

# The U.S. Small Business Administration: Powering America's Entrepreneurs and Economic Growth

## Context

Concerns have emerged about the future of the Small Business Administration following reports that DOGE, a working group led by Elon Musk focused on reducing federal agencies, has gained access to SBA servers. This development mirrors recent events at USAID, where similar server access preceded that agency's closure. Millions of small business owners who benefit from SBA programs now face uncertainty that could impact not just their businesses, but the employees, families, and broader communities that depend on them.

Efforts to eliminate or weaken the SBA would be consistent with principles laid out in Project 2025, which advised greatly paring back the agency, changing its mission, and limiting its scope. Project 2025's proposals for the SBA include:

- Ending the SBA's direct lending, which would effectively end the SBA's disaster relief loans that have been crucial to small business recovery from fires, floods and other disasters.
- Opening SBA lending programs to medium-sized businesses, forcing small businesses to compete with larger firms for loans.
- Dismantling programs designed to help underserved communities access capital and resources.

The SBA's impact extends throughout the American economy, supporting 33 million small businesses that employ 61.7 million workers and generate 44% of GDP. Its services are particularly crucial for new and growing businesses that need help navigating challenges like securing loans, negotiating leases, and entering new markets.

Here is some background on the SBA's role in supporting America's small businesses and maintaining a dynamic, competitive economy.

## Historical Foundation and Role of the SBA

For more than 70 years, the SBA has been a launchpad for the American Dream, helping businesses in communities across this country launch, grow, hire, innovate, and power the nation's economy.

- The Small Business Administration, created by President Dwight Eisenhower in 1953 to provide dedicated support for small businesses, which are key drivers of America's economic competitiveness.
  - In 2012, the SBA was added as a Cabinet-level agency reflecting the central role small businesses play in our economy.
- Throughout its history, the SBA has maintained strong bipartisan support for its core mission of strengthening America's economy through small business success.
- Key mandates include providing access to affordable capital, ensuring rapid disaster recovery assistance, supporting government contracting opportunities for small businesses, and driving innovation through early-stage research funding.
- Multiple independent oversight bodies ensure the SBA's accountability and transparency, including Congressional committees, the agency's Office of Inspector General, and its Office of Advocacy. Together, these entities provide rigorous monitoring of SBA's programs and operations.

## What's at Risk

A shutdown of the SBA would suspend:

- Daily small business loan processing of millions of dollars in capital for small businesses.
- Disaster loan application processing and disbursement including for small businesses in Texas, Florida, North Carolina and California trying to recover from wildfire and hurricanes.
- Business counseling services.
- Government contracting certification processing.

In addition, Americans have filed over 21 million new business applications since 2021 — the largest entrepreneurial surge in U.S. history. Fledgling enterprises are particularly vulnerable to disruptions in SBA services, as they often require more intensive support and guidance in their early stages.

## Economic Impact and Reach

- The SBA serves America's 33 million small businesses, which form the foundation of the US economy.
- American small businesses employ 61.7 million workers—representing 46.4% of the U.S. private workforce—and generate 44% of the nation's GDP.

- The SBA is local, providing local support through 68 district offices and hundreds of nonprofit resource partners nationwide. Through this network, entrepreneurs can access experienced business guidance and valuable community connections in their own neighborhoods.
  - Many businesses in your community credit the SBA with helping them succeed.
- American small businesses drive economic growth, creating two out of every three new jobs in the economy. They have led the way out of recessions and economic hardship for decades.

## Capital Access and Financial Support

Small business owners often struggle to access traditional loans due to lenders' concerns about risk and profitability of smaller loan amounts. The Small Business Administration's loan guarantee programs help bridge this gap by reducing lender risk while increasing capital access for entrepreneurs.

- In FY 2024, SBA supported 103,000 financings to small businesses, facilitating the flow of \$56 billion in capital to small businesses.
- The SBA's loan guarantee program consistently maintains an excellent repayment record, operating at zero-subsidy or better — which means it not only costs taxpayers nothing to guarantee these loans, but in some years it generates surplus revenue that is returned to the Treasury.

## Disaster Recovery and Emergency Support

The SBA is often the first and only federal agency providing boots-on-the-ground disaster assistance through low-interest loans that help entrepreneurs and homeowners repair, rebuild, and rebound. Since 2000, there have only been four years where there have been more FEMA declared disasters than SBA-declared disasters.

- Since 2021, the SBA has responded to more than 1,500 disasters across the country with more than \$11 billion in disaster lending
- In FY2024, the SBA made:
  - 9,500 business disaster loans totaling \$730 million.
  - 17,900 homeowner and renter disaster loans totaling \$950 million.

The SBA is currently helping small businesses in Texas, Florida, North Carolina and California recover from wildfire and hurricanes.

## Expanding Opportunity

- From 2021-2024, the federal government awarded a record \$178.6 billion in contracting opportunities to small businesses, including \$76.2 billion to small, disadvantaged businesses.
- Over the last four years, the Small Business Administration doubled the number of small dollar loans and loans to Latino and women-owned small businesses and tripled the number of loans to Black-owned small businesses.
- In 2023, federal contracting dollars to women-owned small businesses hit the highest dollar amount ever awarded.

## Business Education and Development

The SBA provides essential business expertise through its nationwide network of resource partners — including Small Business Development Centers, Women's Business Centers, SCORE chapters, and Veterans Business Outreach Centers.

In 2022, these partners provided professional guidance on critical business functions including financial management, marketing strategy, business plan development, loan application preparation, and operational efficiency to more than 1 million entrepreneurs across America.

## Success Stories

### Under Armour

- Founded in 1996 by Kevin Plank, who started the business from his grandmother's basement in Washington, D.C.
- Plank used SBA 7(a) loans to get his athletic apparel company off the ground.
- Under Armour has grown into a global brand with hitting more than \$5 billion in annual revenue in 2018 and employs around 15,000 people.

### Chobani

- Hamdi Ulukaya, a Turkish immigrant, founded Chobani in 2005 after buying a defunct yogurt factory with an SBA loan.
- Chobani popularized Greek yogurt in the U.S., growing to over \$1.5 billion in annual sales
- The company has over 2,000 employees.

## Message Framing

- **Lead with Small Business Impact:** Frame your discussions of the SBA around the vital role small businesses play in communities and the broader economy, rather than focusing on preserving a government agency.

Emphasize how small businesses create jobs, drive innovation, and strengthen local economies. This resonates more deeply with audiences than arguments about protecting agencies or programs.

- **Demonstrate Meaningful Service:** When discussing support programs and resources, focus on concrete ways they help entrepreneurs succeed (Business plans, marketing advice, loans). When possible, share specific examples of how access to capital, business guidance, and other resources translate into business growth, job creation, and economic opportunity.
- **Leverage Trust and Community Connection:** Remember that Gallup says that small businesses rank at the top of America's most trusted institutions because they touch every community directly.

Their owners are neighbors, employers, and community leaders. When discussing support for small businesses, emphasize this deep community connection and the ripple effects of small business success on employees, families, and local economies.

- **Highlight Economic Leadership:** Position small businesses as proven economic leaders that have historically led America out of challenging times. Remind audiences that small businesses created nearly two-thirds of new jobs following the Great Recession. This track record makes supporting small businesses a proven strategy for building the country's economic strength.
- **Connect Personal Impact to Policy:** Help audiences understand how supporting small businesses directly affects their own daily lives — from the local coffee shop they visit each morning to the family-owned business that employs their neighbors. This personal connection makes abstract policy discussions more relatable and meaningful.

- **Spotlight the SBA's Crucial Disaster Recovery Role:** Position the SBA as a vital financial first responder helping small businesses and communities recover after disasters strike. Highlight how the SBA is often the first federal agency providing boots-on-the-ground assistance through low-interest loans that help entrepreneurs and homeowners repair, rebuild, and rebound. Underscore that for small businesses who are the backbone of communities, these loans can mean the difference between reopening and shutting down for good. Emphasize that disaster survivors count on the SBA's support to get back on their feet and begin powering their local economies again. Talk about current efforts.