

**State University System
Education and General
2019-2020 Legislative Budget Request
Form I**

University(s):	University of West Florida (Lead) Current Program Participants: Florida A&M University Florida Atlantic University Florida Gulf Coast University Florida International University University of Central Florida University of North Florida University of South Florida
Issue Title:	Expand Capacity in the Florida SBDC Network for the Creation, Retention and Expansion of Florida’s Small Businesses, Economy and Jobs
Priority Number	
Recurring Funds Requested:	\$4,000,000
Non-Recurring Funds Requested:	
Total Funds Requested:	\$4,000,000
Please check the issue type below:	
Shared Services/System-Wide Issue for Fiscal Year 2019-2020	<input checked="" type="checkbox"/>
New Issue for Fiscal Year 2019-2020	<input type="checkbox"/>

I. Background Information

The Florida Small Business Development Center (SBDC) Network is designated as “the principal business assistance organization for small businesses in the state.” [Fla. Stat. § 288.001] Due to its multi-institutional focus, the State University System Board of Governors designated the [Florida SBDC Network](#) as a State of Florida Center in August 2009. [BOG Regulation 10.015] As such, the network is one of Florida’s principle business development agencies, known as the “Partners in Prosperity,” with the SBDC widely recognized as ‘the’ entity that delivers programs that help Florida small businesses succeed.



Governed by [Section 21 of the Small Business Act, 15 USC § 648](#), and federal regulations, [13 CFR Part 130](#), the Florida SBDC Network is sponsored and supported by federal, state and local (match) funding. In 2017, sources of program revenues included nearly \$8 million in federal funding, \$4 million in state funding, and nearly \$8 million in local match funding.

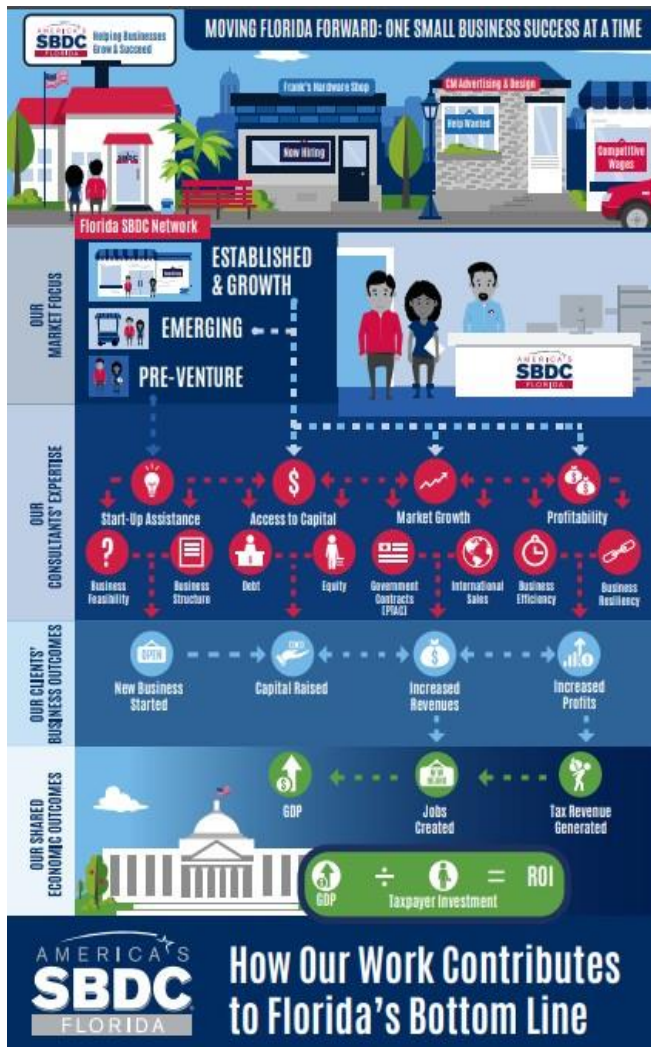
As Florida’s only statewide provider of entrepreneurial and business development services with a legislatively designated mission to create and expand small and medium-sized businesses, the University of West Florida (UWF) is requesting \$4 million in recurring state appropriation to expand and enhance the small business development programs operated and managed by the Florida SBDC Network. These programs provide no-cost critical support services that address the specific needs of the state’s principal job creators – small and medium sized businesses - and fulfill the State University System and network’s shared vision to advance the State’s economy. Additional state appropriations will be used to expand program services and, when possible, access additional federal grant and research funding.

Network of Partners

In Florida, the designated Recipient Organization (Headquarters) of the Florida SBDC Network is the University of West Florida (UWF). As the designated recipient, the UWF is the recipient of Federal and State appropriations and responsible for establishing and leading the Florida SBDC, including but not limited to ensuring the network’s policies and programs align with the statewide goals of the State University System and the statewide strategic economic development plan as provided under Fla. Stat. §20.60. Since its inception in 1976, the Florida SBDC Network has evolved into a statewide network of 45 offices administered through nine (9) regional centers located at eight state universities and one state college.



Key Services



Under Section 21 of the Small Business Act [15 USC § 648], SBDCs are required to provide no-cost business development services that support small business growth through all stages of the business development life cycle. To achieve its required purpose, the Florida SBDC Network delivers results by providing no-cost professional business consultation to small and medium sized enterprises delivered by certified professional SBDC Business Consultants and Specialists. SBDCs also provide access to low or no-cost business development education that builds the acumen of emerging and established business owners and managers, and access to information and research to foster business literacy and knowledge. SBDC key services (consulting, training and research) maximize value and return-on-investment by creating business outcomes (new businesses created, access to capital, increased revenues and profitability) that enhance the economic development goals and objectives of network funding partners, including but not limited to tax revenue generation and job creation.

II. Description – 1. Describe the service or program to be provided and how this issue aligns with the goals and objectives of the strategic priorities and the 2016 Work Plan established by your institution (include whether this is a new or expanded service/program). If expanded, what has been accomplished with the current service/program? 2. Describe any projected impact on academic programs, student enrollments, and student services.

Pursuant to the State University System's tripartite mission of fostering community and business engagement, the request for additional funds for the Florida SBDC Network will assist in the fulfilment of the Board of Governors' goals to strengthen the quality and recognition of commitment to community and business engagement and increase the level of community and business engagement.

Florida is home to 2.5 million small and medium sized businesses that create three out of every four new jobs. By 2030, Florida's population will grow by 30 percent to 26 million residents. To support this growth, Florida will need to foster the creation an additional half million more businesses, and cultivate the expansion of our already existing 2.5 million small

businesses, to create 2 million net new jobs to sustain current levels of employment. To put that in perspective, and ensure Florida remains economic competitive, we will need to do in the next ten years what it took us the last 25 years to accomplish. Therefore, Florida's job creators – small businesses – will need access to professional guidance to address growth challenges and opportunities. As Florida's principal business assistance organization [[Fla. Stat. § 288.001](#)], the Florida SBDC Network, and its network of State University System partners will be expected to be on the forefront of ensuring and securing Florida's future.

The Florida SBDC Network proposes and seeks approval for an additional investment of \$4 million of recurring state appropriation for the following purposes:

- 1) EXPAND SERVICE CAPACITY.** The University of West Florida would invest additional appropriations to enhance and expand Florida SBDC Network consultancy capacity in areas of assessed need and areas of strategic importance to the continuation and expansion of small businesses. Two targeted areas include expanding capability and capacity in disaster preparation and recovery, including assisting small businesses plan and mitigate natural and man-made disasters, and assisting small businesses access capital.

Business Preparation and Recovery. From natural to man-made disasters, providing business continuation and disaster response and recovery assistance has been a long tradition and part of the mission of the Florida SBDC Network, however, capacity to assist following a major event is limited.

As a primary agency partner of the State Emergency Response Team (SERT), Emergency Support Function for Business & Industry (ESF-18), the Florida SBDC Network plays an integral role to ensure small businesses have the resources and education to mitigate losses and increase survivability when affected by a natural and man-made disaster. For example, following a major natural disaster (e.g. Hurricane Irma) the Florida SBDC Network serve as "first responders" for small businesses by establishing local Business Recover Centers comprising of U.S. SBA and Florida SBDC Business Recover Specialists to provide direct, onsite assistance to impacted businesses. In addition to helping small businesses secure immediate sources of emergency capital to retain employees, pay for repairs, and other expenses, certified Florida SBDC Disaster Recovery Specialists help small businesses secure the necessary long-term resources to support business recovery and growth plans.

Access to Capital. Access to capital continues to be one of the primary challenges that Florida small and medium businesses face. Banks and other capital institutions have shifted to ultra-conservative lending models since the recession and implementation of Dodd-Frank, and equity capital remains elusive, which has negatively impacted the ability for small businesses to gain access to the capital necessary to expand and grow. Additional appropriations will be invested to enable existing network partners to expand capacity by hiring additional personnel (consultants) who specialize in capital access. These Capital Access Specialists will focus on helping Florida's small businesses and entrepreneurs prepare for and navigate the challenging landscape of lending and capital markets and acquire the capital they need to grow.

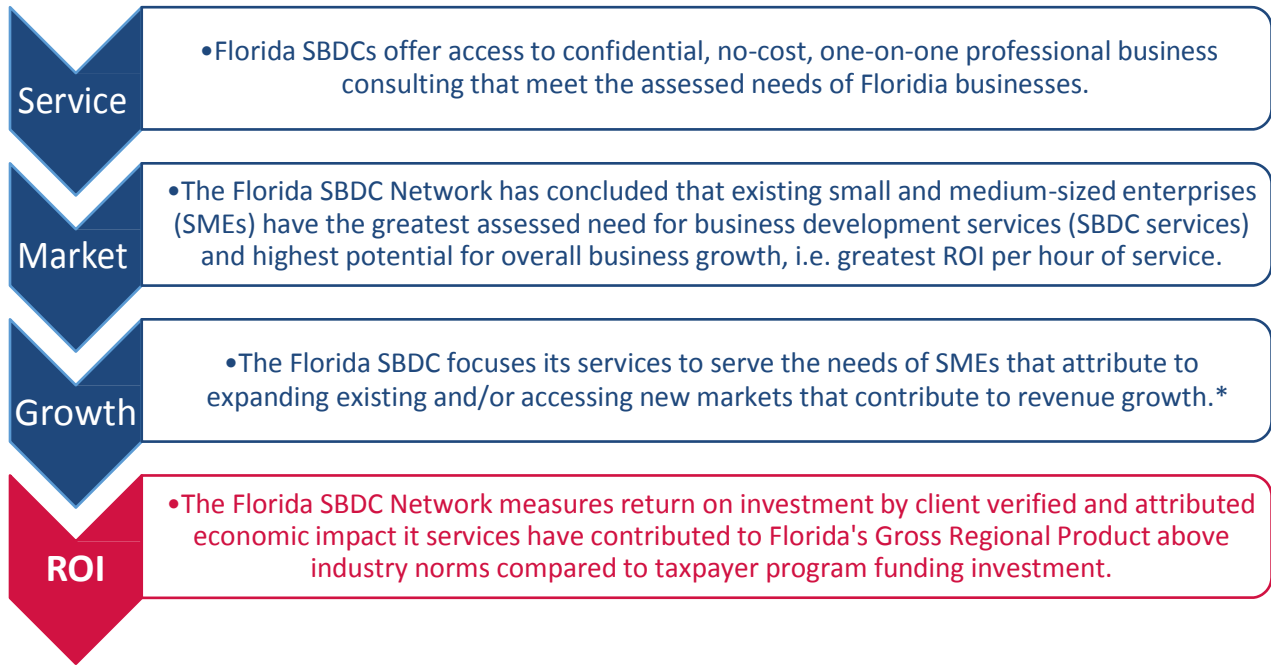
- 2) **CREATE A FLORIDA BUSINESS INFORMATION CENTER (BIC)**. Florida's economy loses jobs and tax revenue opportunities when an existing or aspiring business owner abandons the execution of a business expansion or the launching of a new business due to encountering bureaucratic barriers or inability to access trusted advice and resources the first time. The University of West Florida would use additional appropriation to establish a Florida Business Information Center (BIC); a statewide call-center as part and powered by the Florida SBDC Network. The Florida BIC will be a centralized source for general business information, inquiries and referral to business creation and development expertise and resources. Professional business consultant personnel would be available by phone and online access (instant chat and email) to assist in answering general business questions and directing inquiries to appropriate sources for addition assistance, including government, institutions of higher education, and private sector solutions. The Florida BIC will significantly reduce opportunity loss for Florida's economy by providing one-stop access to strategic intelligence and professional facilitation, therefore, contributing the creation of new businesses and expansion of existing businesses for Florida's economy.
- 3) **INVESTIGATE OPPORTUNITIES TO FILL MARKET GAPS**. Currently, seven sister state universities and one state college partner with the University of West Florida as regional host partners for the Florida SBDC Network. If needed, the University of West Florida would utilize additional appropriations to investigate opportunities to expand partner participation in the Florida SBDC where service market gaps or opportunities exist. The CEO of the Florida SBDC Network would seek counsel of the network's existing host partner institutions before enactment.

III. Return on Investment - Describe the outcome(s) anticipated, dashboard indicator(s) to be improved, or return on investment. Be specific. For example, if this issue focuses on improving retention rates, indicate the current retention rate and the expected increase in the retention rate. Similarly, if it focuses on expanding access to academic programs or student services, indicate the current and expected outcomes.

Return-On-Investment (ROI) is a Key Performance Indicator (KPI) for the Florida SBDC Network. Measuring ROI helps our funding partners understand how the network's programs and services benefit the state's economy and institutional strategic objectives. Further, it enables policy makers to make informed decisions and conclusions concerning public sector investment and program effectiveness. Measuring and trending ROI assists the network to evaluate performance relative to strategy, evaluate effectiveness in comparison to competitors and peer programs, and learn from and improve results.

The Florida SBDC Network defines ROI as the net impact consultancy services contribute to the growth of Florida's economy, i.e. the net effect (client attributed growth due to services received less non-SBDC peer business growth) of client businesses' impact on Florida's Gross Regional Product (GRP) divided by tax payer investment. The source of contribution is defined as the level program services impact client business revenue and employment growth as verified and attributed by client businesses. The Florida SBDC Network conducts an annual economic impact survey of clients to collect data and calculate overall program impact.

Florida SBDC Network strategy to generate ROI:



* The Florida SBDC has assessed that by assisting client businesses to expand revenue growth that client businesses must hire additional employees (create jobs) to produce additional products or services for sale.

In 2016, the most current results available at the time of this draft, Florida SBDCs delivered over 112,000 hours of business consulting to more than 11,000 client businesses. Accordingly, these clients attributed that the following results occurred as a result of the SBDC services received:

- 35,106 jobs (direct and indirect) were impacted;
- \$4.0 billion in sales revenues were generated;
- \$461.8 million in government contract awards were acquired;
- \$479.8 million in capital investments were obtained; and
- 328 new businesses were started.

ECONOMIC IMPACT DATA

RETURN ON INVESTMENT

	 Create, Retain & Save Jobs*	 Generate Sales*	 Acquire Government Contracts**	 Access Investment Capital**	 Start New Businesses**
2011-16	252,955	\$33.3B	\$2.6B	\$1.4B	4,159
2016	35,106	\$4.0B	\$461.8M	\$479.8M	328

2017 Economic Impact Analysis of the Florida Small Business Development Center by the Florida State University Center for Economic Forecasting & Analysis*
Reported by respondent clients on outcomes resulting from or in part due to assistance in 2016**

To view the full report and/or download the printable PDF, please click [here](#).

Conservatively, an additional \$4 million to expand service capacity will result in an increase of impact by a projected 30 percent or estimated \$1.0 Billion in additional value added to Florida's economy, or \$250 per \$1 of taxpayer investment.

IV. Facilities *(If this issue requires an expansion or construction of a facility, please complete the following table.):*

Not Applicable

2019-2020 Legislative Budget Request
Education and General
Position and Fiscal Summary
Operating Budget Form II
(to be completed for each issue)

University:
Issue Title:

University of West Florida
Expand Florida SBDC Capacity

	<u>RECURRING</u>	<u>NON-RECURRING</u>	<u>TOTAL</u>
<u>Positions</u>			
Faculty	0.00	0.00	0.00
Other (A&P/USPS)	40.00	0.00	40.00
	-----	-----	-----
Total	40.00	0.00	40.00
	=====	=====	=====
<u>Salary Rate (for all positions noted above)</u>			
Faculty	\$0	\$0	\$0
Other (A&P/USPS)	\$3,360,000	\$0	\$3,360,000
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Total	\$3,360,000	\$0	\$3,360,000
	=====	=====	=====
Salaries and Benefits	\$3,360,000	\$0	
Other Personal Services	\$240,000	\$0	\$240,000
Expenses	\$400,000	\$0	\$400,000
Operating Capital Outlay	\$0	\$0	\$0
Electronic Data Processing	\$0	\$0	\$0
Special Category (Specific)	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
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Total All Categories	\$4,000,000	\$0	\$4,000,000
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