by half, with the most significant reduction coming in this current fiscal year. As a result, essential client services have been cut, response time has increased and impact has been reduced. For instance, at the **Lock Haven SBDC** specifically, we have eliminated approximately 30% of our student employees, reduced the number of educational programs offered, eliminated online educational programs, and eliminated most travel to client businesses.

I hope you agree that the SBDCs are an important asset to our small business community across the state. We look forward to working with you and your fellow legislators to assure that sufficient funding is in place to provide entrepreneurs with the expertise, tools and programs to respond to these emerging trends and contribute to making the Commonwealth a 21st century global powerhouse.

Thank you all for the opportunity to present this information to you today. I would be happy to answer any questions you may have.