



U.S. Small Business
Administration

Statement of Michelle Christian

Director

Rural Affairs

U.S. Small Business Administration

before the

House Committee on Small Business

**Subcommittee on Rural Development, Agriculture, Trade, and
Entrepreneurship**

**Hearing on “Assessing the Government’s Role in Serving Rural American
Small Businesses”**

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Director, Rural Affairs
U.S. Small Business Administration**

Chairwoman Finkenauer, Ranking Member Joyce and members of the Subcommittee, thank you for inviting me to today's hearing on, "Assessing the Government's Role in Serving Rural American Small Businesses." I am honored to have the opportunity to discuss SBA's focus on rural entrepreneurship and the positive impact of those efforts for America's small businesses.

My name is Michelle Christian and I am the U.S. Small Business Administration's Director of Rural Affairs, a position that I am pleased to have accepted two months ago after serving as the Mid-Atlantic Regional Administrator. In this role I coordinate with SBA's 68 district offices that are engaged with rural entrepreneurs. By working closely with district offices and other federal agencies, SBA's Rural Affairs is able to assist in directly connecting rural communities and entrepreneurs with vital small business resources to help them start and grow.

One of our core goals is to foster collaboration between federal agencies and commissions, such as Appalachian Regional Commission, in order to connect rural Americans to vital products and services that will help entrepreneurs start, grow and expand their business. Informing and educating rural America of all the critical resources available through SBA and other federal organizations will help rural communities succeed and thrive.

In 2018, former SBA Administrator Linda McMahon and U.S. Department of Agriculture (USDA) Secretary Sonny Purdue developed a Memorandum of Understanding (MOU) to further the administration's goal to bring prosperity back to rural America. The goal of the MOU is to strengthen rural businesses and agricultural economies through more effective program delivery and increased access to capital. Because of the MOU, the SBA and USDA have better coordination in administering their respective programs designed to aid rural small businesses and entrepreneurs.

Upon the execution of the MOU, SBA district offices strategically began performing greater outreach to rural communities and put SBA and USDA programs directly in front of rural small business owners and entrepreneurs. SBA and USDA work together regularly within rural communities to host events such as lender trainings, local business forums and opportunity zone events. Through these events, the rural business community gains a better understanding of the resources available to help them succeed.

A focus of the partnership between SBA and USDA is to encourage greater access to capital. SBA is working across the nation with USDA to bring lending institutions together for trainings on the importance of rural lending. Lender consolidation and the fact that many community banks are leaving rural communities are limiting rural entrepreneurs' ability to obtain much

needed capital. Additionally, SBA and USDA are holding lending forums for non-SBA and non-USDA lenders to educate them on the loan programs offered by both agencies.

When comparing FY19 to the previous year, there was a 19.2% increase in microloan dollars loaned to small businesses in rural areas. This increase is significant for two reasons: First, we know that SBA outreach and focus on rural loans, particularly our engagement with the lending community, is expanding access to capital. Second, increased microlending in rural areas supports the creation of start-ups since we know that many entrepreneurs use microloans to launch their business.

SBA and USDA are also partnering to connect entrepreneurs and small business owners with SBA's staff and resource partners, who counsel, mentor, and train businesses at little or no cost. These workshops and trainings provide invaluable information for attendees from how to write a business plan to exporting your products overseas. Additionally, other federal programs within the agencies have seen greater collaboration and a focus on reaching rural communities.

Since roughly 40% of Opportunity Zones are located in rural areas we strive to hold many of our outreach events in these areas in order to highlight the myriad benefits to businesses in such zones. At these events, I have had the pleasure of meeting rural entrepreneurs who have benefitted from these government resources. I also find out first hand from rural entrepreneurs about how we can better serve their needs. I am pleased to be able to point many entrepreneurs and small businesses to SBA's vast network of resources and partners. These partners have all been given guidance to focus on rural areas and Opportunity Zones.

In closing, thank you to the Subcommittee for the opportunity to testify today. Federal collaboration is the key to success of ensuring that entrepreneurs and rural small businesses are aware and have access to the resources available to them. Earned media efforts also help share the news about the products and services available from SBA and USDA. The MOU and the work that has been done because of it have greatly helped rural America obtain the information needed to achieve economic prosperity.