



**Testimony of
Tiffany Ford, State Director,
North Dakota Small Business Development Centers
Regarding Bill SB 2018: ND Commerce Department
March 3, 2021 – House Appropriations Committee
(Education & Environment Division)**

Chairman Monson, Vice-Chairman Schmidt, and members of the House Appropriations Committee, Education & Environment Division:

My name is Tiffany Ford, State Director for your ND Small Business Development Centers (ND SBDC). The ND SBDC is hosted by the University of North Dakota (UND) Nistler College of Business and Public Administration. The national Small Business Development Centers (SBDC) program is administered by the U.S. Small Business Administration. Our state network is partially funded by federal dollars, with mandated state matching funds provided by the Department of Commerce from the **Partner Program line** and the Discretionary line. Local contributors include UND, cities, counties, and private contributors. Our program here in North Dakota is nationally accredited by America's SBDC (ASBDC). We successfully completed a rigorous re-accreditation review in 2019, exceeding each of the quality standards in service, operations, and compliance, with zero findings and a national commendation.

ND SBDC credentialed advisors empower North Dakota small and medium-sized businesses and entrepreneurs to thrive, through customized guidance and resources that help them achieve their goals at every stage of business development. We are the source for knowledge, specialized expertise, connections, business acumen, insights, tools and resources, all at no cost to the client. We accelerate business growth and success across North Dakota, strengthening and diversifying the economy, resulting in long-term positive impacts. When small businesses thrive, communities thrive. **North Dakota thrives.**

This year we are celebrating the 35th anniversary of the ND SBDC program. For over three decades, our program and staff have been invested in the success of small and medium-sized businesses across our state. Now, probably more than ever in our long history, the ND SBDC is recognized as the essential service provider and support system for the businesses that are the cornerstones of our state’s economy. Please refer to the ND SBDC impact information, the 2020 ND SBDC Annual Report, and the letters of support provided with this written testimony. To highlight just a few relevant data points from the past 20 months of the current biennium:

- the state’s return on investment for the ND SBDC program is estimated to **exceed \$70 million in state tax revenues**, with the current funding level at just over \$750,000 per biennium, that calculates an approximate **benefit to cost ratio of 124:1**,
- our survival success rate of 90% far exceeds the national average (nationally, only 50% of new small businesses survive their first five years),
- our client satisfaction rate also ranks extremely high: 96% of our clients rate the services they received a 4 out of 5, or higher,
- ND SBDC clients started more than *180 new* small businesses, received more than *\$121 million in capital*, and *created, retained, or supported more than 8,200 jobs* in our state.

	2017	2018	2019	2020
New Business Starts	129	100	90	116
Capital Formation	\$ 52,385,799	\$ 47,565,529	\$ 54,914,162	\$ 87,010,976
Top 5 Industries Assisted	<ul style="list-style-type: none"> ▸ Other Services ▸ Retail Trade ▸ Accommodation/ Food Service ▸ Prof., Scientific, Tech. Services ▸ Construction 	<ul style="list-style-type: none"> ▸ Other Services ▸ Retail Trade ▸ Accommodation / Food Service ▸ Prof., Scientific, Tech. Services ▸ Manufacturing 	<ul style="list-style-type: none"> ▸ Other Services ▸ Retail Trade ▸ Accommodation/ Food Service ▸ Prof., Scientific, Tech. Services ▸ Transportation & Warehousing 	<ul style="list-style-type: none"> ▸ Other Services ▸ Retail Trade ▸ Accommodation/ Food Service ▸ Prof., Scientific, Tech. Services ▸ Health Care/ Childcare/ Assistance
Start-up % vs. Existing Business %	49% / 51%	48% / 52%	48% / 52%	44% / 56%

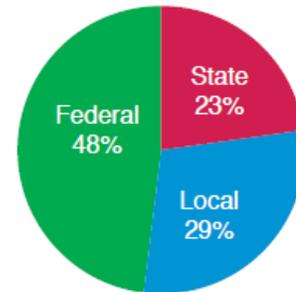
The COVID-19 pandemic has called attention to the vital and significant value of the ND SBDC program. Our COVID-related services and impacts are on page two of the included impact document. The demand for ND SBDC assistance has increased substantially in the past year. In 2020, we served nearly 3,500 individuals through one-on-one advising and training workshops. In an average year that count is usually around 1,500.

The ND SBDC program is North Dakota's widest reaching and most substantial business support program, assisting individual clients in each of our state's 53 counties. Our program far exceeds its goals in each category, each year. We report only verifiable, fact based successes. The comprehensive expertise and certifications of our staff is incomparable, and the tools available to our clients are not available through any other service or organization in our state, not even those that do charge a fee.

The ND SBDC is a fundamental component of the North Dakota entrepreneurial ecosystem. Small business is BIG business in this state, with 98.8% of firms defined as small businesses. The statewide services provided by the ND SBDC have direct economic impacts including jobs, tax base, and quality of life. Small businesses ARE the foundation of our communities and provide essential services and products to support the operations and success of all of our state's industries, including our top producers: oil, energy, agriculture, and tourism. Regardless of industry or interest, from manufacturing to childcare, innovation to rural vitality, and workforce development to business transition planning – the path for each client and business is unique, and the ND SBDC guides these businesses towards success.

Each of the past five years has seen an increase in federal funding for the national SBDC program, however, the **ND SBDC will be challenged to receive our full allocation of federal dollars**, when our state contribution remains at the current level. Page five of our Annual Report shows the breakdown of federal, state, and local funding sources. The State

provided only 23% of funding for operations of this statewide program in 2020. Adequate funding from the state supports our program in numerous ways:



- To sustain current service capacity and program offerings, in order to *meet the increasing demand for assistance* from our program, assisting ND small businesses to start, grow, and not just survive but thrive in the long-term – we anticipate lasting effects from the pandemic will be devastating for years to come on our small businesses,
- Adequate state funding ensures that we can continue to *leverage the maximum amount of federal funding available to our state*, and continue to meet the mandated 1:1 match under the SBDC program; if state and local funding decreases, our federal funding will decrease (a triple-threat to our operations and service delivery capacity),
- We anticipate local sources of funding to become even more strained in the near future, and seeking these local sources for operational funding takes significant time away from direct assistance provided to clients,
- If funding for the ND SBDC program decreases below the current level, it will have *negative repercussions* on service delivery, economic impact, and may lead to the closure of service centers.

An additional consideration would be a more direct appropriations approach to the funds meant for the ND SBDC program. Funding allocations within an aggregated budget line lack legislative intent. Given the considerable **statewide impact** of the ND SBDC, it may be in the best interest of the state to have ND SBDC be a named budget line, outside of the Partner Programs line.

The ND SBDC is a long-standing, strong program with undeniable positive impacts for our state’s economy, businesses, and communities – large and small. While many may not realize the strength of small businesses in our state, we like to remind them that the essential services and products they consume, whether from the grocery store, gas station, car dealership, childcare center, plumber, electrician, or dentist, are small businesses that

employ people, pay taxes, and support the local little league team. We as a network of passionate and invested individuals look forward to serving these businesses and this state for years to come. We are proud to assist the resilient, determined, and hard-working small businesses and entrepreneurs in our communities. Helping our clients achieve their dreams of owning a successful small business, right here in North Dakota, is what matters most.

I am happy to answer any questions that you have. I appreciate having the opportunity to share this information with you. Thank you Chairman Monson and committee members for your time, and for your support of the ND SBDC and small businesses all across our great state.