

**SBA DISTRICT OFFICE COLLABORATION WITH  
RESOURCE PARTNERS**

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**HEARING**

BEFORE THE

**SUBCOMMITTEE ON UNDERSERVED,  
AGRICULTURAL, AND RURAL BUSINESS  
DEVELOPMENT**

OF THE

**COMMITTEE ON SMALL BUSINESS  
UNITED STATES**

**HOUSE OF REPRESENTATIVES**

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None.	
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None.	



## **SBA DISTRICT OFFICE COLLABORATION WITH RESOURCE PARTNERS**

**WEDNESDAY, JULY 20, 2022**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON SMALL BUSINESS,  
SUBCOMMITTEE ON UNDERSERVED, AGRICULTURAL,  
AND RURAL BUSINESS DEVELOPMENT,  
*Washington, DC.*

The Subcommittee met, pursuant to call, at 10:07 a.m., in Room 2360, Rayburn House Office Building, Hon. Jared Golden [chairman of the Subcommittee] presiding.

Present: Representatives Golden, Williams, Stauber, Tenney, and Flood.

Chairman GOLDEN. Good morning. I call this hearing to order.

Without objection, the Chair is authorized to declare a recess at any time.

I would like to begin by noting a few requirements. Standing House and Committee rules continue to apply during hybrid proceedings, so all Members are reminded that they are expected to adhere to these rules, including the rules of decorum.

House regulations require Members to be visible through a video connection throughout the proceeding, so please keep your cameras on. Also, please remember to remain muted until you are recognized to minimize background noise.

In the event that a Member encounters technical issues that prevent them from being recognized for their questioning, I will move to the next available Member of the same party and will recognize that Member at the next appropriate time slot provided they have returned.

I will now move to an opening statement.

In the rural areas that make up most of my district, the benefits of small businesses go much further than jobs and a tax base. They also provide community. I have seen it with my parents' small business, where you can often find folks from all over town and the surrounding towns coming together to catch up, shoot the breeze, and check in on one another. Small businesses across rural America are essential to building and maintaining these communities and preserving the rural American way of life.

But, as my own folks will tell you, running a small business is not an easy task. That is why the SBA offers free or low-cost counseling and training services that help address unique challenges that entrepreneurs face.

The SBA relies on four primary resource partners to deliver these offerings. Those are the Small Business Development Cen-

ters, Women's Business Development Centers, SCORE, and Veterans Business Outreach Centers to help support small firms across the country, particularly in rural areas, through every step of the business cycle.

SBA's programs and services, including resource partners, work in close partnership with SBA's 10 regional offices, and 68 district offices across the country. U.S. SBA district offices primarily concentrate on outreach and marketing efforts and maintain working relationships with their local resource partners, lenders, and economic development organizations.

These district offices perform regular reviews to ensure that resource partners meet the needs of their small business clients.

Strong relationships between a district office and their local resource partners are vital to the success of the small businesses that they serve. Clear communication and coordination facilitate the flow of useful information from the SBA to small businesses. It also allows the SBA to receive feedback on challenges they face and how agency offerings can alleviate them.

I have seen the benefit of strong collaboration between the agency and resource partners firsthand in Maine. With locations in Augusta, Bangor, and Portland, the Maine District Office delivers SBA programs and services across all of Maine's 16 counties.

The Maine District Office also meets with the Maine SBDCs, WBCs, and SCORE chapters quarterly to ensure everyone is rowing in the same direction.

For the past 2-plus years, district office staff have been there to help guide Maine owners as they work to navigate the economic disruption, particularly early on during COVID-19. Their efforts have included partnering with me on tele-town halls to spread awareness about economic relief programs, like the Paycheck Protection Program that were available to small businesses. Together, we contacted thousands of business owners to make sure they knew that there were resources there for them.

And while every relationship is unique, district offices and resource partners consistently have problems with staffing. Hiring caps due to budgeting constraints have left many offices short-staffed, increasing the burden on current employees, and leading to higher levels of burnout.

In fiscal year 2022, SBA received approximately \$278 million, about \$8 million more than the fiscal year 2021 enacted level in the salaries and expenses account. This increase was, in part, intended to better support SBA employees. This budget increase is a good first step, but I would like to discuss other actions we can take to ensure that district offices and resource partners have the staff they need to serve main street.

Today, I would like to take a closer look at this and other challenges that district offices face and steps we can take to strengthen the work shared between them and their resource partners.

I will now yield to the Ranking Member, Ms. Tenney, for her opening statement.

Ms. TENNEY. Thank you, Mr. Chairman. I really appreciate your comments, and I am looking forward to hearing from our witness today.

As we hold this Committee hearing, I am a small business owner as well. Small businesses are facing historic economic headwinds, including soaring costs, chronic labor shortages, supply chain disruptions. Last week, the Consumer Price Index hit another historic level of 9.1 percent, the highest 12-month gain since 1981.

The Bureau of Labor Statistics also reported the Producer Price Index, a measure of wholesale inflation, jumped 11.3 percent from the previous year. Inflation is raging across all industries which means higher prices for smaller businesses and the customers.

In addition to soaring prices, small businesses continue to experience significant labor issues and ongoing supply disruptions. The most recent Job Openings and Labor Turnover Summary reported 11.3 million job vacancies across the nation, and 4.3 million employees just simply quit their jobs. The National Federation of Independent Businesses Monthly Job Report shows half of small business owners reported job openings they could not fill. Further NFIB stated that approximately 94 percent of small businesses have been affected in some way by supply chain disruptions.

As our economy approaches potentially a recession, it is important for our Committee to examine how the SBA can better support small businesses on the ground. The SBA's Office of Field Operations (OFO) is responsible for that. It oversees regional and district offices across the country. OFO is responsible for connecting and supporting entrepreneurs with SBA tools and services.

Small business owners turn to district offices to gain access to capital, expand consumer base, navigate government regulations, and to work with the SBA resource partners. The SBA relies on its district offices to provide tools for enhancing and growing small businesses while overseeing the delivery of the SBA programs, including the Entrepreneurial Development programs.

Upstate New York is home to three district offices that serve 34 counties. These district offices were vital during the pandemic as they assisted small firms in applying and assessing the Paycheck Protection Program, the Economic Injury Disaster Loans, and the Restaurant Revitalization Fund.

In 2021, New York's SBDCs helped over 42,000 small businesses secure COVID-related loans and grants. They were a lifesaver. Further, they assisted almost 2,000 new firms opening their doors during 2021. These resources and programs have a real impact in rural communities like mine. Over 16,200 new jobs were created because of this effort.

However, I am concerned with the SBA actions to allocate resources for duplicative programs such as the Community Navigator Pilot program and the Growth Accelerators Fund.

Further, it is troubling that the SBA is using resource partners and programs to advance unfortunately a political agenda. The SBA has touted becoming the first federal agency to be a designated voter agency. In a press release, the SBA states, "It plans to use district offices to provide access to voter registration services and vote-by-mail ballot applications, otherwise known as vote harvesting."

Now, more than ever, small businesses need the SBA to carry out its statutory missions and core responsibilities. Small firms are struggling from the administration's poor economic policies and

they need the SBA to put them first. For this reason, I am a sponsor of the Improve the SBA Act, which will safeguard taxpayer dollars by reducing duplicative programs, ensure that resource partners are effectively serving small businesses, and support entrepreneurs in navigating economic headwinds, especially what we are seeing today.

I am also glad to have worked across the aisle to find some bipartisan solutions to improve the SBA resource partners and programs. In May, Representative Houlahan and I introduced H.R. 7670, the Women-Owned Small Business Program Transparency Act, which will strengthen the women-owned small business contracting program by enhancing transparency and accountability, ensuring it works for taxpayers and our nation's small businesses.

Further, I worked with Representative Davids to introduce H.R. 6441, the Women's Business Centers Improvement Act of 2022, which reauthorizes the WBC program through fiscal year 2025 and increases the cap on individual center grants for the first time.

I am confident that we can continue to work together to strengthen these programs and better support small businesses. I look forward to hearing from our witness today as to how we can better empower our entrepreneurs and work to ensure that SBA resources are operating efficiently and communicating with the small businesses in a prompt and efficient manner.

Thanks so much.

Chairman GOLDEN. The gentlewoman yields back.

I would like to take a moment to explain how this hearing will proceed. Each witness will have 5 minutes to provide a statement, and each Committee Member will have 5 minutes for questions.

Please ensure that your microphone is on when you begin speaking and that you return to mute when finished.

Before introducing our witnesses, I just want to take a moment to welcome a new Member to the Subcommittee here. We have got Congressman Flood from Nebraska. Good to have you on board.

Do you want to say hello, introduce yourself for a quick minute?

Mr. FLOOD. Well, thank you very much, Mr. Chairman. I appreciate the opportunity to serve this Congress. I represent the City of Lincoln and a rural area in Northeast Nebraska and look forward to discussing the SBA and its services and how important it is for small businesses to thrive in America. So, thank you.

Chairman GOLDEN. Welcome. Mr. Flood and I were just talking about how Maine and Nebraska are the only two states in the country that split their Electoral College votes according to the results of their congressional district votes. So something we have got in common. It is a unique system and one that I am a fan of.

Moving to witness introduction.

Mr. Delisle is the state director of the Main SBDC and oversees implementation of the program and delivery of its services. He serves on the National Accreditation Committee for American Small Business Development Centers and brings to his position extensive experience as a small business owner, most recently as an independent retailer of fine art supplies and picture framing. Mr. Delisle has a Master's in Business Administration and a Bachelor of Science in Materials Engineering from Rensselaer Polytechnic



Institute. Welcome back, Mr. Delisle. Not your first time before the Committee by any means. It is good to have you.

Our second witness is Ms. Nancy Strojny. She is the assistant district director for SCORE Maine. Ms. Strojny has served as the Chair of the Portland SCORE chapter from 2011 to 2020 when she was promoted to assistant district director for SCORE. She is a national guest speaker, panelist, and blogger on a wide range of business issues and was selected as a White House Champion of Change in 2012. In 2019, the Portland Chapter of SCORE was voted the SBA's National SCORE Chapter of the Year. Welcome to Ms. Strojny.

Our third witness is Mr. J.D. Collins. He is the state director of the Michigan SBDC. He leverages 20-plus years of executive leadership experience in small businesses and large corporations to oversee the SBDCs human, financial, and administrative resources, along with stakeholder relationships. Mr. Collins is passionate about serving Michigan's small business community. Welcome, Mr. Collins.

And I will now yield to the Ranking Member, Ms. Tenney, to introduce our final witness.

Ms. TENNEY. Thank you. I yield that distinguished introduction to the small business owner, Mr. Williams, Representative Williams.

Mr. WILLIAMS. Thank you, Mr. Chairman, and thank you, Ms. Tenney for that. And it is an honor to do this today. I want to thank the Chairman and the Ranking Member for allowing me to introduce our final witness, who happens to be from my congressional district in Texas.

Mr. Bill Leaverton is the regional director for Tarleton State University, home of the Texans. Fighting Texans, right? But University Small Business Development Center in Stephenville. A native Texan, Mr. Leaverton is proud to represent Tarleton State University and the SBDC in assisting rural entrepreneurs. We have a lot of rural in our district. Prior to assuming the position as director in 2019, Mr. Leaverton spent most of his career owning and operating small businesses that make up the bedrock of America and often that history, we do not have that in helping people. So you bring a unique background to us. In 2021, Mr. Leaverton's SBDC assisted in providing small businesses over \$100 million in capital assistance, which was a record for their mostly rural network, and it has been a pleasure to watch rural area grow in our district and see the benefits that Tarleton's SBDC is having on our economy. Mr. Leaverton, thank you for all of your work to support main street. It is good to see that you brought some friends with you that we have, and I know your experience as a small business owner and SBDC regional director will be extremely beneficial to our hearing today. So Mr. Leaverton, thank you for taking time to testify before us, and I yield my time back, Mr. Chairman.

Chairman GOLDEN. The gentleman yields back.

Thank you all for being here. And we will begin with recognizing Mr. Delisle for 5 minutes. Go ahead, sir.

**STATEMENTS OF MARK DELISLE, DIRECTOR, MAINE SMALL BUSINESS DEVELOPMENT CENTER; NANCY STROJNY, SCORE MAINE ASSISTANT DISTRICT DIRECTOR, SERVICE CORPS OF RETIRED EXECUTIVES (SCORE); J.D. COLLINS, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR, MICHIGAN SMALL BUSINESS DEVELOPMENT CENTER; JOHN WILLIAM "BILL" LEAVERTON, REGIONAL DIRECTOR, AMERICA'S SBDC AT TARLETON STATE UNIVERSITY**

**STATEMENT OF MARK DELISLE**

Mr. DELISLE. Good morning, Chairman Golden, Ranking Member Tenney, Members of the Committee. Thank you for inviting me to testify today.

My name is Mark Delisle and I am the state director for the Maine Small Business Development Center program and joined the program in 2008. As you know, the SBDC is a nationwide network that helps build and strengthen small businesses through no-cost, confidential business advising, training and educational resources. A program of the Small Business Administration, we have served in Maine businesses for over 40 years, being one of the initial eight pilot programs in the country.

The impact of our program in Maine is substantial. In 2021 alone, we helped 2,953 entrepreneurs to start 136 new businesses, create and save 917 jobs, and helped entrepreneurs access \$48.8 million in capital. All of those results are verified and attributed to our assistance by the client in writing.

We could not have this level of success without the support of our partners at the SBA's Maine District Office. District Director Diane Sturgeon and her team work tirelessly to support resource partners and the small businesses of Maine. Examples of our collaboration with the district offices include:

Regular meetings. There are quarterly resource partner meetings that involve SBDC, Women's Business Center, the SCORE program as well, where we can enhance communication collaboration, understand each other's initiatives and programs, and avoid duplication.

For the past several years, the SBA district offices also convene a broader meeting that includes many other economic development partners that meet on a quarterly basis. It is a great opportunity for not only SBA programs but other economic development partners and resources to get together quarterly, again to kind of coordinate and make sure that we are serving the best interests of small businesses across the state of Maine.

We additionally also cohost many educational events with the Maine District Office. A most recent example of that would be in May of this year, National Trade Month and Export Week, we cohosted a four-part series on exporting with topics ranging from writing an export business plan to obtaining financing for an export venture. We also have regular sessions that we hold, discussing the resources that are available to small businesses and entrepreneurs across Maine and also basics of starting a business and have done that on an ongoing basis.

There are also our promotional opportunities that are available that we work with the district office on where we will regularly

visit local businesses, especially pre-pandemic, to highlight services that have been received by the small business from the SBA and the resource partners. The two times a year that that is most common is Small Business Saturday in the fall leading into the retail season, and also Small Business Week in May where we highlight many of our small business award winners, often our clients of the various resource partners as well.

The other element of collaboration and coordination between the SBA district office and the resource partners at SBDC specifically would be oversight or compliance oversight. There is an annual Project Officer review. In fact, I had mine yesterday. It involved a 90-minute meeting with our project officer where we go over all the performance of the program and all aspects of collaboration and moving together, working forward, working together.

They also have responsibility to sign off on our annual proposal and that goes in usually in August and September of this year. So they review what we are proposing for our core grant award.

In addition to my work in Maine, as was noted, I am on the National Accreditation Committee for the SBDC program. I joined that Committee in 2018. This involves a weeklong review of SBDC programs across the country. Since 2010, I have been on teams that have reviewed 18 SBDCs across the countries. Every one of those reviews involves a meeting with the district director and the project officer at the SBA in whatever state or region we are in where we review the collaboration, the partnership, the relationship between the district officer and the SBDC program. So I have seen all sorts of great examples of collaboration of work between a district office and the SBDC program. The elements that are there when we have the strongest relationship from my view having gone to so many other states and programs are open communication, understanding each other's roles and responsibilities, and a mutual goal to serve entrepreneurs of small businesses in the state or the region.

In Maine, our work together is mutually beneficial and helps increase awareness of the critical services we provide to Maine small businesses. The advocacy of our district office enables more entrepreneurs to access the SBDC services that they need to start, grow, and sustain their business. The district office relies on and trusts the resource partners to be their feet on the ground doing the fieldwork to deliver detailed one-on-one guidance to small business.

Thank you, and I look forward to any questions you might have.

Chairman GOLDEN. Thank you.

And we will now give 5 minutes to Ms. Strojny. Go ahead, ma'am. Thank you.

#### **STATEMENT OF NANCY STROJNY**

Ms. STROJNY. Subcommittee Chairman Golden, Ranking Member Tenney, and Members of the Subcommittee, thank you for the opportunity to offer testimony on SCORE's collaboration with the U.S. Small Business Administration district offices in the state of Maine. I am Nancy Strojny and I am currently the assistant district director for SCORE in Maine.

SCORE is the nation's largest network in the nation of volunteer, expert business mentors, with more than 10,000 volunteers across the country offering free and confidential business advice and education.

Since our founding in 1964, SCORE volunteers have helped more than 11 million entrepreneurs to start, grow, or troubleshoot their small business. We continue to mentor because mentoring works. SBA data shows that the business owners who received 3-plus hours of mentoring report higher revenues and increased business growth. In the past 5 years in the state of Maine alone, SCORE has helped our clients to start 1,791 new businesses, in turn creating 5,487 new jobs.

My fellow SCORE volunteers represent a diverse range of backgrounds and industry expertise. I spent 30 years working in sales and marketing with Proctor and Gamble and merchandising with CVS before going into business for myself.

I have been a SCORE volunteer for more than a decade, serving in leadership roles as chapter chair, assistant district director, and the SCORE board of directors. As a mentor, I am proud to create meaningful and long-term relationships with my clients, helping them to launch new businesses and operate existing businesses more successfully.

My SCORE client, Kate McAleer, founder and co-owner of Bixby Chocolates in Rockland, Maine, has explained the value of our mentoring relationship as, and I quote, "Our participation with SCORE has been invaluable to Bixby's company. Our mentor has the extensive experience and incomparable ability to provide advice. Her judgement is always sound, invaluable, and uncanny. Her ability to help navigate our entrepreneurial journey for key decision making and support has been and continues to be important and critical to us in our successes."

Clients like Kate demonstrate SCORE's vital contribution to Maine's large and vibrant small business community. According to SBA data Maine's 150,000 small businesses represent 99.2 percent of all state businesses. And small businesses accounted for 56.8 percent of Maine's employment in 2018, compared to 39.7 percent nationally. Maine is truly a small business state.

In order to best serve our clients, SCORE regularly collaborates with the SBA and its resource partners—the SBDC, the Women's Business Center, the Veterans Business Outreach Center. This is a result of the outstanding SBA leadership in Maine led by District Director Diane Sturgeon and our willingness to serve Maine clients without organizational or geographical boundaries. We share information and refer clients to each other freely, putting the needs of the client first.

One example is Tiny Homes of Maine, a designer and builder of custom mobile spaces with a manufacturing facility located in Northern Maine. Founder Corinne Watson worked with an SBDC business advisor on her financials to help secure capital and worked with SCORE on strategy and operations.

Another example of collaboration between resource partners in Maine is Focus ME, which is now in its 7th year. This women's group program was created in collaboration with the Women's

Business Center and focuses on personal development, including goal setting and peer-to-peer learning.

Our SCORE main client success award luncheon held annually in June celebrates business innovation, vision, and achievement and presents nonmonetary awards to worthy clients. Our resource partners and the SBA attend and participate in this luncheon.

Serving clients without borders is a hallmark of SCORE and SBA teams in Maine. Other SBA collaborations include the SBA Thrive Emerging Leader Program. Score Maine has mentored clients through this program since 2018, also serving as expert panelists to provide insight and feedback on each business's 3-year growth plan.

Lender information panels, which are hosted by the SBA quarterly and are attended by all resource partners.

The SBA Small Business Awards held each year during National Small Business Week. SCORE Maine clients regularly win SBA Maine awards, including Tyler Frank, founder of Garbage to Garden who won the 2022 Small Business Person of the Year Award in Maine. Tyler has been a SCORE client for over 7 years.

SCORE participants in quarterly meetings hosted by our SBA district director. My colleague, Marty Doto, chapter chair for SCORE Central NY, also shared the following information about SCORE's collaboration with SBA district offices in New York. SBA staff participates in our monthly volunteer mentor meetings, provides insight into SBA programs and resources, which enables our mentors to offer clients enhanced services. Members of the SBA Upstate New York District Office team have also co-mentored with SCORE volunteers. During the pandemic, SCORE Central New York worked closely with the SBA to provide timely and updated guidance and training on SBA COVID relief programs as they evolved. The SBA District Office held numerous "train the trainer" webinars to help us better counsel our clients in understanding and applying for emergency funding.

Similar to my district in Maine, SCORE and the SBA collaborated on client recruitment, marketing of the emerging leaders, and THRIVE programs. At SCORE, we believe that our clients' success is our success and collaborating with the SBA and our fellow resource partners is one way we help our clients succeed.

Thank you for the opportunity to testify today, and I welcome any questions.

Chairman GOLDEN. Thank you.

We will now give 5 minutes to Mr. Collins.

#### **STATEMENT OF J.D. COLLINS**

Mr. COLLINS. Good morning. And thank you to the Committee for the opportunity to testify today. This is a real honor.

Once again, I am J.D. Collins, and I am the executive director of the Michigan SBDC. The Michigan team consists of about 100 core consultants and specialty teams that address technology commercialization, cybersecurity, growth strategies, market research, and mobility. We are the Motor City after all.

I am here today to discuss how Michigan established a robust relationship with our state and regional SBA offices and demonstrate how that relationship resulted in better outcomes for Michigan's

small businesses. So I asked the question, what is the advantage of a tightly aligned small business partner network? Well, the advantage became evident during the early days of the pandemic. To take you back in those early March days in 2020, there was a tsunami of information cascading into the small business world, often leaving them with more questions than answers.

Well, that is when the Michigan SBDC invited the SBA resource partners into daily huddles where we distilled information and distributed it to small businesses in terms that were easy to understand. We then coupled this information with co-hosted webinars that helped businesses navigate the early days of the pandemic. Think EIDL and PPP days.

To say this was popular is an understatement.

To put the demand into perspective, Michigan SBDC hosts webinars and we are thrilled if we get 10 attendees. For one PPP webinar, we had over 3,000 attendees.

Mr. Golden, you mentioned in your preamble demand for services was high and I hope to address that as well as that is a continued issue for SBDCs in Michigan and I have heard from my fellow colleagues around the nation that demand for services is high. We can attribute this to people who reached out during the pandemic, liked what they got, and are coming back for repeat services as time goes on.

So the business-friendly information ended up on our website. I have had to update the website in Michigan just to keep up with demand and keep the website from crashing. The collective efforts of the resource partners and our distribution of client-friendly information earned us the nickname, "The Small Business Source of Truth."

Now, this story was made possible by the focused efforts to establish meaningful resource partnerships. It is about people. It is about relationships and it goes beyond names on paper. Yes, we have aligned strategies, goals, and clear communication, but it is a fact that I know our district director, Leketa Henderson, I know that she has my back. I can call her, and she will answer. And I have sat shoulder to shoulder in the trenches with the other resource partners as well. It is those deeper relationships that allowed a focused partner response when it was needed.

Now, you have heard from my colleagues about regular cadence at meetings and partnership opportunities. We do the same here in Michigan. I can tell you one unique aspect of what we are doing, and in fact, I am there right now as we host and collaborate with the SBA district office on what we call the Great Lakes Lenders Conference. It is an SBA lender's conference where we bring partnerships together and allow for those human-to-human relationships and bonds to grow, and quite frankly, it builds esprit de corps amongst the team when it comes to planning it. That, coupled with our regular touch bases and strategic alignment allows us to partnership.

So Michigan's resource relationships with our resource partners gave us a nick-name, and I am happy to answer any questions the Committee may have. Thank you for the opportunity to testify.

Chairman GOLDEN. Thank you.

And now Mr. Leaverton, thank you for being here today, and we will give you 5 minutes.

**STATEMENT OF JOHN WILLIAM "BILL" LEAVERTON**

Mr. LEAVERTON. Good morning, Chairman Golden, Representative Tenney, Representative Williams and Mr. Flood. Thank you for inviting me to testimony today. I look forward to discussing small business, and particularly in the rural setting with you.

My name is Bill Leaverton. I am the regional director for the SBDC at Tarleton State University located in rural Stephenville, Texas. We represent some of the most rural communities of the state, if not, in fact, the nation.

The SBDC's overall focus is simply to help the public become successful small business owners. I specifically focus on assisting small business owners in the rural setting obtain loans.

So, we are here today to talk about the SBA's role and its collaboration with resource partners. So, I wanted to share with you some of that collaboration.

As Representative Williams can certainly attest, the SBDC assisted countless businesses during the pandemic during the shut-down. We were given daily updates from the SBA, lots of webinars that were vital to helping the public understand what was going on and indeed, how to improve and yet survive.

A significant program is the 504-loan guaranty program which helps small businesses obtain loans in order to open those dreams.

But the needs of the rural entrepreneur are vastly different than that of our urban counterparts. They are not even close to the same. The first unique distinction I would like to point out is that the rural environment requires face-to-face interaction. This type of interaction builds the most cornerstone foundation of small business in the rural setting and that is trust and in the SBDC. Another unique distinction is that in many rural areas, they simply do not have access to internet. It is vital.

So, this makes online participation in webinars and Zoom conferences impractical at best. For example, I worked for 7 months with a community in rural Texas of 500 people open a daycare center. It injected \$260,000 into the economy, created eight jobs, and more importantly, put rural parents back into the workforce. I communicated with those people almost exclusively face to face or via telephone because they could not do Zoom conferences as they had no access to internet. Unfortunately, this is a problem that is rampant in small Texas rural areas.

Second, the rural community needs longer term commitments programs. The CARES Act created human capital that allowed the SBDC to meet an overwhelming demand. Now that that program as it relates to the SBDC is expiring along with the human capital, we are left with a situation in which demand outpaces supply greatly. For instance, our office currently has a 3 week wait period to meet with clients.

Third, rural communities need streamlined programs. Rural clients to the SBDC oftentimes find themselves attempting to navigate the many different programs available, and most of these programs quite frankly closely align with the mission of the SBDC. For example, the Navigator program was a very well-designed and

planned program. However, in my opinion, it could duplicate the efforts of the SBDC, overlap geography, and divert resources.

Finally, the rural community needs direct support. Recently, I was able to obtain a \$300,000 rural business development grant from the USDA. This allowed and enabled the Stephenville Economic Development Foundation to create a revolving loan that will create access to capital and jobs for our rural communities.

The SBA is a successful organization but finding ways to strengthen those programs that are working is essential for the rural business. In my opinion, there are three examples that policy could assist.

One, create more long-term horizon programs for the SBDC that result in direct interaction with the rural community. The SBDC is effective whenever we are allowed to be present.

Second, streamline the various duplicate programs that could overlap the mission of the SBDC itself.

Third, establish ways to provide direct access to capital for small and microbusinesses in rural areas. We desperately need that.

In closing, thank you for inviting me to testify today. Your willingness to invest your time on this Committee is duly noted and we very much appreciate it. On behalf of the Northwest Texas SBDC Network, Tarleton University, and the University of A&M system, I thank you for your service.

Chairman GOLDEN. Thank you very much.

We are now going to move to the questions from Members portion of the hearing, and I will go ahead and recognize myself first. I will probably end up asking each one of you a question and I imagine there will be several rounds and we will do these in 5-minute increments.

Someone has got to start the clock by the way. Thank you.

So, I am going to actually start with you, Mr. Leaverton. Just kind of following up on what you were just talking about. I have heard a lot of what you just said from folks back home in Maine. You mentioned the 504 loan guaranty. You also talked about using this USDA grant to set up like a revolving loan program. So, and of course, I think you said you really focus on helping people get access to capital.

So what are some of the challenges when you look at the various capital that is out there, particularly SBA versus private banking, et cetera? Just as an example, why the need to set up a revolving loan program rather than rely on others? What do you say to businesses when they come to you and say we need some help finding capital?

Mr. LEAVERTON. Thank you, Mr. Chairman.

What I say to them is simply access to capital is the most difficult part of opening a small business. And in many cases, particularly in the rural setting, access to capital is difficult because of the collateralization issue. Without that collateralization, that small business is not going to open. The banking institutions have their regulations and they have their need to make a profit as well. And so, their risk factors must be taken into consideration.

With instituting a revolving loan fund from the USDA's rural business development grant allows a private group, albeit overseen by the USDA, but it allows them to inject capital into the rural set-



ting in a much more personal way. We are able to have a committee that is made up of the community members. We are able to have a committee that is made up of small business owners, and therefore, they can make a determination on what is best to inject that money rather than at an institutional level.

Chairman GOLDEN. Thank you. And tell us a little bit about how the 504 loan guaranty helps you with that problem you were just talking about as well.

Mr. LEAVERTON. Sure. The SBA's guaranty programs, of which there are many, obviously, the 504 is the most popular one that I encounter due to the collateralization issue again. The banking institutions, like the 504 program, because it does leverage hard assets as it were, land, buildings, and such that enable the bank to mitigate their risk factor. And due to that issue, it is the most popular program we have in the rural area. The 7(a) loan is not as popular because it is a working capital loan and again, the collateralization issue is a problem. So, it is not as viable.

Chairman GOLDEN. Thank you. I guess lastly, one of your third recommendations was on access to capital, and you talked about the need for some kind of maybe new program, what you could do like microloans and things of that nature. How do you envision that being implemented?

Mr. LEAVERTON. Well, quite frankly, you know, there is no word "business" in the USDA. There is in the SBA. So, I do not understand quite honestly why we cannot operate in the same manner. I mean, if the USDA is coming to our aid, why cannot the SBA come to our aid? I realize that their mission may be a bit different but my question to you is, why is that? We can change that and make policy to enable them to allow the small business in the rural setting to thrive. Whereas, instead, I must turn to the USDA for that same very assistance and I find that troubling.

Chairman GOLDEN. Thank you.

I have got a minute left. I am going to stick with you and then we will hand it off to Ms. Tenney.

I talk with Mr. Delisle a lot and I think he agrees with you about the importance of face to face. What type of challenges do you have with getting yourself and your SBDC employees out to meet with your potential clients face to face? Is it staffing? Is it a lack of resources? I mean, what can we do to help with that?

Mr. LEAVERTON. Well, Mr. Chairman, the easy answer is more money. But the truth is that I have to make a choice. Do I drive to this small community that I mentioned about the daycare which is close to an hour from my office to meet with them and then drive back, thereby spending at least half a day, or do I stay in my office and meet with four people? That is the choice. And the question is, indeed, do I allocate my resources to that rural setting or do I not? And we are left with this uneasy feeling of are we going to help the rural businesses or are we not? And I think that we have to come together and say that we are going to and apply the necessary resources.

Chairman GOLDEN. Thank you. And that was perfectly right on time for my 5 minutes.

So with that, I will turn it over to Ms. Tenney.

Ms. TENNEY. Thank you, Mr. Chairman. And thank you to the witnesses, all the witnesses for what you do, especially those who work for SBA.

As a small business owner, you have been vitally important to our region. In my area, we have Bernie Paprocki, who does a phenomenal job for many years helping our small business community, and we are really grateful for your service, which is why this first issue I want to address is so upsetting to me as you just described your lack of resources.

In January of 2022, the Small Business Administration issued a press release highlighting the agency's request, the agency's request to be a designated voter agency as a response to President Biden's March 2021 Executive Order. We still have not received the details as to what this would look like and what type of advocacy the agency will engage in. My biggest concern, obviously, as the founder of the Election Integrity Caucus and someone who has been through this, why are we tasking a nonpartisan organization to get involved in partisan work outside the mission of small business. The last thing I think that anyone in the SBA would want to be is in the middle of political battles, especially dealing with the nuances and the really important issues around voter security, making sure that there is one person, one vote. Making sure that we have private voting, all that goes into it. Why are we tasking the SBA and these other agencies? HUD is also included in this.

I wanted to ask you, in viewing this, and you just decided the wonderful work you are doing in our rural communities, do you not think that this is really going to be a burden on SBA with unrelated tasks dealing with getting to the rural needs? You just cited the 504 loan guaranty program, 7(a), some of these. Could you just comment, I know you work for SBA, but is this not this kind of outside the mission in your opinion that we are getting involved in political partisan vote harvesting as opposed to really helping our small business community?

Mr. LEAVERTON. Thank you, Ms. Tenney, Representative Tenney.

Ms. TENNEY. The question is to Mr. Leaverton by the way.

Mr. LEAVERTON. I do not know that I can speak to a lot of that because it does not affect me directly. I can tell you that I have never helped a small business open or a political party affiliation was ever an issue. They simply want to open a business, serve customers, and make a living. They are not trying to open the next Google. They are not trying to conquer the world so to speak. They simply want to provide for themselves in a fashion with their two hands or their brain or their back or what have you. They just simply want to put food on the table for their families. And not one time in my time has it ever been an issue. So I do not understand how that would ever need to be an issue. And I would certainly hope that it does not become one because there is not really, opening a small business in a rural setting is about as bipartisan as it gets.

Ms. TENNEY. The nonpartisan nature of the SBA is so critically important to its mission. It seems to me that why would you want to engage in this when you are just really just trying to get people

up and running. It just concerns me that the top at the SBA would actually make this pitch.

Mr. LEAVERTON. I would hope that it does not become that.

Ms. TENNEY. I thank you for that. I appreciate that.

I just want to touch on a couple of things. So, you know, obviously, we have inflation. It is at a 41-year high. You are a small business owner, a former small business owner. What can we do as a Committee? How can we help the small business community weather this storm right now—inflation, rising costs, gas prices? And what can we do from the SBA viewpoint, how can we create legislation in a bipartisan way or some way to help these businesses with the struggling costs? What have you been doing and what have you been advocating for?

Mr. LEAVERTON. Great question, actually. Very good question.

Education is the key. Most of the people that come to us need education in small business. They understand how to bake a cake. They understand how to sew a dress. They understand to do the task that they are required to do or want to do. Bale hay, whatever that may be. They understand that. That is inherent in their nature. However, operating a business is not the same in most cases. And as a result, many of them just simply are not tooled, do not have the tools in order to perform that. And the challenge is—

Ms. TENNEY. May I reclaim my time?

So in education, how do we get them to weather the storm through these rising costs? What can we do with SBA and with our Committee on Small Business, how can we help them get through this with strategies, you know, the loan programs that might be extended to be able to deal with our—

Mr. LEAVERTON. Certainly.

Ms. TENNEY.—supply chain, rising costs, inflation? In especially rural areas. I know in my rural area, we do not even have public transportation in most parts.

Mr. LEAVERTON. Part.

Ms. TENNEY. So we have to drive to get to work.

Mr. LEAVERTON. The short answer is all of the above. But certainly, capital is the biggest issue. At least access to it. That is probably the number one issue.

Ms. TENNEY. I think my time is out. Thank you very much. I appreciate it. I yield back.

Chairman GOLDEN. Thank you.

Well, we will recognize Mr. Williams.

Mr. WILLIAMS. Thank you, Mr. Chairman.

As most of you know, I am also a small business owner. I have been for 51 years. And the challenges we see are a lot. And we appreciate what you are doing. And I have also seen Tarleton State University grow and transform over the years through expanding their career and technical education programs to partnering directly with small business owners in the community to focus their academic offerings on the current needs of employers. And there are a lot of those needs right now with the employment situation like it is. And furthermore, Tarleton's partnership with America's SBDC has been a great asset to our rural Texas communities.

So Mr. Leaverton, your SBDC has leaned into its intended role and taken on the difficult task of helping rural entrepreneurs navigate the waters when opening their own small businesses.

My first question would be to you. How can we direct SBDCs across the country to better carry out their intended mission and mimic, copy your success in reaching those in rural communities?

Mr. LEAVERTON. Thank you, Congressman Williams.

I think that the main success story is to say either we are going to pay attention to rural business or we are not. And it is that simple. And if we are, then we have to go meet with them face to face. As I said earlier in my testimony, trust is important in the small business community. You cannot build trust from a phone call. A friend of mine often says that an email creates contact. A phone call creates a conversation and a face-to-face meeting creates a relationship. Well, these people operate on relationships and you cannot do that from a Zoom call. You cannot do that from an email. It must be in person, speaking to them in the coffee shop or wherever they want to meet. And I will say to you that is a big piece.

Mr. WILLIAMS. I agree with you. It is called being retail.

Mr. LEAVERTON. Yes, sir.

Mr. WILLIAMS. I mean, you have got to sell something; right?

Mr. LEAVERTON. Right.

Mr. WILLIAMS. And you forgot one thing. You talk about this and that, and you did not mention Zoom, but it is a disaster. I will add that to what you just said.

Mr. LEAVERTON. Sure.

Mr. WILLIAMS. Eye to eye contact is the way to get it done. So, since I took office, I have pushed for less government regulations and encouraged the streamline of federal programs to ensure government is being a good steward of taxpayer dollars.

That is why I have been concerned with the newly created American Rescue Plan's Community Navigator Pilot program. It looks like this program is looking to perform extremely similar functions for the small businesses as SBDCs and it is insufficient and will cause confusion if we have two programs that frankly are doing the same thing, that are providing the same type of assistance.

So the next question, in your opinion, does the duplication of these programs hinder the work your SBDC can provide to rural communities, and what issues does this cause?

Mr. LEAVERTON. Great question, sir. Thank you so much for that. That is a really good question, actually.

The answer is it hinders us greatly. We have many great programs out there. Unfortunately, many of them, their mission aligns with the same as the SBDC. Therefore, we have duplication of effort across many different platforms. So, if you are a small business owner in the rural area and you are trying to contact someone to help you, who do you contact? You contact three or four agencies. You have the Women's Development Center, the SBDC. You have SCORE and you have numerous other ones that are short-term based. And (a), the short-term based programs, when they just about get ramped up it is about time for the money to run out and so therefore, they extinguish. Secondly, some of the duplication of effort that happens is contradictory. Just by human nature it can be because we are person-to-person contacts, so my opinion and

yours may vary. So that is very challenging, and it does hinder us greatly. And I would say to you, in my opinion, I quite frankly do not understand why we cannot streamline that and make a pointed approach. Gather the resources; therefore, I would have the ability to go out into those rural areas because those resources have been reallocated. You can call it the SBDC or call it something else but allocate the resources into a single fine point and then let us do our job.

Mr. WILLIAMS. That is called common sense.

Mr. LEAVERTON. Yes, sir.

Mr. WILLIAMS. That is the answer to your question.

Mr. LEAVERTON. Yes, sir.

Mr. WILLIAMS. Quickly, main street sees a lot of problems. Right now we have got inflation skyrocketing, supply chain disruptions. I have been in business 55 years. I have never seen anything like this before. We cannot find workers. It is hindering business operations. It goes on and on and on. The Federal Reserve is raising interest rates now. It reminds me of 1981 all over again. So with all these costs, business owners are having to make some difficult decisions that they have not made in the past. So, what are the top concerns you are hearing from American small businesses right now? And are you elevating these concerns to the top officials at the SBA? You have got 15 seconds, if you can answer that.

Mr. LEAVERTON. The answer to your question about the concerns they have is how do I raise my prices to afford the costs I have to meet the demand of the public, yet the demand cannot afford my product? How do I do that? That is the question?

Mr. WILLIAMS. Yes.

Mr. LEAVERTON. And there is no answer.

Mr. WILLIAMS. Have you told the SBA? Have you talked to them about these concerns?

Mr. LEAVERTON. I attempt to. Sure.

Mr. WILLIAMS. Yeah. Attempt. Okay. I get it.

All right, Mr. Chairman, I yield my time back. Thank you.

Chairman GOLDEN. Thank you.

Next up, Mr. Flood from Nebraska.

Mr. FLOOD. Thank you, Mr. Chairman.

You know, as a Nebraskan, we have the lowest unemployment rate of any state in the nation since they started keeping the statistics in 1974. Our state unemployment rate is the absolute lowest. To help me provide context to that, Mr. Leaverton, can you tell me, when you talk about rural, what size communities are you talking about? Like 2,000 people, 3,000 people, 10,000 people in a community?

Mr. LEAVERTON. The largest community I have in my whole region is 36,000 people.

Mr. FLOOD. Okay.

Mr. LEAVERTON. Which is why the Rural Business Development grant works because it requires 50,000 or less population in order for you to be accessible to that funding.

Mr. FLOOD. In your service area, do you have towns of less than 5,000?

Mr. LEAVERTON. Absolutely. I have towns less than 100.

Mr. FLOOD. Okay.

Mr. LEAVERTON. Most of my towns probably I would think average in the range of 2,000.

Mr. FLOOD. Okay. So according to an NFIB report, half of small business owners reported job openings they could not fill. Is that a hurdle in your service area?

Mr. LEAVERTON. Absolutely. I would think it probably, behind access to capital, be the second biggest challenge that small business owners face. There simply are not people to, in those communities there is no one to work which is why the USDA created that program was to help revitalize small communities and thwart the urbanization.

Mr. FLOOD. So I appreciate what you are doing. I think it is important work. Let's talk about the types of capital that we need. Obviously, there is the SBA traditional capital that you are talking about here that could be anything from a widget manufacturer to a dog grooming business. What tools do you have in the toolbox when it comes to at-risk capital? And by that I mean money for speculative tech startup type businesses that are part of the economic development ecosystem of American that is actually building wealth? What do you have? Is there a program in Texas that provides that or a nonprofit corporation?

Mr. LEAVERTON. Not formally. No, sir. I have been fortunate enough to encounter some private equity groups that are willing to invest in a riskier startup faction such as tech or something in the medical field. But in terms of formal, no, sir, there is not. There is no network available that I am aware of.

Mr. FLOOD. So would you say it is a fair characterization of the people in your service area, and this often happens in rural areas, where they think that tech startups and that economic development entrepreneurial ecosystem belongs only to towns like Boston, Austin, San Jose, and does not touch the places that you are currently serving? Is that a feeling?

Mr. LEAVERTON. That is absolutely true. And I want to give you a real quick example. I moved a company from Mountain View, California, to Austin, Texas. I was an owner of the company and I moved them from there to Texas. And the thought was we had to be in the City of Austin because it is a tech-centric area. And therefore, we needed to be around tech people. And since then, I have obviously moved to Stephenville, Texas, and I can tell you that categorically that was incorrect. That business could have moved from Silicon Valley to Stephenville, Texas, and thrived just as well as it would have in Austin. It was a mischaracterization on my part it was, and I think it is a large miss for companies.

Mr. FLOOD. And there is no data to support that only tech entrepreneurs live in places like Austin.

Mr. LEAVERTON. No.

Mr. FLOOD. They, in fact, live where you live. And would you also agree with me that, you know, when you live in a rural area, you find creative solutions to problems that people in larger cities with access to more amenities take for granted? They fashion their own parts in Stephenville, Texas.

Mr. LEAVERTON. Absolutely. One of the largest resources that Stephenville has is human capital because Tarleton State University is so successful. Well, those people want to stay there. Well,

there simply are not jobs when they graduate so they must migrate on to the urban areas which would give me as a business owner moving that company from Silicon Valley to Austin, Texas, it would have given me a tremendous amount of people to choose from. Can you imagine if I had to move there? I needed 32 people to work in that company. I would have had a choice of probably 500 or 600 to choose from versus in Austin I have a much more difficult time attracting the same talent pool. And people who want to live in those rural areas are willing to stay and sacrifice, and like you say, fashion things and do what is necessary. So, we need to pay more attention to it. Absolutely.

Mr. FLOOD. Thank you for your answers. I yield back.

Mr. LEAVERTON. Thank you.

Chairman GOLDEN. We are going to go to a second round for those that want to stick around.

Mr. Leaverton, thank you for your service to this Committee. You are off the hot seat for just a minute at least.

I guess I will shift to Mr. Delisle, sticking with the SBDC aspects here. We have heard a lot about duplication. I shared a lot of those concerns as you know. And I am certainly a big fan of the work that SBDCs do. I have raised concerns on this Committee about the existence for decades in statute within SBA of something called the Office of Rural Affairs which literally had no staff and no funding. Something we have been trying to fix, and yet we are moving on creating more programs. And of course, I am the sponsor for the second time of a bill to reauthorize the SBDCs and try and improve upon the work that you can do, how you can use your money, and of course, get you more resources.

Mr. Delisle, can you talk a little bit about the importance of reauthorization for the SBDC programs nationally and what you like most about the proposed bill that has passed the House for the second Congress in a row and of course has yet to see any action in the Senate?

Mr. DELISLE. Yes. Thank you, Chairman Golden for the question. And thank you for your support of reauthorization.

As you know, the reauthorization is critical to kind of endorsing the Small Business Development Centers program as an authorized program of Congress. It is very important. And it is also an opportunity to do some corrections or some enhancements of the rules and the criteria for operating the program. I know of your support of increasing our capability to market our services and to raise awareness. One thing that we definitely have seen through the pandemic is that by raising awareness of Small Business Development Centers and the other resource partners, it has really allowed us to really serve far more clients especially with the additional CARES funding. So having additional room to spend marketing dollars is important. Raising the authorized level so that the Appropriations Committees can take action to hopefully increase resources so that we can continue to provide those services of the small businesses across Maine and across the country. So I am hopeful, as I know you are, that the Senate will also take up reauthorization and we can get that passed so that we can really advance the program further across the country.

Chairman GOLDEN. Thank you. You know, it was my amendment to CARES that helped to increase SBDC funding as part of that CARES Act funding that Mr. Leaverton noted was really important. Of course, that increase now going away. We know that there are workforce shortages out there among your clients. What about among SBDCs in Maine, Mr. Delisle? Are you having a hard time maintaining staffing and finding the right people?

Mr. DELISLE. We are not having a hard time maintaining staffing. We are fortunate that we have a great organization of staff of SBDC advisers in Main that are long term and many have retired, and we have been successful in hiring some really, really good people even through the workforce shortages that we have. So we do have good people.

Now, what we find is that people who become business advisors for SBDC, they do it because they love the work. They love working with clients. They love the small businesses and they are really just committed to that mission. So, fortunately, even though it is such a tight labor market and certainly, all of my advisors could market their skills elsewhere probably for significantly higher pay, they really are committed to the organization.

With that said, any time we have an opening, it is always a challenge. And as you know, especially in rural Maine, I have a host partner up in Caribou, Maine. If we need to hire an advisor in Caribou, Maine, it certainly is a challenge to find a good, talented pool of candidates for that position but fortunately right now we have a really good advisor in Caribou and I hope he does not go anywhere.

Chairman GOLDEN. Thank you.

I particularly like the aspect of the reauthorization bill that would allow you to use a small, responsible amount of your budget for marketing as both I think you and Mr. Leaverton have spoken to. What good are your services if the businesses, particularly in rural areas, do not even know that you exist? It is a real shame and something that we could fix with just a small tweak in the statute with the passage of that bill.

I am going to probably come back in a little bit to ask some questions about SCORE, but I am going to give the opportunity to ask more questions.

And I see that Mr. Stauber has joined us from Minnesota. Welcome, sir. And why do you not go ahead?

Mr. STAUBER. Thank you very much, Chair and Ranking Member for holding this meeting.

I first want to give a shout out to the SBA district office in Minnesota. District Director Brian McDonald and his team have been working tirelessly over the last few years, and I could not let this moment go by without acknowledging their hard work and it is greatly appreciated.

And like the struggle, we, as Members of Congress have had to get the federal agency in D.C. to respond to our questions, the SBA district offices have been instrumental in helping our small businesses survive during the government-mandated shutdowns in 2020 and 2021 and have been extremely responsive to our local small businesses.



Mr. Leaverton, with new inflation numbers at record highs, what would you say is the confidence level of the small business owners you interact with in the economy and current state of play?

Mr. LEAVERTON. Thank you, Representative Stauber.

By competence, you mean competence in their business environment?

Mr. STAUBER. Yes.

Mr. LEAVERTON. I would say that they know their business very well. The challenge is that they do not know the market or they do not know the environment very well and they cannot adapt to it whenever the inflationary conditions such as we are experiencing take place. They cannot adapt. They cannot change to that because they have not the tools to do so. So as a result, they are trying to utilize things that happened 2 years ago to help them operate their bakery or their business today and the conditions have migrated. So as a result, new tools are needed and they do not simply have them.

Mr. STAUBER. Our federal government has put forth, and these are the Biden administration's number, \$201 billion—that is with a B—\$201 billion dollars of additional regulations on small businesses across this nation, punishing them even further. In your mind, are these regulations, do they stymie the small business growth and/or do they stymie people wanting to live that American dream by owning their small business?

Mr. LEAVERTON. That is a great question. And actually, I think you hit the nail on the head when you said owning their dream. The people that see me simply have a dream. I have always wanted to open a small business. My kids are grown. Now is my time. I am going to open the restaurant I always wanted to. Or I have just graduated college and I want to forge my own path and I want to create my own business, to be my own person, my own boss.

Quite frankly, it is that simple for them. They just want to provide a service or a product and be paid an appropriate price, put food on the table, and live their lives.

Mr. STAUBER. Without the government on their back or in their pockets; right?

Mr. LEAVERTON. Well, the challenge becomes whenever we mount regulation and require them to do more and more and more and more with the same dollar, if you will, either they are being taxed more or they are being appropriated more, or whatever the case may be, they wind up being inundated, and quite frankly discouraged. And I see some leave business because they simply just feel it is not worth the fight. And they consider it to be a fight.

Mr. STAUBER. And it should not be. That is unfortunate.

Mr. LEAVERTON. Well, again, they are just trying to support—if I own a bakery, you come in, you have got a birthday, you want to buy a cake from me. I bake you a cake, you buy it at an appropriate price, and we are all happy. Well, I do not see why we need to complicate that.

Mr. STAUBER. Right. I agree with you.

And this is for any witness. How has your role changed or what assistance have you started working on more given the historic eco-

conomic headwinds facing small businesses? And this is for anybody. Anybody?

Mr. COLLINS. Can you repeat the question?

Mr. STAUBER. Yes. How has your role changed or what assistance have you started working on more given the historic economic headwinds facing small businesses? So what have your priorities been these last couple of years with reference to the headwinds we are facing with inflation and job creation?

Mr. LEAVERTON. The headwinds are difficult. Coming out of COVID, people are struggling to begin with. Then, if you tack on some of the issues that we are facing in today's rural environment, and I operate in a very rural area of Texas mostly. And I can tell you that those people are at their wit's end and many of them do not survive because of that. They simply fold their tent and go home because the headwinds are too much. And so, they just do not have the tools to withstand it.

Mr. STAUBER. We understand that the economic engines of Main Street American are our small businesses and we must do everything we can to help them succeed.

Mr. Chair, I am out of time. I yield back.

Chairman GOLDEN. We are going to recognize Mr. Williams next.

Mr. WILLIAMS. Thank you, Mr. Chairman.

What have you seen out of the SBA, the national scope, the Feds if you want to call them that? It has been my opinion that they do not really understand small business. They actually support higher taxes. And raising taxes on Main Street America is the wrong thing to do.

We talked about burdens. My colleague talked about the dollars, but the manhours to do that is 130 million manhours for crying out loud. And the SBA does not want to talk about that. They do not want to talk about cutting taxes and what they do. Have you seen that kind of attitude from the Feds when it really gets down to it on helping small business and relieve burdens as opposed to raising burdens and keeping some of these businesses from staying in business?

Mr. LEAVERTON. Well, Congressman, in my opinion, I see us adding programs, adding burdens, adding bureaucracy, if you will, to the small business environment. Simply put, we should just get out of their way. If I take a cake, you want to buy a cake for your birthday, I do not really see why we need to interfere so much.

Mr. WILLIAMS. Well, competition works, does it not?

Mr. LEAVERTON. Yes, sir.

Mr. WILLIAMS. And if you get the government out of our life and let businesses compete for service, for customers, then customers will tell you if you are doing a good job or not.

Mr. LEAVERTON. Right. I do think that there is a place for the SBA. I do think that there is a place for the programs because I do think that they can support, provide access to capital. And education is a big key, particularly in the rural area. But at what cost?

Mr. WILLIAMS. Yeah, there is a place for the SBA. There is no question. But I think that the SBA should totally be for Main Street America regardless of who is in the White House. And cutting taxes, cutting regulations, cutting burdens, creating oppor-

tunity is the role of the SBA. And we have got 75 percent of the workforce, 75 percent of the payroll is generated by the people you are talking about. And right now we need them more than ever.

So, I appreciate you being here again. It is good to be able to call you a Texan. And with that, Mr. Chairman, I yield my time back.

Chairman GOLDEN. Thank you very much.

Mr. Flood is gone.

Question for Ms. Strojny. So in 2019, your SCORE chapter was named Chapter of the Year. So what is your secret, and what do you think that Congress could do, this Committee specifically, to get resources to more SCORE chapters so they can be as successful as yours?

Ms. STROJNY. Well, thank you for the question.

The secret to our success in the Southern Maine chapter was really about building the appropriate team of people, of volunteers, to serve the community. SCORE initially in Southern Maine had a small cohort of volunteers, and we managed to bring that during a 6-year time, bring in volunteers who could deliver the expertise and help with clients and really make a difference in the community. So we expanded our footprint all across Maine. And trained up our volunteers and they provided extensive services in communities that we had not previously served because we did not have sufficient manpower.

Now, relative to how you can support SCORE, it is all around the reauthorization and increasing our funding because when we have increased funding, we are able to do additional education. We are able to offer additional services. We have additional tools and resources that we can support the rural communities with.

Chairman GOLDEN. Thank you. I appreciate that.

Can you tell us a little bit about the performance reviews carried out by SBA district offices, reviews of the resource partnerships? So what is included in these reviews? Is the review structure beneficial to you? Is it a burden? Just tell us a little bit about that relationship.

Ms. STROJNY. Yes. So the SBA reviews our services on an annual basis. Generally, we sit down for an hour based on the fact that we have extremely collaborative relationships with the SBA folks to begin with in Maine. This is not a burden but rather an opportunity to talk about how we each can better serve each other and serve the larger state of Maine. Questions are around educational opportunities. How can we partner? How can we partner more? How can the SBA support SCORE? Are there additional opportunities that can be addressed? We review the numbers, and by the numbers I mean how we create impact in the state of Maine so that the SBA during this review is fully up to speed on the role that SCORE plays in Maine. How many new businesses we help create, how many jobs we help create, the size of our organization, where we are growing, what is our expertise. One of the hallmarks of SCORE is that we have quite a bit of specific expertise that we call subject matter experts and it is always important because the SBA is often the first place that a person will call and say, hey, where can I get help? And so for the SBA during these reviews to be totally up to speed on what our organization looks like and what kind of expertise we offer actually helps the SBA to make sure that

they are reviewing to the right organization and getting the help that that client needs.

So, the reviews are not onerous in any way and based on how we support each other it is just an opportunity to review potential growth areas in the times ahead.

Chairman GOLDEN. Great. I am not surprised that the relationship is pretty good between the partners and the SBA in Maine.

But Mr. Collins, it has been described that when you took over the SBDC that maybe there is room for improvement is the way I have heard it described for the relationship with the district offices in Michigan. How did you go about accomplishing that and how would you advise others to improve upon that relationship and just improve the collaboration and communication? You can speak either to what SBDCs could do to improve that or the district offices themselves.

Mr. COLLINS. Thank you for the question. I hope it came across in my testimony that it is all about people and it is about relationships. And yes, we have the metrics that were discussed earlier by Ms. Strojny, but the ability to collaborate on strategy, collaborate on programs, and it comes with establishing those relationships first. And so, we started with what we are just calling a monthly huddle. We then migrated that to partner meetings, and then took that up one step by cohosting some events together. And believe it or not, it is the planning committees and it is the ability to address strategy and be part of the participation in the event that really builds esprit de corps amongst the team and those relationships that allow us to have that relationship. So I would say that it started with the personal relationships and it has blossomed from there. So like I say, we are on really solid footing right now.

Chairman GOLDEN. Thank you for that. I appreciate it very much.

It looks like we are out of questions. And I appreciate the, first of all, testimony that you have provided to the Committee, as well as the answers that you have provided to the questions that have been put forward to you today.

In closing, certainly, a big thanks to each one of you not only for joining us but for the work that you do in the communities that you serve helping small business owners, entrepreneurs, do what they want to do and be as successful as possible. I certainly believe that your work is vital to their success and to growth in our communities, and specifically, in rural communities like those represented by many of us that joined the hearing today. I think that here in this Committee, your partner programs are some of those that are most ripe for bipartisan support. I certainly agree with those that express concern about duplication, ways we might be able to find savings to put more resources into your hands so you can reach even more potential entrepreneurs and small business owners out there. So, thanks to you all and to your staff for the work that you do day in and day out and for being passionate about it. And of course, it is our responsibility to have good oversight over the agencies that are responsible for working with you and the district offices and the SBA, so we are always open to hearing your feedback about how we can press them, question them, and make sure that they are using their resources appro-

priately to support you and make sure that they are doing their job in trying to connect their potential clients with your great services as well.

And with that, I am going to go ahead and close things out.

And if there is no further business to come before the Committee, we will be adjourned.

Although, I should say that Members have 5 legislative days to submit statements and supporting materials for the record. And we appreciate your time. Thank you all for coming.

[Whereupon, at 11:23 a.m., the subcommittee was adjourned.]

APPENDIX



Testimony  
of  
Mark Delisle  
July 20, 2022

Committee on Small Business  
Subcommittee on Underserved, Agricultural  
and Rural Business Development  
US House of Representatives

“SBA District Office Collaboration with Resource Partners”

Chairman Golden, Ranking Member Tenney, Members of the committee, thank you for inviting me to testify.

My name is Mark Delisle and I am the state director of the Maine Small Business Development Centers (SBDC). The SBDC is a nationwide network that helps build and strengthen small businesses through no-cost, confidential business advising, training and educational resources. A program of the Small Business Administration (SBA), we have served small businesses in Maine for over forty years. The impact of our program in Maine is substantial. In 2021 alone, we helped 2,953 entrepreneurs to start 136 new businesses, create and save 917 jobs, and helped entrepreneurs access \$48.8 million in capital.

We could not have this level of success without the support of our partners at the SBA's Maine District Office. District Director Diane Sturgeon and her team work tirelessly to support resource partners and the small businesses of Maine. Among many things, our work together includes:

- **Meetings** – The Maine District Office holds regular SBA resource partner meetings. These meetings gather SBA-funded programs such as SBDC, SCORE, and the Women's Business Centers (WBC) to discuss strategy, performance, and collaboration. The meetings serve as an accessible and easy way to have open communication among the group. The Maine District Office also coordinates a broader meeting which includes many other economic development partners across the state. These meetings help strengthen relationships and enhance communication to keep everyone aligned and working together for the small businesses of Maine.
- **Cohosted educational events for small businesses** – The SBA District Office and Maine SBDC regularly work together to host events and training for small businesses in Maine. In May 2022, our teams worked together to celebrate National Trade Month and Export Week with a four-part series for small businesses interested in exporting. The training provided guidance on everything from writing an export business plan to obtaining financing for an export venture. The SBA and SBDC also regularly partner to host sessions that discuss resources available to entrepreneurs and the basics of

starting a business. Working together for events like these enables us to connect with more entrepreneurs to make them aware of the wide array of services available to them.

- **Promotional opportunities that highlight small business successes** – Maine SBDC and the Maine District Office regularly visit local businesses who have used our services to highlight the successes of these small businesses. For example, each year in promotion of Small Business Saturday we plan a media event that tours downtown businesses that have connected to our programs. This provides an excellent opportunity to promote the great work the SBDC and SBA do, but also to highlight the success of clients who have worked with the SBDC. This promotion also helps generate attention to Small Business Saturday. Similar visits to businesses happen periodically throughout the year where there is the opportunity, and during Small Business Week in May.
- **Program oversight** – The Maine District Office provides guidance and oversight on the SBDC program. The Project Officer reviews the program yearly to ensure compliance. The District Office also conducts a review of annual program proposals.

Our work together is mutually beneficial and helps to increase awareness of the critical services we provide to Maine's small businesses. The advocacy of our District Office enables more entrepreneurs to access the SBDC services they need to start, grow, or sustain their business. They rely on and trust resource partners to be their feet on the ground, doing the field work to deliver detailed, one-on-one guidance to small businesses. This allows the District Office to serve as educators, connectors, and advocators for the variety of programs and services the SBA provides.

That concludes my testimony. I look forward to any questions you might have.



Nancy Strojny  
Assistant District Director  
SCORE Maine

*SBA District Office Collaboration with Resource Partners*  
Statement to the Small Business Subcommittee on Underserved, Agricultural, and Rural Development  
United States House of Representatives  
July 20, 2022

Chairman Golden, Ranking Member Tenney and members of the Subcommittee – thank you for the opportunity to offer testimony on SCORE’s collaboration with the U.S. Small Business Administration (SBA) district offices in the state of Maine.

SCORE is the nation’s largest network of volunteer, expert business mentors, with more than 10,000 volunteers across the nation offering free and confidential business advice, and free or low-cost educational workshops to current and aspiring small business owners. Since our founding in 1964 as a resource partner of the SBA, SCORE volunteers have helped more than 11 million entrepreneurs to start, grow, or troubleshoot their small business.

SCORE volunteers represent a diverse range of backgrounds, with expertise in different areas of industry. About half are currently working as entrepreneurs or executives, with the other half retired. We tend to be active and well-networked members of our communities, often making valuable connections for our clients, whether to local financial institutions, media outlets, government offices or other small-business-oriented organizations. By creating meaningful, and often long-term relationships with our clients, we help them to launch new businesses and operate existing businesses more successfully.

The data shows that mentoring works – business owners who receive three or more hours of mentoring report higher revenues and increased business growth. In FY 2021, SCORE helped its clients to start 24,742 new businesses and create 71,475 new jobs nationwide. In the past five years in the state of Maine alone, we helped our clients to start 1,791 new businesses, in turn creating 5,487 new jobs.

My SCORE client, Kate McAleer, founder and co-owner of [Bixby Chocolate](#) in Rockland, ME, explained the value of our mentoring relationship as, “Our participation with SCORE has been invaluable to Bixby’s company. Nancy has the extensive experience and incomparable ability to provide advice. Her judgement is always sound, invaluable, and uncanny. Her ability to help navigate our entrepreneurial journey for key decision making and support has been and continues to be very important and critical to us in our successes.”

According to the 2021 Small Business Profiles by the SBA Office of Advocacy, the 150,000 small businesses in Maine represent 99.2% of all state businesses. Small businesses accounted for 56.8% of Maine employment in 2018, compared to 39.7% nationally. Maine is unique. Our large and vibrant small business community means that our SCORE mentoring and educational services are vital to the success of small business owners.

New business starts highlight a tremendous opportunity to serve more small businesses. With 150,000 SMBs in Maine, SCORE is committed to continued collaboration with the SBA and fellow resource partners, so we can best serve everyone who needs our help.

#### **Maine SBA District Office Collaboration with Resource Partners**

SCORE regularly collaborates with the SBA and its resource partners (SBDC, WBC, VBOC) on an ongoing basis. This is a result of the outstanding SBA leadership in Maine and our willingness to serve Maine clients without organizational or geographical boundaries. We share information freely, and we understand there are more than enough clients to be served. The pie is always growing, so we are never taking clients from each other. In many cases we share a client with a resource partner, depending on the client's need for expertise. One example is Tiny Homes of Maine, a designer and builder of custom mobile spaces. Her manufacturing facility, located in Houlton Maine, is in Aroostook County. Founder Corinne Watson worked with an SBDC business advisor on financials to secure capital and worked with SCORE on strategy and operations. Serving clients without borders is a hallmark of the SBA team in Maine.

I'd like to highlight how we participate in several client-specific programs in Maine:

Our volunteer mentors work with participants in the cohort of the newly named **SBA THRIVE Emerging Leader Program**. SCORE Maine has mentored clients since 2018, when the program initiated in Maine. At the conclusion of the 13-week program, SCORE Maine mentors are part of a panel of guest experts, whose role is to provide insight and feedback on the business owner's three-year growth plan.

SCORE Maine participates in **lender information panels**, hosted by the SBA Maine quarterly. All three of the resource partners (SBDC, WBC, SCORE) attend these sessions and present information about our services and how we help the small business community.

SCORE Maine is an active nominator and supporter of the annual **SBA Small Business Awards**, held each year during national Small Business Week. SCORE Maine clients regularly win SBA Maine Awards. Tyler Frank, founder of Garbage to Garden, won the 2022 Small Business Person of the Year in Maine, and has been a SCORE Maine client for 7 years.

SCORE Maine has initiated three "**women in business**" panels pre-COVID, with support from Maine SBA and our resource partners.

2022 marks the seventh year of a program called **Focus ME**, which SCORE Maine initiates in collaboration with the Women's Business Center. This facilitated group discussion focuses on personal development. Topics include goal setting, time management and pitching your business. There is an opportunity to share business challenges and brainstorm solutions, and a "my turn" time allowing each member of the group to share something they are working on for group input and accountability. We pair accountability partners to check in between sessions.

SCORE Maine hosts a **Client Success Award Luncheon** in June each year (not including the past two years, due to COVID.) We celebrate innovation, vision and achievement, and present non-monetary

awards to worthy clients. Our resource partners and the SBA attend this luncheon. If a client is a shared client between the organizations, business adviser and a mentor take the stage with the winning client. SCORE Maine works with all the resource partners for **ongoing referrals**, knowing that collaboration enables us to better serve our clients. For example, the WBC asked if we had a mentor with literary agency expertise for their client. We have a client who was able to share specific resources for getting published and referrals and next steps for working with a book coach. This SCORE client resides in VA and has been a SCORE Maine client for eight years.

Internally, the SBA District Director hosts a two-hour **quarterly meeting** for the Maine resource partners. We discuss issues, opportunities, and updates from each resource partner. This has been virtual since 2020, and we hope to return to in person this fall.

#### **New York SBA District Office Collaboration with Resource Partners**

My colleague Marty Doto, Chapter Chair for SCORE Central NY, also shared the following information about SCORE's collaboration with SBA district offices in New York:

During the pandemic, SCORE CNY worked closely with the SBA to provide **timely and updated guidance and training on SBA COVID relief programs** as they evolved, so we could better counsel clients. In particular, the SBA District Office held numerous "train the trainer" webinars to complement the public-facing marketing of the COVID programs.

SCORE mentored business clients to help them understand and apply for SBA's **EIDL and PPP** programs, and supported SBA with outreach and support for applications. We participated in SBA resource partner meetings for networking and collaboration among the SBA partners during the pandemic.

SBA staff participate in our **monthly volunteer mentor meetings**, providing insight into SBA programs and resources which enables our mentors to offer clients enhanced services.

In addition, the SBA included SCORE in the recruitment and marketing of **Emerging Leaders** and **THRIVE Emerging Leaders Reimagined** and received several applications via SCORE referral.

Members of the SBA Upstate NY District Office team have also **co-mentored with SCORE** on subject matter issues across the entire district.

Thank you for allowing me to submit this written testimony. I welcome any further questions.



I'm J.D. Collins, Executive Director of the Michigan SBDC. The Michigan team consists of ~100 core consultants and specialty teams that address technology commercialization, cyber security, growth strategies, exporting, market research, and mobility.

I'm here today to discuss how Michigan established a robust relationship with our State and Regional SBA offices and demonstrate how that relationship resulted in better outcomes for Michigan's small businesses.

So what's the advantage of a tightly aligned small business partner network? That advantage became evident during the early days of the pandemic. To take you back, each day in March of 2020 a tsunami of information cascaded into the small business world, often leaving more questions than answers. That's when the Michigan SBDC invited the SBA Resource Partners into a daily huddle to distill information and distribute it to small businesses in terms easily understood. We coupled this information with co-hosted webinars that helped businesses navigate the early days of the pandemic, EIDL, and PPP applications. To say this was popular with our small business clients is an understatement. To put the demand into perspective, we average about 10 attendees per webinar during normal times. For a PPP webinar, we had over 3,000 attendees.

The business-friendly information and webinars were then posted on our website. Businesses devoured the information. Michigan had to upgrade its website service package 3 times to keep up with demand and keep the website from crashing. The collective efforts of the resource partners and our distribution of client-friendly information earned us the nickname, "***The Small Business Source of Truth.***"

This story was made possible by the focused efforts to establish meaningful resource partner relationships. It's about people and relationships that go beyond names on paper. Yes, we have aligned strategies, defined goals, and clear communication. But it's also the fact that I know that our District Director Leketa Henderson has my back or that I've stood shoulder to shoulder in the trenches with VetBizCentral Director Abron Andrews. It's the deeper relationships that allow a focused partner response when needed.

It hasn't always been this way in Michigan so let me outline how we deepened our working relationship over the last 4 years:

- Established personal relationships and a deeper understanding of business issues. We accomplished this via monthly 1x1 director meetings to review strategic alignment, progress to goals, and service needs.

- Provided forums for Some Good News. Established quarterly resource partner meetings to share best practices and align programming.
  - Started a quarterly stakeholder video/newsletter.
- Collaborate with the SBA District Office to host an SBA Lenders Conference (Great Lakes Lenders Conference)
  - Planning this event deepens our understanding of each other's organization and builds cohesion within the team.
- Co-host events with SBA staff and resource partners.
- Hosted regional events with resource partners to introduce SBA products into the small business ecosystem.

Michigan's relationships with SBA resource partners resulted in nick-name-worthy services for the small business community. Thank you for the opportunity to testify today.



J.D. Collins  
Executive Director, Michigan SBDC



**Written Statement - John Leaverton**  
**Regional Director**  
**America's SBDC at Tarleton State University**  
**Stephenville, Texas**

**Before The:**  
**House Committee on Small Business**  
**Subcommittee on Underserved, Agricultural,**  
**and Rural Business Development**

**Hearing Title:**  
**"SBA DISTRICT OFFICE COLLABORATION WITH RESOURCE**  
**PARTNERS"**

**JULY 20, 2022**

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Tarleton State University



Chairman Golden, ranking member Representative Tenney, Representative Williams and members of the subcommittee, thank you for inviting me to submit testimony for today's hearing, "SBA District Office Collaboration with Resource Partners." I am grateful for the opportunity to discuss rural small business with you. It is clear by your participation on this committee that you all value rural small business as much as I.

My name is John (Bill) Leaverton. I am the Regional Director for America's Small Business Development Center (SBDC) at Tarleton State University in Stephenville, Texas. I represent some of the most rural counties and communities of the state and, in fact, the nation.

#### **Role of the SBDC at Tarleton:**

The SBDC has been a proven model of success since its inception in 1976. Tarleton has proudly hosted the SBDC since 1987. By design, the SBDC assists, in my case, rural entrepreneurs navigate the very difficult task of opening small businesses. Typically, these rural entrepreneurs want to open a business that will simply serve their rural communities. Therefore, margin for error is as small as is their access to capital. My primary focus is to create financial forecasting statements that are inserted into business plans for the purpose of obtaining a commercial loan. Our focus overall is to educate and help rural Texans open small businesses.

One of the benefits of being a resource partner with the SBA is the collection and coordination of information and data. Listed below, are the three reported metrics that show substantial impact the SBDC at Tarleton has on the local rural economy. During the 2021 year, the Northwest Regional Network of the SBDC in Texas achieved the following metrics:

1. Job Creation  
The SBDC assisted in creating 1,414 primarily rural jobs.
2. Capital Investments / Financing  
The SBDC assisted in injecting \$107M into the economy. A new record for the Northwest Regional Network.
3. New of Businesses Opened  
The SBDC assisted in opening 230 businesses.

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#### Relationship with SBA:

The SBDC at Tarleton enjoys a collaborative relationship with the SBA. Many examples include:

- Daily informational updates provided by the SBA during the pandemic were instrumental in our ability to convey information to the general public. The SBA guidance for CARES Act resources was invaluable and allowed us to assist with small business survival.
- As Representative Williams can certainly attest, the SBDC at Tarleton was on the front lines consulting with countless of business owners throughout much of the 25<sup>th</sup> district during the pandemic.
- The SBDC at Tarleton considers the on-line webinar support the SBA provides instrumental in disseminating information and education.
- The guarantee programs the SBA supports, assist countless clients of the SBDC at Tarleton obtain necessary funding to open small businesses. **For example, the 504-loan guarantee program is extremely helpful to the rural business environment.**
- Prior to the pandemic, the focus on the opportunity zones program created much needed attention to the revitalization of rural areas.

#### Needs of the Rural Entrepreneur:

The needs of the rural entrepreneur are unique and unlike those of our urban counterparts. These needs dictate how the SBDC at Tarleton engages the rural entrepreneur.

The first need of the rural community is personal interaction. The rural community in general relies on this personal interaction to create trust. Trust in the rural community is earned over time. Consistent personal interaction can **ONLY** be gained through our continued presence. In order for the SBDC at Tarleton to be successful, we must interact in a face to face fashion. To further complicate matters, many in rural Texas have no accessible or reliable internet. Therefore, attending webinars or zoom meetings is limited.

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- For instance, I worked for seven months to build a viable business plan for a client that wanted to open a daycare facility in a community in very rural Texas. Opening this daycare facility resulted in \$260,000 injected into the economy, through a local lender loan, created 8 jobs, and allows rural parents to return to the workforce. This, all in a community of 500 people that had no prior, formal daycare. The majority of the communication held between myself and the client was either via telephone or in face to face meetings because the client has no access to reliable internet.

This type of interaction is not uncommon in rural Texas. This type of consultation requires lengthy, individual one on one effort. Unfortunately, we frequently underestimate the amount of human capital resources needed to assist these rural areas. As a result, we find ourselves in situations in which demand simply cannot be met under current conditions.

Another need of the rural community is long-term viable assistance. The CARES Act allowed the SBDC at Tarleton to meet an overwhelming demand for our services. Momentum and exposure created unprecedented demand (**Currently, a three week wait list**). Additional human capital (CARES Act personnel) assisted in meeting that demand. Now that the program assistance as it relates to the SBDC is expiring and the human capital along with it, we find ourselves in a situation where demand outpaces supply.

**This results in a choice we must make. Service the more rural areas. Or, service the more urban areas.**

Streamlining programs is another need of the rural community. Clients of the SBDC at Tarleton often times finds themselves navigating the many different programs available. Most of these programs find direct alignment with the mission of the SBDC. For instance:

- The Northwest Regional Network of the SBDC in Lubbock, Texas houses at least five different governmental programs under one roof. Most of those programs seek to accomplish seemingly indistinguishable goals. They are all assisting small business entrepreneurs fulfill their dream of small business ownership using very similar if not the same approaches.

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Many of these programs are funded using short-term goals. Therefore, once they become fully operational, they are near their expiration date. Programs such as the Navigator program are very well planned and intended. However, in my opinion, they duplicate the efforts of the SBDC and overlap geography. Mostly, they remove the necessary resources from the SBDC it needs to be even more effective.

Direct support is another area of need in the rural community:

- Recently, I was able to secure a \$300,000 grant from the USDA. The Rural Business Development Grant is designed to assist rural communities in thwarting urban population migration. This grant will enable the Stephenville Economic Foundation, Inc. to create a revolving loan fund (RLF) that will live in perpetuity. This fund will provide access to capital to small rural businesses in the area and provide much needed jobs.

#### **Improving Upon Success:**

The SBA is a successful organization. Its founding helps entrepreneurs. It helps the SBDC. Its loan guarantee program assists in funding many loans. In short, the SBA does great work. I choose to seek those things that are working and try to find ways to accentuate them. There are challenges in this arena, particularly, in rural communities. Finding ways to continue to strengthen programs that are working is essential to small business success in the rural setting. A friend of mine often says, "a digital correspondence creates a reaction. A phone call creates a conversation and a face to face meeting creates a relationship." Rural communities require relationships. In my opinion, we can improve upon the success of the SBA by the following:

1. Establish ways to provide direct access to capital for small and micro businesses in rural areas that do not have the fixed assets to obtain traditional financing, like the USDA grant program.
2. Streamline the various programs that can overlap the mission of the SBDC. Reducing duplicity will help the mission of the SBDC. Thereby making the communication efforts between the SBA, SBDC and the public more effective.
3. Create more SBDC programs that result in direct interaction with rural communities. And, provide longer term horizons for such programs. The SBDC at Tarleton is effective when present. We need to be present more often.

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In closing, I thank you for allowing me to testify before this committee. Your willingness to invest your time and talent on this committee is vital to the success of small business in rural communities. We spend our days attempting to assist those in need. You exemplify this notion.

\* The views expressed within this testimony are my own and not those of the America's SBDC, Texas A&M University System or Tarleton State University.

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