

SMALL BUSINESS ADMINISTRATION
RURAL PERFORMANCE REPORT ACT

SEPTEMBER 26, 2023.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. WILLIAMS of Texas, from the Committee on Small Business,
submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 5265]

The Committee on Small Business, to whom was referred the bill (H.R. 5265) to amend the Small Business Act to require a report on the performance of the Office of Rural Affairs, to require a report on the memorandum of understanding between the Small Business Administration and the Department of Agriculture entered into on April 4, 2018, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

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I. PURPOSE AND BILL SUMMARY

On August 25, 2023, Rep. Alford along with Representatives Luetkemeyer, Ellzey, and Bean, introduced H.R. 5265. The purpose of H.R. 5265, the “SBA Rural Performance Report Act,” is to require SBA to produce two reports on activities related to rural entrepreneurs. The first report is on a Memorandum of Understanding (MOU) between the Small Business Association (SBA) and the U.S. Department of Agriculture (USDA) on activities jointly performed to conduct outreach to rural communities. The second report is an addition to SBA’s annual budget justification to include activities performed by SBA’s Office of Rural Affairs.

II. NEED FOR LEGISLATION

Small business owners face many challenges, especially in rural areas. Rural communities depend on the success of their small businesses. SBA’s Office of Rural Affairs is charged with ensuring adequate resource availability for rural entrepreneurs. While Congress authorized this Office under the George H.W. Bush presidency, the office was largely vacant until the Trump Administration appointed a director. In 2018 the SBA and USDA entered into a five-year MOU to better coordinate outreach and resources to rural entrepreneurs. While there was clear coordination through events and other activities, outcomes of the MOU remain unknown. Additionally, the MOU was left to expire in April 2023. This bill will require a report to understand the outcomes and successes of the MOU and the future needs of greater agency coordination and reduced duplication.

Currently there are no performance reporting requirements. This bill requires SBA to detail exactly how it is elevating small rural businesses by reporting on the activities of the Office of Rural Affairs. The information required in SBA’s annual budget justification will include how the office provides information about resources and programs in rural areas. This bill will shed light on exactly what SBA is doing to address rural entrepreneurs’ needs.

III. HEARINGS

In the 118th Congress, the Committee held one hearing examining the issues covered in H.R. 5265. On July 26, 2023, the Committee held a hearing titled “Rural Entrepreneurship: Examining the Challenges and State of Rural Small Business.” Witnesses discussed challenges they face as rural entrepreneurs including a lack of awareness of existing resources. This bill seeks to address challenges rural entrepreneurs face by holding the SBA accountable and ensure it is meeting its mission to assist rural entrepreneurs.

IV. COMMITTEE CONSIDERATION

The Committee on Small Business met in open session, with a quorum being present, on September 14, 2023, and ordered H.R. 5265 reported favorably to the House of Representatives. During the markup no amendments were offered.

V. COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the recorded votes on the motion to report legislation and amendments thereto. The Committee voted to favorably report H.R. 5265 to the House of Representatives at 11:43 a.m.

118th Congress House Committee on Small Business Vote Record

Date: 9.14.23 Bill: H.R. 5265

Vote Time: 11:43

Republicans	Aye	Nay	Present
Mr. Luetkemeyer (MO-03)	✓		
Mr. Stauber (MN-08)	✓		
Mr. Meuser (PA-09)	✓		
Ms. Van Duyne (TX-24)	✓		
Ms. Salazar (FL-27)	✓		
Mr. Mann (KS-01)	✓		
Mr. Ellzey (TX-06)			
Mr. Molinaro (NY-19)	✓		
Mr. Alford (MO-04)	✓		
Mr. Crane (AZ-02)	✓		
Mr. Bean (FL-04)	✓		
Mr. Hunt (TX-38)			
Mr. (La-Low-ta) Lalota (NY-01)			
Chairman Williams (TX-25)	✓		
TOTALS:	11		

Mr. Chairman _____ Votes _____

Mr. Chairman _____ Off _____, Votes _____

Mr. Chairman on that vote 22 Ayes 0 Nays and 0 Present

118th Congress House Committee on Small Business Vote Record

Date: 9.14.23

Bill: H.R. 5265

Vote Time:

Democrats	Aye	Nay	Present
Mr. Golden (ME-02)	✓		
Mr. M-fume (MD-07)			
Mr. Phillips (MN-03)	✓		
Mr. Landsman (OH-01)	✓		
Mr. Mc-Gar-vey (KY-03)	✓		
Ms. Glue-sen-kamp Perez (WA-03)	✓		
Ms. (Skull- ton) Scholten (MI-03)	✓		
Mr. (Tan-a-dar) Thanedar (MI-13)	✓		
Ms. (Chew) Chu (CA-28)	✓		
Ms. Davids (KS-03)	✓		
Mr. Pappas (NH-01)	✓		
Ranking Member Nydia Velazquez (NY-07)	✓		
TOTALS:	22		

VI. SECTION-BY-SECTION OF H.R. 5265

Section 1. Short title

This section cites the bill as the Small Business Administration Rural Performance Report Act.

Section 2. Small business rural performance reports

This section requires a report within 90 days to the House and Senate Committees on Small Business. The report will include information about the SBA Office of Rural Affairs including how the office promotes financial assistance, compiles annual statistics, provides information, the number of outreach and information sharing events, details of partnerships, and the name of the director of ORA. After the initial report, this information will be required in the annual budget justification provided to Congress.

A technical amendment updates the name of the United States Tourism and Travel Administration to the National Travel and Tourism Office of the Department of Commerce.

This section requires another report on the outcomes of the 2018 MOU between SBA and USDA. Information in the report will include number of working groups, number of staff that were or are engaged with MOU designated working groups, and the findings on the MOU activities.

Section 3. Definitions

This section defines the Administrator as the SBA Administrator, Administration as the Small Business Administration, and the MOU as the agreement between SBA and USDA entered on April 4, 2018.

Section 4. Compliance with CUTGO

This section states that no additional funds are authorized to be appropriated to carry out the bill.

VII. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(d)(1) of House rule XIII, the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974. The Committee has requested but not received from the Director of the Congressional Budget Office a cost estimate for the Committee's provisions. Once available, the cost estimate will be published in the Congressional Record.

VIII. NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a)(I) of the Congressional Budget Act of 1974, the Committee provides the following opinion and estimate with respect to new budget authority, entitlement authority, and tax expenditures. While the Committee has not received an estimate of new budget authority contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to Sec. 402 of the Congressional Budget Act of 1974, the Committee does not believe that there will be any additional costs at-

tributable to this legislation. H.R. 5265 does not direct new spending, but instead reallocates funding independently authorized and appropriated.

IX. OVERSIGHT FINDINGS & RECOMMENDATIONS

In accordance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in H.R. 5265 are incorporated into the descriptive portions of this report.

X. PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirements of clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of H.R. 5265 is to require reporting about the findings of a USDA and SBA MOU, and the SBA Office of Rural Affairs (ORA) to report how the Office promotes financial assistance, compiles annual statistics, provides information, the number of outreach and information sharing efforts, details of partnerships, and the name of the director of ORA.

XI. STATEMENT OF DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, no provision of H.R. 5265 is known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

XII. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee finds that the bill does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI of the Rules of the House of Representatives.

XIII. FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

XIV. FEDERAL ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

XV. APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

XVI. STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to clause 7 of rule XII of the Rules of the House, the Committee finds that the authority for this legislation in Art. I, § 8, cl.1 of the Constitution of the United States.

XVII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

SMALL BUSINESS ACT

* * * * *

SEC. 26. OFFICE OF RURAL AFFAIRS.

(a) There is hereby established in the Small Business Administration an Office of Rural Affairs (hereafter in this section referred to as the "Office").

(b) The Office shall be headed by a director who shall be appointed by the Administrator not later than 90 days after the date of the enactment of this section.

(c) The Office shall—

(1) strive to achieve an equitable distribution of the financial assistance available from the Administration for small business concerns located in rural areas;

(2) to the extent practicable, compile annual statistics on rural areas, including statistics concerning the population, poverty, job creation and retention, unemployment, business failures, and business startups;

(3) provide information to industries, organizations, and State and local governments concerning the assistance available to rural small business concerns through the Administration and through other Federal departments and agencies;

(4) provide information to industries, organizations, educational institutions, and State and local governments concerning programs administered by private organizations, educational institutions, and Federal, State, and local governments which improve the economic opportunities of rural citizens; and

(5) work with the [United States Tourism and Travel Administration] *National Travel and Tourism Office of the Department of Commerce* to assist small businesses in rural areas with tourism promotion and development.

(d) REPORTS.—

(1) INITIAL REPORT.—Not later than 90 days after the date of the enactment of this subsection, the Administrator shall make available on a website of the Administration, and submit to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate, a report on the activities of the Office during the year preceding the date of the report that includes the following elements:

(A) How the Office is promoting financial assistance pursuant to subsection (c)(1).

(B) Annual statistics compiled pursuant to subsection (c)(2).

(C) How the Office is providing information pursuant to subsection (c)(3).

(D) How the Office is providing information pursuant to subsection (c)(4).

(E) The number of outreach events conducted by the Office to provide information described in paragraphs (3) and (4) of subsection (c).

(F) Details of any partnerships that the Office engaged in to provide the outreach described in paragraph (5), including any partnerships with the National Travel and Tourism Office of the Department of Commerce.

(G) The name of the director of the Office and the number of staff employed by the Office.

(2) ANNUAL REPORT.—The Administrator shall annually submit, along with the budget the budget justification materials submitted in support of the Small Business Administration budget for a fiscal year (as submitted with the budget of the President under section 1105(a) of title 31), a report that includes the elements described in paragraph (1).

* * * * *

XVIII. MINORITY VIEWS

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

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

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

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

H.R. 5265 would require the SBA to (1) issue an annual performance report, as well as a specific budget justification for the Office of Rural Affairs, and (2) issue a report on the Memorandum of Understanding with the Department of Agriculture, which expired on April 4, 2023.

While Committee Democrats support the “Small Business Administration Rural Performance Report Act,” we remain concerned with the statutory requirement for SBA to issue a report on the Memorandum of Understanding with the Department of Agri-

culture, which expired on April 4, 2023. Committee Democrats believe the information could be obtained faster by either placing a formal request for a briefing or sending a letter to the Administrator.

Sincerely,

NYDIA M. VELÁZQUEZ,
Ranking Member.

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