

Coordinated Support for Rural Small Businesses Act

Senator Jeanne Shaheen (D-NH) and Senator John Kennedy (R-LA)

Small businesses are the backbone of communities across the country and deserve every resource possible to engage and compete in the U.S. and global economy. Small businesses in rural areas account for 85 percent of firms in rural counties and 54 percent of employment, compared to only 82 percent and 45 percent respectively in urban counties, showing how important they are to rural communities.

The Small Business Administration (SBA) is tasked with ensuring America's small businesses have everything they need to be successful. For example, SBA works to provide rural small businesses with access to capital through programs such as the 7(a) and 504 loan programs. In addition to SBA's work, the Department of Agriculture's (USDA's) Rural Development (RD) agency operates more than 70 programs, including business lending and investment programs like RD's Business and Industry Loan Guarantee Program that can provide similar access to capital for rural small businesses. While both SBA and USDA operate programs to support rural small businesses, many small businesses may only be aware of one or the other and are missing out on valuable support. Improved cooperation between USDA and SBA on rural small business issues could improve outcomes for rural businesses and economies. In order to best serve rural small businesses, SBA and USDA signed a memorandum of understanding (MOU) in 2023 to better coordinate their efforts and expand investments in rural communities.

The *Coordinated Support for Rural Small Businesses Act* would codify existing SBA and USDA efforts to coordinate support for rural small businesses to ensure these efforts continue for the long run. Specifically, the bill would direct SBA and USDA to convene working groups to:

- Identify synergies among the two agencies loan programs.
- Assess where SBA and USDA can coordinate in delivering resources through lenders, resource partners like SBDC and others.
- Coordinate the SBA's Small Business Investment Company program and USDA's Rural Business Investment Company program, as well as disaster recovery programs at both agencies.
- Share best practices among the two agencies, rural economic development groups and others, and evaluate how cooperatives can access SBA programs.
- Collaborate on technical assistance with procurement, exporting and innovation.

The *Coordinated Support for Rural Small Businesses Act* would also direct SBA to appoint an Assistant Administrator to oversee the SBA Office of Rural Affairs, conduct outreach activities for businesses and resource partners and issue an annual report on the activities of the agency.

Increasing coordination between SBA and USDA would ensure that rural small businesses are aware of all federal small business support options that exist regardless of which entity they contact first and support resource partners and rural business organizations in helping the businesses they serve.