

Testimony of William Spear
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The Committee on Small Business Subcommittee on Economic Growth, Tax, and Capital

“The SBA Office of International Trade and the STEP Program as Key Tools for Recovery and Expansion”

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Chairwoman Davids, Ranking Member Meuser, and Members of the Subcommittee, thank you for the opportunity to testify before you.

Further, allow me to specifically acknowledge Congressman Andy Kim of the Third Congressional District of New Jersey and his work on the subcommittee.

Also, thank you to the Committee for its continued support of small exporters and the STEP program. It is a pleasure to share the importance of both in New Jersey.

My name is William Spear. I am the Manager of the New Jersey Office of Export Promotion and Director of the New Jersey State Trade Expansion Program.

Our Office and the Program are in the New Jersey Business Action Center under the leadership of Executive Director Melanie Willoughby. We are housed in the New Jersey Department of State, led by Secretary of State Tahesha Way. On behalf of Governor Phil Murphy, whose administration encourages helping New Jersey-based businesses to export globally, we are pleased to highlight how your efforts strengthen our commitment.

Permit me to start with a few points about the state:

- We are the fourth smallest state in the country.
- However, we have the ninth largest gross domestic product.
- In 2021, New Jersey exports were \$49.4 billion, up 30.0%.
- We are the tenth largest exporting state.

Further, New Jersey is ranked:

- Sixth in the number of small and medium sized exporters.
- Seventh in the amount of exports from small and medium sized exporters.
- Fifth in the percentage of small and medium sized exporters.

Please note, the above points are from the U.S. Census Bureau and U.S. Bureau of Economic Analysis.

Given the significant presence of small businesses in New Jersey, which the SBA reports makes up 99.6 percent of all business in the state -- all resources, programs, and assets that support those businesses are important.

SBA's STEP program established its importance with our office a long time ago. We see the value of the STEP program every day. We watch it assist small exporting firms to:

- Increase and diversify revenues.
- Pay higher wages.
- Create and retain jobs.

As examples of participating firms increasing revenues and growing jobs, from January 1 through March 31 in 2022, NJ STEP clients reported more 100 jobs created and retained by their \$6.6 million of exports from NJ STEP-supported activities.

However, New Jersey has not always had the type of success it is currently experiencing. Our first two years in the STEP program were a steep learning curve as a granting entity. Despite that, our management supported our commitment to refine and enhance our processes.

We built the program on two core principles: 1) Be stewards of the federal money and 2) Treat the money as if it were the state's. Both were instilled from working with the program's early SBA leadership.

From the beginning, we looked to support the best small companies in New Jersey. Over time, the program has reflected that mindset.

Summary results of the New Jersey State Trade Expansion Program over the last five performance periods from 2017 through 2022 are as follows:

- \$4.6 million of SBA awards.
- \$185 million of actual export sales of U.S.-made goods and services.
- 527 New Jersey jobs created and retained.

Given we have two open grant programs of which we are still collecting results, the actual export sales and created and retained jobs figures are subject to future increases.

Despite the numerical and statistical achievements, the best measurements of success come from the participating companies. The real evidence of the NJ STEP program's impact may be found in the following quotes:

- “[NJ STEP is an] excellent program that has allowed us to meet with foreign food buyers.” – Social and economically disadvantaged, new to export firm.

- “The NJ STEP Funding Award provided strong support our firm’s export activity and helped to increase international sales. It resulted in more jobs and helped to create revenue in our company.” – Woman-owned, experienced market expansion firm.
- “Without the NJ STEP Program, our firm would not be in business today. Support from the program helped to create international marketing material. It has paid for booths for attending and marketing our brand. We create jobs directly and indirectly due to the program.” – Social and economically disadvantaged and woman-owned, new to export firm.

Please note these quotes are only three of the fourteen compiled from a single quarterly report of one program’s results.

The preceding is a modest sample of NJ STEP’s journey. The small exporters that have received the program’s support have sold into countries ranging from Canada to the Czech Republic, from Iceland to India to Israel, and from the United Arab Emirates to the United Kingdom.

Their exports are in industries as different as chocolates, coffee, and dairy animal testing; food and financial services; and operating room products and water purification systems.

Looking forward, NJ STEP is putting an increased focus on new to export firms and companies from small and underserved business communities. We have also increased NJ STEP funds to reach and support those firms.

Permit me to close my testimony by saying the New Jersey State Trade Expansion Program and the Office of Export Promotion look forward to continuing its partnership with the SBA as it continues to refine and enhance its STEP program to meet the needs of its stakeholders.

Thank you for your time and attention.