

Minority Views

H.R. 5425, To amend the Small Business Act to enhance the Office of Rural Affairs

Background

Small businesses are powerful drivers of economic growth across the United States, employing 46 percent of the U.S. workforce and generating two-thirds of new jobs. In rural areas, self-employment tends to be higher than in urban and suburban areas. However, rural small businesses face greater challenges, including access to affordable capital, unreliable internet access, and labor shortages.

The Small Business Administration (SBA) Office of Rural Affairs (the Office) can play a key role in helping rural small businesses overcome these challenges. The Office was created in 1990 to provide information and assistance to rural small businesses. The responsibilities of the Office include compiling statistics on rural areas and small business concerns, distributing SBA financial assistance programs equitably, providing information to stakeholders, and working with the National Travel and Tourism Office to assist small businesses in rural areas. Unfortunately, the Office has either been dormant or the collateral duty of a Regional Administrator for a vast majority of the time since its establishment.

In the 116th and 117th Congresses, the Committee ensured numerous hearings were held to assess the state of economy in rural America. On July 13, 2021, Representative Jared Golden, (D-ME), the Chairman of the Subcommittee on Underserved, Agricultural, and Rural Business Development, held a hearing entitled, the Rural American Recovery: The Role of Small Businesses and Entrepreneurship. At that hearing, Mr. Golden said that most of the rural small businesses owners in his district did not know much about SBA services, such as the Small Business Development Centers or SCORE, and he sought feedback from witnesses on how to strengthen the Office of Rural Affairs in order to support rural businesses.

Moreover, Committee Democrats discussed concerns with Administrator Linda McMahon and urged the Administration to stand up the Office. Committee Democrats were encouraged that the previous Administration hired additional staff in 2020 through funding from the CARES Act. The Office of Rural Affairs is also a priority for the current Administration, and in 2021, the SBA Administrator appointed a permanent, full-time career deputy director to stand up the Office and recently named a director to lead the office.

Committee Democrats have long been committed to a fully functioning Office of Rural Affairs. It is important for the Office to actively help rural small businesses deal with the challenges facing them today. With clear lines of communication and the additional outreach that will come from the Office, small businesses will be able to access resources that should readily be available to them. Furthermore, the Office will provide a role in being able to receive feedback from the small business community that will allow the Federal Government insight into how to best use resources to support small businesses.