



## SMALL BUSINESS ADMINISTRATION

### Highlights:

- The Small Business Administration (SBA) ensures that America's small business owners have the tools and resources needed to start and develop their operations, drive U.S. competitiveness, and help grow the economy. The President is committed to seeing that small businesses succeed by promoting responsible policies that produce economic growth while simultaneously reducing the regulatory and tax burdens that can impede their development.
- The Budget leverages today's strong market conditions to enable SBA to fulfill its core mission while ensuring that its operations represent the most prudent use of taxpayer dollars. The Budget introduces counter-cyclical policies in SBA's business loan guarantee programs and updates fee structures to ensure that during positive economic times, SBA is not supplanting private sector lending or creating excess risk for the Government.
- The Budget requests \$834 million in new budget authority for 2019, a \$53 million or 5.9-percent decrease from the 2017 enacted level. This request is offset by changes to existing fee structures across SBA's business loan guarantee programs and the elimination of unspent funds from prior years, resulting in a net request of \$629 million.

### The President's 2019 Budget:

America's 30 million small businesses play a critical role in job creation and retention. SBA's assistance to those firms and entrepreneurs help drive a robust U.S. economy and promote economic security. SBA achieves this through a variety of programs, from promoting access to capital and Federal contracting, to business counseling and disaster assistance. Small businesses account for more than 57 million jobs, and create two out of three net new jobs each year in the United States. As more than half of all Americans are either employed by or own a small business, SBA works to ensure that each day more Americans have the opportunity to start, scale, and succeed in businesses of their own. With this as its mission, SBA is uniquely positioned to deliver on two of the President's top priorities—job creation and economic growth. The Budget supports these priorities by assisting small business owners and entrepreneurs with securing access to capital and by providing counseling and training services, while ensuring that it does not supplant activities better provided by the private sector.

**Promotes Access to Affordable Capital for American Entrepreneurs.** The Budget supports \$43 billion in business loans that would help America's small business owners access affordable

capital to start or expand their businesses. Through its variety of business loan programs, SBA helps expand private lending to small business owners that cannot attain it elsewhere. These programs support financing for an array of purposes, from general business operations to fixed assets and venture capital investments in small businesses.

#### **U.S. Small Businesses at a Glance:**

**Economic engines.** The United States is home to 29.6 million small businesses, 99.9 percent of all U.S. businesses.

**Job creators.** Small businesses employ 57.9 million (47.8 percent of the labor force) and each year create 1.4 million net new jobs.

**Major exporters.** Small businesses represent 97.7 percent of U.S. exporters.

**Opening opportunity.** Lending to women-owned businesses by SBA totaled more than \$8.5 billion in 2017, an increase of approximately \$575 million from the prior year.

**Levels the Playing Field with Private Sector Small Business Lending.** SBA fills a critical void in the market when economic shocks reduce traditional lending to small businesses and when the private market is unwilling to provide capital to credit-worthy borrowers. However, during prosperous economic times such as these, the Budget proposes that SBA introduce counter-cyclical policies to its business loan guarantee programs that enables it to maintain its operations while ensuring that it is not displacing direct private lending. Through an adjustment of fees across its business loan guarantee programs, SBA would cover both its anticipated lending and operational costs, leveling the playing field among its lender community while operating at zero cost to the taxpayer.

**Targets Support for the Smallest of Small Businesses and Startups.** Through its 7(m) Direct Microloan program, SBA supports low-interest financing for non-profit intermediaries that in turn provide loans of up to \$50,000 to rising entrepreneurs. In addition to the \$25 million in technical assistance grant

funds requested for the Microloan program, the Budget requests \$4 million in subsidy resources to support \$42 million in direct lending.

**Assists Businesses and Homeowners in the Direct Aftermath of Disaster.** SBA provides affordable, accessible, and immediate disaster assistance to those hardest hit when disaster strikes. The Budget supports more than \$1 billion in disaster relief lending to businesses, homeowners, renters, and property owners to help American communities recover quickly in the wake of declared disasters.

**Optimizes How Support is Delivered to Business Owners and Entrepreneurs.** The Budget requests \$110 million for the Small Business Development Center program, which delivers a variety of services to small businesses and prospective business owners across U.S. cities and counties. The Budget also proposes the creation of a competitive set-aside within the program that would reward those centers that most efficiently utilize their resources and provide innovative methods to help entrepreneurs.

*"Small business owners embody the American pioneering spirit and remind us that determination can turn aspiration into achievement...America's small business owners transform ideas into reality. They are a strong testament to the opportunities a market economy affords."*

President Donald J. Trump  
April 28, 2017

**Opens Opportunities for Businesses in the Underserved Market.** In 2019, SBA will continue to focus on socially and economically disadvantaged communities in emerging markets. For example, SBA's 7(j) Management and Technical Assistance Program would revitalize its mission through the

development and integration of new, innovative consulting solutions tailored to individual community needs and local business goals.

**Emphasizes Equal Opportunity and Representation in the Marketplace.** Through its diverse set of entrepreneurial training programs, SBA will continue reaching women, veterans, minority communities, rural business owners, and entrepreneurs in historically underutilized business zones in order to ensure that all Americans have an equal opportunity to succeed when it comes to starting, scaling, and operating a small business. These include supported investments in advising and mentoring programs such as SCORE, Women's Business Centers, and Veterans Outreach. These programs complement SBA's ongoing efforts to remove barriers that underserved populations, including women, face in accessing the capital necessary to start, grow, and expand their businesses.

*"The mission of the SBA is to help small businesses grow, create jobs and help our economy thrive...I want to get to know small business owners and entrepreneurs across America and learn about the obstacles they face while growing a business. I also want to encourage entrepreneurs to tap into SBA resources for start-up and growth solutions."*

Linda McMahon  
Administrator  
June 21, 2017

**Helps Small Businesses Gain Access to Federal Contracts and Research Opportunities.** Small business contracts represent the largest form of direct monetary support for small businesses in the Federal Government. Through its 8(a) business development and set-aside contracting programs, SBA leads Federal efforts to deliver 23 percent of contracts to small businesses. This includes set-asides of five percent for women-owned and small, disadvantaged 8(a) businesses and three percent set-asides for historically underutilized business zones and service-disabled veteran-owned small businesses. In 2019, SBA would also continue fostering high-tech innovation among small businesses by awarding highly competitive funding agreements through its Small Business Innovation Research program.

**Enables SBA to Advocate on Behalf of American Small Business Owners.** The Budget requests \$9.1 million for SBA's Office of Advocacy. Through this Office, SBA is positioned to encourage and educate stakeholders and the public on policies that support the development and growth of American small businesses. The Budget accomplishes this by intervening early in Federal agencies' regulatory development processes, and serving as a liaison between them and the small business community to explain and expand on issues of concern.

**Underscores Responsibility and Transparency of SBA's Practices.** The Budget requests \$21.9 million for SBA's Office of the Inspector General (OIG) to provide auditing and investigative services to support and assist SBA in achieving its mission. As with all Federal lending and contracting programs, SBA faces challenges such as improper payments and losses from defaulted loans. The OIG plays a critical role in addressing these and identifying actions to deter and detect waste, fraud, and abuse.