

HOUSE COMMITTEE ON
TRADE AND ECONOMIC DEVELOPMENT

March 23, 2005 Hearing Room 343

8:30 A.M. Tapes 45 - 46

MEMBERS PRESENT: Rep. Scott Bruun, Vice-Chair

Rep. Jeff Merkley, Vice-Chair

Rep. Peter Buckley

Rep. John Dallum

Rep. Donna Nelson

Rep. Chuck Riley

MEMBERS EXCUSED: Rep. John Lim, Chair

STAFF PRESENT: Jim Stenbridge, Committee Administrator

Erin Seiler, Committee Assistant

MEASURES/ISSUES HEARD:

Small Business Development Center – Informational Meeting

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/# Speaker Comments

TAPE 45, A

001 Vice-Chair Bruun Opens the meeting at 8:32 a.m. Opens the informational meeting on Small Business Development Center (SBDC).

SMALL BUSINESS DEVELOPMENT CENTER -INFORMATIONAL MEETING

011 William Carter State Director, Oregon Small Business Development Center Network (OSBDCN). Submits information packet about SBDC which includes magazine article from *Self-Employed America*, Fiscal Year 2005-07 Legislative Briefing report, Fiscal Year 2005-07 SBDC Proposed New Investments report, SBDC participating colleges list, and SBDC marketing pamphlet (**EXHIBIT A**).

013 Carter Submits and summarizes written testimony about OSBDCN (**EXHIBIT B**).

096 Rep. Nelson Asks if colleges and universities are required to fund OSBDCN program.

100 Carter States that there is no requirement for colleges and universities to participate.

115 Rep. Nelson Asks for an explanation of funds distribution amongst participating centers and who is the largest community college or university donor to the program.

124 Carter Explains that managing donation money is not in his purview, but Lane Community College is the largest host contributor for the program.

153 Rep. Nelson Asks how to establish a center in Yamhill County.

157 Carter Speaks to the financial challenges of adding a new center to OSBDCN, suggesting a satellite center as a more feasible solution.

172 Rep. Dallum Asks whether it is unusual for a county to participate in OSBDCN program.

183	Carter	Identifies several counties that have established centers.
196	Rep. Buckley	Asks what the current federal budget proposal is for Small Business Administration.
203	Carter	Explains what the federal budget proposal is for OSBDCN and the likelihood that it will decrease.
227	Rep. Riley	Comments how the focus and opportunities available at a center are largely driven by the community and local leadership.
240	Carter	Explains why SBDC programs and OSBDCN as a whole are locally grounded.
292	Rep. Riley	Identifies the need to expand the promotion and marketing of SBDC so as to reach all those who need help and do not know about the program.
304	Vice-Chair Bruun	Asks how marketing for OSBDCN is done.
308	Carter	Explains the local focus and overall marketing schematic for OSBDCN.
355	Rep. Nelson	Asks why the largest universities in Oregon do not participate in OSBDCN.
362	Carter	Addresses why OSBDCN is comprised primarily of community colleges in Oregon and not the University of Oregon.

TAPE 46, A

001	Rep. Buckley	Asks if OSBDCN has discussed establishing a client payment method or small business repayment program.
007	Carter	Agrees with the need for more funding, but points out how solicitation of financial resources is difficult because of federal program statutes.
026	Carter	

Reviews magazine article from *Self-Employed America* titled “Why Businesses Fail...” (**EXHIBIT A, Page 1**).

- 078 Carter Explains graphs profiling the types of businesses served, client demographics, and number of jobs created by OSBDCN (**EXHIBIT A, Pages 5 -7**).
- 114 Carter Explains graphs regarding the return on investment for Oregon, quality of service ratings, number of customers counseled, trainings conducted, and funding and budget resources (**EXHIBIT A, Pages 9-14**).
- 138 Carter Explains Fiscal Year 2005-07 SBDC Proposed New Investments report (**EXHIBIT A, Pages 18-20**).
- 153 Jim Stembridge Committee Administrator. Explains what services SBDC does charge a nominal fee to provide.
- 157 Carter Clarifies that OSBDCN does have some charges for training and who the three primary funding partners are.
- 175 Stembridge Verifies who receives the fees that OSBDCN charges for training classes.
- 195 Rep. Nelson Asks what the success rate is for a small business receiving assistance from OSBDCN.
- 220 Victoria Pruett Market Development Manager, Oregon Economic and Community Development Department (OECDD). Explains the methodology used by OECDD for the two-year performance measurement survey of OSBDCN.
- 228 Rep. Nelson Verifies that 91 percent of small businesses receiving assistance from OSBDCN remain in business.
- 243 Ron Fox Business Development Division Manager, OECDD. Explains that OECDD, at present, does not conduct a longitudinal study of program participants, but is discussing with OSBDCN about how to develop a comprehensive study.
- 271 Rep. Riley

Asks if there is a list of all the businesses that have been served by each center.

- 276 Carter States that a management system does maintain service information, but confidentiality provisions prevent the disclosure of any business counseling information.
- 295 Rep. Dallum Asks if the 50 percent small business failure rate is accurate.
- 303 Fox Speaks to the national data regarding the closure or failure of small businesses, noting that the restaurant industry is the riskiest industry and failure rates depend largely on business industry.
- 352 Pruett Submits and summarizes Small Business Program Survey and Assessment III PowerPoint presentation (**EXHIBIT C**).

TAPE 45, B

- 044 Vice-Chair Bruun Asks if the percentages of small businesses owned by minorities and women are representative of the larger population of Oregon.
- 051 Pruett Affirms that the participation of minorities and women does represent an accurate cross-section of the larger population.
- 053 Fox Points out that OSBDCN targeted service-providers are contracted for the specific purpose of providing targeted-service to minorities and women in the start-up phase of a small business.
- 061 Rep. Nelson Asks if OECDD or OSBDCN contracts with targeted-service providers (**EXHIBIT C, Page 2**).
- 064 Fox Explains the selection process and funding source of targeted-service providers facilitated through OECDD.
- 094 Rep. Nelson Asks which of the targeted-service providers is the most successful.
- 100 Fox Identifies how all of the targeted-service providers have been successful in their specific area, but Oregon Manufacturing Extension Partnership has been the most successful.

128	Pruett	Explains the survey results regarding the impact of targeted-service providers on small business (EXHIBIT C, Pages 6-8).
171	Pruett	Submits and summarizes OECDD Support Small Business report (EXHIBIT D).
186	Rep. Nelson	Asks about the ability of a small business owner to access OSBDCN services if it is not a new manufacturing business and has 201 employees.
196	Fox	Identifies the differences between federal and state definitions of small businesses and why such a business would not be able to access small business resources.
224	Vice-Chair Bruun	Asks if there is a revenue component to Oregon's statutory definition small business or is the definition based solely on employee size.
230	Fox	Verifies that the definition of small business is a matrix-based employment figure.
241	Carter	Explains why OSBDCN is structured, targeted, and designed to provide services to a specific small business demographic.
273	Rep. Nelson	Asks for data about small business services being provided by other states.
298	Fox	Speaks to the value of studying the methodology of other states and the importance of OSBDCN and targeted-service providers working collaboratively in Oregon.
325	Rep. Riley	Comments on why state support for small business is concentrated on a specific segment of the business sector.
340	Carter	Agrees that a targeted approach towards small business industries is important and improves small business outcomes.
352	Rep. Nelson	Speaks to the expansion of electronic commerce program and the need to provide businesses with the necessary resources to apply for electronic commerce designations.

391 Carter Comments on the financial constraints that prevent providing widespread assistance to businesses with the development of market plans.

TAPE 46, B

007 Rep. Nelson Asks how the state would increase funding for small business programs.

009 Carter Explains effort to create federal small business pilot program.

021 Vice-Chair Bruun Close the informational meeting on Small Business Development Center. Adjourns the meeting at 9:57 a.m.

EXHIBIT SUMMARY

- A. Small Business Development Center, information packet, William Carter, 28 pp**
- B. Small Business Development Center, written testimony, William Carter, 4 pp**
- C. Small Business Development Center, Small Business Program Survey and Assessment III PowerPoint Presentation, Victoria Pruett, 8 pp**
- D. Small Business Development Center, OECD Support Small Business Report, Victoria Pruett, 1 p**