



**Testimony by Thomas Rainey
Executive Director, Maine Center for Entrepreneurial Development**

***Against the Proposed Budget Elimination of the Advanced Applied Development Centers
System Budget Line (0929) Within the Department of Economic and Community Development
Budget for the Fiscal Years Ending June 30, 2018 and June 30, 2019***

Joint Standing Committee on Appropriations and Financial Affairs

March 1, 2017

Senators Hamper and Volk, and Representatives Gattine and Fecteau, and Distinguished Members of the Joint Standing Committees on Appropriations and Joint Standing Committee on Labor, Commerce, Research & Economic Development:

My name is Thomas Rainey. I am the Executive Director of the Maine Center for Entrepreneurial Development (known as "MCED"). I live in Portland and am here to testify against the Governor's proposed elimination of the Applied Technology Development Centers funding which provides vital support to MCED's statewide programs.

The Governor's proposed budget eliminates \$178,838 from the Department of Economic and Community Development budget that has been split three ways between MCED, Target Technology Center and the Maine Aquaculture Innovation Center at the University of Maine. Of the total amount, MCED has received \$59,600 annually in recent years.

MCED is a 501 (c) (3) public-private partnership with a mission to help entrepreneurs reinvent the Maine economy by providing them with the resources to build world-class companies. MCED collaborates closely with the University of Maine System and private sector partners. Over our 15-year history, MCED has accelerated the growth of hundreds of Maine-based businesses.

Six months ago I was recruited to Maine to lead MCED and tasked with expanding its programs to include more rural regions as an economic diversification strategy. I bring over 20 years of experience in developing similar programs in seven states. Most recently I managed the State of Arizona's Diversification Initiative. From 2002 through 2007, I developed the successful Dartmouth Regional Technology Center in New Hampshire and the award-winning Vermont Center for Emerging Technologies in Burlington. Prior to that I managed a network of five incubators in St. Louis, Missouri and six NASA funded business incubators in Florida. In each of these places, State and Federal agencies collaborated with academic and private partners to ensure the success of new businesses. Each understood that supporting a vibrant startup ecosystem is vital to their ability to retain graduates, compete for new talent, attract capital and create the jobs necessary to expand economic opportunity for their citizens.

Since 2016 over 140 startup businesses have graduated from MCED's signature "Top Gun" intensive 15-week training program. Based on a recent survey, 121 of these Top Gun



graduates are still in business and growing representing an 80% business survival rate. MCED helps entrepreneurs avoid common and avoidable mistakes by providing “hands on, real world” experience. Our programs are delivered by staff and volunteer business professionals who serve as local subject matter experts. MCED currently maintains a database over 120 volunteer business mentors.

Over the past six years the amount of funding provided to MCED through the Department of Economic and Community Development (DECD) has varied, ranging from a low of \$59,600 to a high of \$67,250 in 2012. The FY18 funding in question is \$59,600. Our overall MCED budget goal for 2017 is \$500,000, including state funding, Federal funding, sponsorships and income we generate through our programs. While we have developed a strategy to further diversify our program income, the state and Federal funding is critical to our operations at this time.

In fact, the state funding in question is used as match for a US Department of Commerce, Economic Development Administration (EDA) i6 Challenge grant awarded to MCED in 2016 that allows us to operate Top Gun in Bangor/Orono and expand our programs to Lewiston/Auburn, and the Midcoast Region. In each region, MCED has contracted with strategic partners to develop local mentors, recruit local companies and to implement our proven curriculum in coordination with our Portland office. Companies from all four programs compete regionally, and then at a final business pitch showcase, which hones their presentation skills, provides visibility in the community, and features a cash prize provided by a private sector sponsor. Without the DECD funding as a match, MCED would be unable to draw down the Federal EDA Grant funding that enables us to operate the statewide network and would mean the loss a combined 25% of our overall funding.

MCED has supported dramatic success stories as evidenced by the attached client testimonials. In 2017, thanks to our partnerships, we expect to reach over 200 entrepreneurs all around the state. MCED received 44 applications from Maine startups for the 2017 Top Gun Program, and we selected 38 into the class of 2017. An attached client map shows widespread distribution of the companies we serve. Our clients serve as a “farm club” and source of qualified deal flow for Maine’s funding agencies such as Maine Technology Institute, Finance Authority of Maine, Maine Venture Fund and private investors.

MCED has provided a tremendous return on the State’s investment and is a critical player in diversifying Maine’s economy. Top Gun graduate companies have created 300 jobs in Maine, and have raised \$8 million capital since 2006. Our media outreach has created positive “buzz” in the national press and bolstered the branding of Maine as a great place to start and grow a business. For these reasons, I urge you to reinstate the relatively small amount of funding MCED receives from the state through the Applied Technology Development Centers program.

Thank you for your consideration.