



July 13, 2021

Committee on Small Business  
Subcommittee on Underserved, Agricultural, and Rural Development  
2361 Rayburn House Office Building  
Washington, DC 20515-6315

Attn: Rural American Recovery: The Role of Small Businesses and Entrepreneurship

Re: Center for Rural Affairs Statement

### **I. About the Women's Business Center at the Center for Rural Affairs**

The Center for Rural Affairs has been a leading force engaging people to create a better rural future since 1973. The Center's history of innovative, insightful and effective work for Rural America provides a solid foundation from which we continue to build. We fulfill our mission through services and programs focusing on rural microenterprise development, federal farm and rural policy, research and analysis of rural economic issues and trends and support of disadvantaged entrepreneurs. We began in northeast Nebraska and today have office locations across the state, as well as Iowa, Minnesota, and South Dakota.

The Center serves as an intermediary lender with the Small Business Administration (SBA) microloan program. We became the host organization for the Women's Business Center, a service funded by the SBA's Office of Women's Business Ownership, in 2001. This entity has functioned as the primary educational and technical assistance provider for the Center's small business development program ever since.

Demand for the services we provide continues to grow. In the past three years alone, 2,795 aspiring or existing business owners have completed CFRA technical assistance programs. This has led to 164 business starts, 327 loans, and 557 jobs created or retained. During this time, CFRA staff provided 20,342 hours of business counseling over 16,693 sessions.

### **II. The importance of small business development in rural communities**

Next to agriculture, small business is the most critical economic engine in Nebraska. According to a 2018 SBA report, 47% of our working population work for a small business or are self-employed. Of these, 150,000 work in businesses with fewer than 20 employees.

Microbusiness development is especially important in rural areas, where access to employment opportunities are limited and where jobs pay less. For many people, microbusinesses provide all or most of their household income: self-employment provides up 90% of all jobs in many rural Nebraska counties. For others it is part of a patching strategy to make ends meet.

Our target market is disadvantaged people living in rural Nebraska who currently run or want to start a microbusiness or small business. This includes women and families who earn low to



moderate income, and Latinos. These individuals are starting, growing or transitioning microbusinesses in the healthcare, social assistance, food, retail, and construction sectors.

To maximize client success, our Women’s Business Center operates as a “Center without walls.” We go to where the client is, both physically and educationally. We provide many services at the business location and we meet at the client's level of understanding. We do not provide education beyond their capacity and allow them to grow at a pace that is suited to the client. We offer services both online and in person in evolving communities and designated Opportunity Zones.

### **III. Policy changes can help us succeed**

The committee can help facilitate this important work by supporting three key policy changes.

First, permanently waive the 50% limit on pre-loan and post-loan technical assistance (TA) grant expenses for prospective borrowers. The 50/50 limit is a burden and seems arbitrary, relative to the realities of needs regarding pre-loan and post-loan TA. Borrowers often come to us before they are ready, and their chances of success are significantly greater when we invest time on the front end ensuring they are adequately prepared. Naturally, providing the exact same amount of time on TA after loan approval is not necessary when pre-loan training and education is effective. We are in the strongest position to decide what kind of TA is necessary for those seeking assistance. Requiring us to report evenly split costs by quarter exacerbates the situation.

Next, it is important to fully fund the Women’s Business Center (WBC) program at \$30 million in core funding, provide an additional \$48 million COVID-related appropriation, and waive the match requirement until FY23. The increase in core funding for the WBC program would support the increase in clientele and services we are currently experiencing. Separately, the additional COVID-relief related funding and waived match requirement would extend the support provided in statute to help WBCs over the past year. With new business starts at an all-time high, demand for our services will grow. These priorities would enable WBCs to continue the efforts they have adopted over the past year into FY23 to support entrepreneurs in need.

Finally, we encourage lawmakers to support funding for the Office of Rural Affairs at SBA. The number of federal programs available to small businesses has increased over the past 18 months. This requires development of new rules and regulations on a frequent basis. We rely on *sba.gov* for these announcements, but simply placing new information on a website is not enough for those of us who spend so much time on the road meeting with clients. Having a consistent, rural-focused resource at SBA can help ensure we know where to go with a question or concern.

### **IV. Conclusion**

We appreciate the opportunity to share our perspective, and look forward to working with members of this committee to develop and institute needed changes.

Respectfully,

Jessica Campos