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Research Finds Pennsylvania Small Business Development Centers Have Large Impact on State’s Economy

7,000 Jobs Created, \$42 Million in New State Tax Revenue

PHILADELPHIA, Pa - Increasingly it has been noted how important small businesses are to the nation’s economic recovery and for job growth. New research on small businesses in Pennsylvania backs up that claim.

According to a recently released independent study, in 2010 the Pennsylvania Small Business Development Centers (SBDC) helped entrepreneurs start 1,604 new companies, create more than 7,000 new jobs, and save an additional 7,000 jobs. The SBDC helped increase client’s sales by more than half a billion dollars.

These growing companies are helping to replenish the Commonwealth’s coffers, by generating \$42.5 million in new state sales and personal income taxes. Another \$21.5 million in personal income taxes went to the federal treasury as a result of these companies’ growth.

Further contributing to positive economic activity, the 9,334 companies assisted by the SBDC purchased \$261 million worth of services from other businesses, extending the impact of their growth.

“These results show the path to recovery for our Commonwealth – supporting small businesses and entrepreneurs with the education and resources they need to make smart growth decisions,” notes Christian Conroy, Pennsylvania SBDC State Director. “It’s a prudent approach. For every dollar invested in the SBDC, over \$6 in new tax revenues are generated by our clients. These are the financial resources policy makers so desperately need to support other critical government functions.”

The research also found that the small businesses helped by the SBDC program are growing at rates far higher than other businesses in the state.

Sales grew at SBDC-assisted companies at a rate of 12.9%, while the average firm saw sales rise by just 4.3%. Employment growth was even more pronounced for SBDC-assisted businesses: up 9.75% compared to zero percent growth for other companies.

Pennsylvania SBDC services also support high- growth businesses. This was highlighted as five of the 18 Pennsylvania companies on the Inc. 500 list contacted

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

the Pennsylvania SBDC for business assistance. The Inc. 500 list recognizes the fastest growing privately held firms in the U.S. On average, three SBDC clients make this prestigious list annually.

The Pennsylvania SBDC is part of a national network, with approximately 1,000 centers in all 50 states. In comparison to these other programs, the Pennsylvania SBDC stands out too, contributing more to the nation's economy beyond the program's proportionate size. The Pennsylvania program receives 4% of the federal funds that help to support the SBDC program. Yet, the results from the Pennsylvania program represents 7% of the national program's total new business starts, 9% of client sales growth, 9% of new jobs created and 9% of new federal income taxes generated.

"Clearly, this program is a good value for the Commonwealth and for our country," said Conroy. "Beyond these numbers, the benefits are very real to thousands of families and communities that are enriched as these growing firms contribute jobs, critical services and new tax revenues."

About the Study

Results on the impact of the Pennsylvania SBDC program are from an annual, independent analysis of the national SBDC network conducted by Dr. James Chrisman of Mississippi State University. For the study, all clients assisted by the Pennsylvania SBDC program in 2009 were surveyed on their achievements in 2010, the year following their SBDC engagement. The conservative study only looks at firm performance for one year and does not consider the ongoing impact of the firms assisted by the SBDC. The study only includes federal income tax and state income and sales taxes generated. It does not include other tax revenue sources such as corporate taxes, local taxes, property taxes, unemployment taxes or social security payments. The study also *does not* capture other benefits of the SBDC program including: continuing tax revenues of clients after the year studied; other value-added programs the SBDCs offer (e.g. educational programs); value of personal assets preserved and business failures prevented because of SBDC assistance; and multiplier effects of a healthier small business sector.

About the Pennsylvania Small Business Development Centers (SBDC)

For 30 years, the network of 18 university- and college-based Pennsylvania Small Business Development Centers (SBDC) has helped grow the Pennsylvania economy by assisting entrepreneurs and small businesses. Operating out of the Wharton School at the University of Pennsylvania, the SBDC is funded in part by the Commonwealth of Pennsylvania, through a cooperative agreement with the U.S. Small Business Administration, and with the support of the institutions of higher education hosting SBDCs. This support enables confidential consulting services to be provided at no charge to the client. For more information on the Pennsylvania Small Business Development Centers' services and impact, please visit www.pasbdc.org.