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## **Corzine's Budget Cuts Strike Minority-Owned Businesses; State's Black Chamber and Hispanic Chambers Call on Legislature to Restore Funding to New Jersey Small Business Development Centers**

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Newark, N.J. (June 3, 2008) – The Black Chamber of Commerce of Northern New Jersey and Statewide Hispanic Chamber of Commerce are among the coalition of organizations representing minority businesses appealing to the New Jersey Legislature to oppose Gov. Jon Corzine's proposed \$1 million budget cut to the New Jersey Small Business Development Centers.

If approved, the cuts will eliminate the state's entire appropriation to the NJSBDC – a devastating blow to the services needed to help small, minority and women-owned businesses survive and grow in the Garden State. At least 40% of NJSBDC's clients are African-American and Latino-owned businesses, and 47% are women-owned. "New Jersey is a small business state; 94% of our businesses are defined as small: with 100 employees or less," said Charles Jones, Executive Director of The Black Chamber of Commerce of Northern New Jersey. "Small business is the engine of our economy, and during these tough fiscal times we should not cut off the engine of our success," Jones said.

Other major organizations are also lending their support, including the Statewide Hispanic Chamber of Commerce of New Jersey, which supports restoration of state funding to the NJSBDC. The Hispanic Chamber has been the premier organization for New Jersey's Small Businesses since 1989, representing the economic interests of 70,000 Hispanic businesses throughout the Garden State.

"As the largest and fastest-growing business economic sector, Hispanic-owned companies in New Jersey rely on the services of the NJSBDC network, which plays a major role in the development of small businesses, and in turn creates jobs in the Garden State. We urge Governor Corzine to ensure appropriate funding to such an important agency," said Daniel H. Jara, President and CEO of the Hispanic Chamber.

The elimination of funding to the NJSBDC diminishes support to one of the key areas of Governor's Economic Growth Strategy – small business, one that Governor Corzine himself said is "the heart of New Jersey's economy."

"The economic impact of the NJSBDC network's assistance is felt directly around the state by small business owners who are assisted in starting or expanding their business operations at every stage of growth," said Brenda Hopper,

NJSBDC's State Director. "The impact is felt especially among minority and women-owned businesses which make up a very large portion of small businesses served by NJSBDC. This is why so many minority business groups, are offering their strong support in calling for the full restoration of state funding for this comprehensive small business assistance program," said Hopper.

During these difficult economic times when businesses need help the most, the services provided by NJSBDC are all the more crucial. By eliminating NJSBDC's state funding, the state not only hurts small businesses, but also turns its back on women and minorities, an integral component of the New Jersey economy.

"The governor's proposed budget (Fiscal Year 2008-2009) is de-funding the NJSBDC non-profit program, which would make New Jersey last in terms of the State's investment in the SBDC program," said Deborah Smarth, NJSBDC's associate director. "The SBDC is a nationally renowned program created by Congress, which leverages other funding support and maximizes resources for small business."

Neighboring states, Pennsylvania and New York, invest more than \$7.0 million and \$2.5 million, respectively, and Georgia and North Carolina with comparable populations to New Jersey invest \$3.6 million and \$1.8 million, respectively.

"The Governor should follow the lead of the Legislature, which understands the full economic worth of the NJSBDC program, since it doubled funding to NJSBDC over the past few years," Smarth added. "The Legislature understands the positive economic impact of this program for job creation and retention."

With the potential loss of \$1 million in state funding, the NJSBDC will lose \$832,000 in matching funds from the U.S. Small Business Administration, and additional funds from host contributions resulting in a loss of \$2 million or more.

"The effects of these actions would drastically cut counseling, training and all technical assistance to small business owners by the various regional (NJSBDC) centers throughout the state," Smarth said. This move will actually cut state revenue in the long run as the NJSBDC returns \$2.59 to the state for every dollar invested, and NJSBDC clients generated \$30 million in sales tax revenues from \$532 million in sales. NJSBDC in-business clients conservatively generate \$15 million in additional business tax, employee income and payroll tax revenues. "The program pays for itself and returns more to the State than the current \$1 million appropriation that the Governor proposes to cut," Smarth added.

In 2007, the NJSBDC network, including 11 centers in the state, assisted almost 22,000 business owners. The network helped clients receive \$36.5 million in financing (loans and equity investment), and \$2 million in grants through NJSBDC's technology commercialization program last year. In 2007, the network helped clients obtain \$64.48 million in procurement contracts (federal, state, private/commercial), and helped its clients create and retain 12,737 jobs--almost 1,000 were newly created positions--even when the economy was in decline.

## **About NJSBDC**

The NJSBDC network ([www.njsbdc.com](http://www.njsbdc.com)) is the premier provider of comprehensive services and programs for small business in New Jersey. The organization helps businesses expand their operations, manage their growth or start ventures. Expert staff and practicing business consultants help established small business owners and aspiring entrepreneurs develop business plans, find financing, identify new markets and expand their operations.