



**SMALL BUSINESS
MAJORITY**

Report details roundtables in state

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By TED CARTER

Optimism still has a hold on small businesses around the country, but in rural Mississippi keeping or increasing that positive outlook is going to require more opportunities to borrow money and achieve a host of other business enhancements.

So says a Feb. 12 report compiled

by business advocacy group the Small Business Majority after holding focus groups and discussion roundtables in the Mississippi. The report titled "Examining the Unique Opportunities and Challenges Facing Rural Small Businesses" also details perspectives shared by small business owners and others in rural regions of Georgia, Texas and New Mexico.

The Small Business Majority

followed those efforts with a national online survey of more than 500 small-business owners. That survey found owners more concerned about taxes and an adequate work force, while the in-state surveys found access to credit the top concern followed by hiring and retaining talented workers.

"These focus groups were intimate conversations with rural small business owners, with up to 15 participants," the report said of sessions held in Jackson, Tupelo, Oxford and Rankin County.

In community roundtables held in Biloxi and Hattiesburg, the Small Business Majority heard from stakeholders who serve small businesses. These included leaders of local **Small Business Development Centers** and representatives from city halls and chambers of commerce.

Pollsters Greenberg Quinlan Rosner conducted the 43-question online survey with 530 small business respondents in September of last year.

The report authors say the work represented a rare examination of rural small business in Mississippi and the three other states. It also provided a better idea of perspectives held by small business owners across the country, they say.

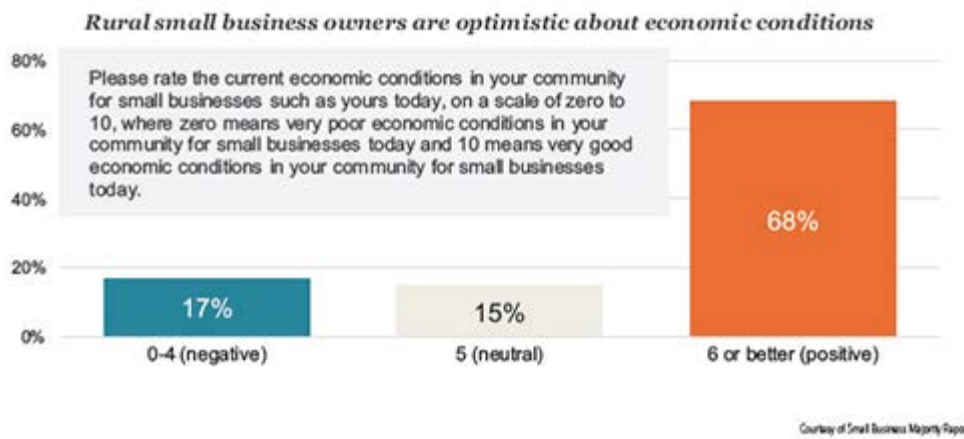
"Entrepreneurship represents enormous potential for stimulating economic activity, creating jobs and increasing wealth in rural communities," the report says. "This is especially critical given the slower rate of recovery rural areas have experienced following the Great Recession."

Insufficient research has left a void in understanding the needs and challenges of business owners in rural areas, the report says. "More information is needed to better understand how to support rural entrepreneurs and their communities."

The roundtables and focus-group sessions led to a series of suggestions on meeting thoroughly addressing needs of rural small businesses.

Among the suggestions, were:

- Promoting more regional cooperation among rural small business assistance organizations and other area anchor institutions. Do this by supporting regional economic clusters/partnerships between small businesses and local educational institutions with the resources to provide industry-focused training and skills development.
- Connecting regional business support organizations with more federal resources and SBA programs. This involves maintaining and expanding SBA lending, counseling and procurement programs.
- Ensuring current programs that support rural entrepreneurs continues.
- Equipping business support organizations with more resources to do comprehensive outreach and education programs. These provide rural small-business owners with essential business information on topics such as loan options, where to find business assistance, offering employee benefits to recruit and retain talented workers and the like.



Get the owners to the right small-business technical assistance providers, lenders and other resource providers in their areas, the report suggested. Look for gaps in assistance and fill them by creating formal consortiums of local business support organizations to meet regularly, share resources, streamline processes for small businesses and solicit their thoughts on economic development decisions.

On the lending and investment side, the business owners and stakeholders suggest:

- Expanding online resources and lending platforms for rural small-business owners who have few local options. Online lending provides one of the best ways for rural business owners to secure a loan given the lack of viable options in their communities. New online platforms that offer responsible lending options could help close the funding gap for these entrepreneurs, assuming issues related to broadband access among rural residents are also addressed.
- Increasing transparency in online lending to improve a small business lending landscape that is unregulated and predatory. Local and state governments are key to providing safe, responsible online loan options for these businesses.
- Strengthening and expanding local lending, especially community bank lending, which provides more than half of all small business lending. One proposal to stimulate community lending includes updating the Community Reinvestment Act activity by streamlining the process by which banks can earn CRA credit by investing in regions outside their branch service areas.
- Ensuring Opportunity Zones guidelines are designed to benefit Main Street small business owners rather than focusing on incentivizing real estate development. Roughly 40 percent of Opportunity Zones are in rural zip codes. Measure program success on the number of jobs created, where those jobs are located, employee wages and the number of businesses created.
- Using tax credits as a tool to spark economic development.

Addressing health-care affordability, the business owners and stakeholders suggested:

- Expanding Medicaid under the Affordable Care Act. Mississippi has so far refused to take part in an expansion under the ACA.
- Creating more transparency on pricing and quality to allow patients to make informed decisions about where they receive care, which will benefit the healthcare system overall.
- Supporting healthcare tax equity for the self-employed so solo entrepreneurs can deduct their healthcare expenses from their FICA tax obligations, a deduction taken by other business entities.

On attracting and retaining skilled workers, the roundtables and focus groups suggested:

- Enacting policies that make it easier and more affordable for small business owners to offer robust employee benefits such as health insurance, retirement savings and paid leave to help firms recruit and retain workers.
- Improving coordination with small businesses among workforce development organizations, community colleges, high schools and career tech education programs. The aim is to better understand their hiring needs to ensure training programs match the needs of the employers.
- Expanding internship and mentoring programs to create career paths for youth, and to ensure access to skilled, entry-level workers for small businesses.