



SMALL BUSINESS ADMINISTRATION

Funding Highlights:

- The Small Business Administration (SBA) serves American entrepreneurs in their pursuit to start, grow, recover, and expand their businesses. As the Nation's leading advocate for small businesses, SBA ensures that business owners have access to affordable capital, mentoring and counseling opportunities, and immediate support in the wake of disaster.
- The Budget recognizes the vital role small businesses fulfill in contributing to the Nation's economic strength, building America's future, and helping the United States compete in today's marketplace. The Budget emphasizes the importance of investing in growing and recovering American communities while upholding SBA's commitment that its services are efficient, effective, and accountable.
- The Budget requests \$820 million in new budget authority for 2020, a \$119 million or 17-percent increase from the 2019 estimate. This request is offset by fiscally responsible proposals to provide SBA the flexibility to adjust existing fee structures across its business loan guarantee programs, resulting in a net request of \$665 million, a \$36 million or 5-percent decrease from the 2019 estimate.

The President's 2020 Budget:

Small businesses are the engines of the American economy. They are the job creators and innovators that fuel American neighborhoods and preserve U.S. prosperity. The SBA was established in 1953 to aid, counsel, assist, and protect the interests of small business concerns; preserve free competitive enterprise; and maintain and strengthen the overall economy of the Nation. Today, SBA continues to support the Nation's 30 million small businesses through an array of tailored programs and services. SBA's lending programs complement credit markets by meeting demand when economic shocks reduce commercial lending to small businesses, and when the private market is unwilling to offer capital to credit-worthy borrowers. Its nationwide network of private-sector and non-profit partners educate, advise, and inspire a new generation of entrepreneurs. In 2020, SBA will be uniquely positioned to leverage the Administration's pro-growth policies to equip small business owners with the right resources to be competitive in today's market and promote economic security for their businesses and families. The agency will fulfill this mission while promoting fiscal discipline by proposing policies that level the playing field with private sector support for small businesses.

Expands Opportunity for Small Business Owners. The Budget supports \$43 billion in business lending to assist U.S. small business owners in accessing affordable capital to start, build, and

grow their businesses. These products serve a variety of business needs, from funding general business operations like working capital and capital expenses, to fixed-asset financing for machinery and equipment, construction, and commercial real estate. They also provide the opportunity for small businesses to refinance existing loans. To ensure that SBA can provide these services without taxpayers subsidizing their costs, the Budget proposes that SBA have the flexibility to adjust fees across its business loan programs. This would allow the agency to finance both its anticipated lending and operational costs while ensuring it does not supplant services better provided solely by the private sector in periods of economic growth.

Strengthens Support to Entrepreneurs in Emerging Markets. The Budget would support

“For many years, Washington tried to hold you back and tear you down, crushing the American small business with crippling taxes and oppressive regulation. But all that has changed starting in November 2016. The Trump [A]dministration is with you, and we are with you 100 percent. And always will be.”

President Donald J. Trump
June 19, 2018

greater outreach and lending to socially and economically disadvantaged urban communities and rural areas. In 2020, the SBA would build on its ongoing rural outreach efforts by adapting and developing new platforms to reach entrepreneurs in emerging markets. SBA would also work with other Federal agencies, such as the U.S. Departments of Agriculture and the Interior to improve program effectiveness and increase access to capital through enhanced collaboration and coordination.

Promotes Investment in the Nation’s Newest Enterprises. Through its 7(m) Direct Microloan program, the SBA supports low-interest financing for non-profit intermediaries that in turn provide loans of up to \$50,000 to the smallest of small businesses and start-

ups. 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 \$40 million in direct lending.

Modernizes the Government’s Role in Venture Capital. Created in 1958, the Small Business Investment Company (SBIC) program guarantees funds for privately owned and operated venture capital firms to make investments in small businesses. While the Budget supports \$4 billion in new lending to continue this program, it also recognizes that the SBIC program has not kept pace with the evolution of the venture capital market, presenting an opportunity for sensible program reform. The Budget supports SBA’s efforts to comprehensively evaluate the program to ensure SBICs provide innovative and modern financial products to American small businesses, regardless of their geographic location or industry focus.

Supports Recovery Efforts in the Wake of Disaster. SBA continues to be a vital resource for American households and businesses that need to recover quickly in the wake of disaster. In 2018, SBA approved more than 140,000 disaster loans totaling nearly \$7 billion in financial support to American communities. The Budget continues to support more than \$1 billion in direct, low-interest lending to business owners, homeowners, renters, and property owners.

Fosters Entrepreneurial Development and Education. SBA leverages its nationwide field personnel and diverse network of private sector and non-profit partners across each U.S. State and Territory to provide counseling, mentoring, and training assistance to nearly one million small business owners each year. The Budget requests \$101 million for the Small Business Development Center program and proposes the creation of a competitive set-aside within this total to reward partners who most efficiently serve small businesses. The Budget continues to invest in counseling and mentoring

programs such as Women’s Business Centers, Veterans Outreach, and SCORE that provide essential coaching opportunities to developing small businesses and entrepreneurs.

Creates Fair Competition in Federal Contracting and Research. The ability to enter into contracts with the Federal Government is one of the most direct forms of financial support the Federal Government grants to U.S. small businesses. The Budget increases investment in SBA’s 8(a) program to establish a full certification program for SBA’s women-owned business certification programs. SBA continues to lead Federal efforts to deliver 23 percent of contracts to U.S. small businesses, which includes set-asides of five percent for women-owned and small, disadvantaged 8(a) businesses, and three percent for historically underutilized business zones and service-disabled veteran-owned businesses. The Budget also continues to support small business research and innovation by supporting competitive funding agreements through its Small Business Innovation Research program.

“The tax cuts spearheaded by President Trump mean more workers have gotten new jobs, raises, and bonuses – giving them more money to spend. Plus, as small businesses succeed, they create more revenue and more jobs for their communities – benefits that propel our economy and our [N]ation toward even greater prosperity.”

Linda McMahon
Administrator
November 23, 2018

Advocates for the American Entrepreneur. The Budget supports \$9.1 million for SBA’s Office of Advocacy. As the independent voice for small business interests within the Federal Government, the Office of Advocacy promotes policies that minimize economic burdens faced by small business owners and analyzes the effects of proposed regulations and deregulatory efforts.