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Connecting Constituents with Federal Assistance for Businesses

Federal agencies assist businesses through a number of credit and technical assistance programs. With some exceptions, the federal government typically does not award grants for starting or expanding a for-profit business. Exceptions include certain federal grants that may be available for businesses involved in research and development (R&D) activities (e.g., the Small Business Research Programs) or healthy food initiatives (e.g., the Health Food Finance Initiative).

This In Focus includes a summary of selected federal agencies and programs that provide business assistance such as loans, business counseling, and other forms of technical assistance. Note that these programs vary in scope and funding levels, and that their relevancy to meeting the needs of specific businesses also varies. This In Focus does not represent a comprehensive list of all potentially relevant federal assistance programs for businesses, nor does it cover federal procurement regulations (federal contracting preferences) and tax policies (incentives).

Small Business Administration (SBA)

The SBA administers several types of programs to support small businesses.

- Business development specialists at the local district offices offer counseling and training to help entrepreneurs start and grow a business: <https://www.sba.gov/local-assistance/find>.
- The SBA works with a nationwide network of local resource providers to provide free or low-cost management and technical assistance and one-on-one counseling to entrepreneurs interested in starting or operating a small business. These services are provided by Small Business Development Centers, Veterans Business Outreach Centers, and Women's Business Centers: <https://www.sba.gov/local-assistance/resource-partners>.
- The SBA also provides a variety of online resources on starting, operating, and growing a business: <https://www.sba.gov/business-guide>.
- For businesses that are veteran-owned, minority-owned, Native American-owned, women-owned, or LGBT-owned, the SBA provides online resources: <https://www.sba.gov/business-guide/grow-your-business/get-more-funding>, see the categories of businesses at the left.
- While the SBA does not typically offer grants for starting or expanding a business, loans may be an option: <https://www.sba.gov/funding-programs>.

Interested borrowers can search for a lender using SBA's "Lender Match" tool: <https://www.sba.gov/funding-programs/loans/lender-match-connects-you-lenders>.

SBA loan programs include the following:

- The **7(a) loan guaranty program** provides financing of up to \$5 million to small businesses for a variety of business needs, including establishing a business or assisting with the operation, acquisition, or expansion of an existing business. These loans are made by private lenders, often banks or credit unions: <https://www.sba.gov/partners/lenders/7a-loan-program/types-7a-loans>.
- The **504 loan program** provides financing of up to \$5.5 million to small businesses for the purchase or construction of fixed assets, such as land, buildings, or machinery: <https://www.sba.gov/funding-programs/loans/504-loans>.
- The **Microloan program** provides financing for smaller projects up to \$50,000 for the acquisition of materials, supplies, or equipment. Microloans are provided by intermediaries (typically community development nonprofits) and are targeted toward disadvantaged entrepreneurs: <https://www.sba.gov/funding-programs/loans/microloans>.
- The **Community Advantage loan program** works with nontraditional and mission-oriented lenders to increase lending: <https://www.sba.gov/partners/lenders/7a-loan-program/pilot-loan-programs>.

U.S. Department of Agriculture (USDA) Rural Development (RD)

The USDA Office of Rural Development administers grant and loan programs through rural public entities to assist small rural businesses. Eligibility may depend on a variety of program factors, including the business location and size of the community. Rural areas are defined as areas with a population of fewer than 50,000 inhabitants and not adjacent to cities of more than 50,000 inhabitants. Businesses may reach out to their local USDA Rural Development office for more information: <https://www.rd.usda.gov/about-rd/state-offices>. Selected USDA programs and initiatives include the following:

- The **Rural Microentrepreneur Assistance Program** provides loans and grants to Microenterprise Development Organizations that then provide loans to small rural businesses (i.e., businesses with 10 or fewer full-time employees): <https://www.rd.usda.gov/>

programs-services/business-programs/rural-microentrepreneur-assistance-program.

- The **Business and Industry Loan Guarantees Program** offers loan guarantees to qualified lenders so they can make loans to rural businesses. For-profit rural businesses can apply to lenders for loans. Loan funds can be used for the development of land, buildings, and associated infrastructure for commercial properties: <https://www.rd.usda.gov/programs-services/business-programs/business-industry-loan-guarantees>.

U.S. Department of Housing and Urban Development (HUD) Community Development Block Grants (CDBG)

Constituents may inquire about possible federal HUD CDBG funding, which can support a wide range of activities, including economic development assistance for businesses. CDBG funds are awarded to states, local governments, and insular areas. These grantees have some flexibility in administering CDBG funds: https://www.hud.gov/program_offices/comm_planning/cdbg.

Additional Technical and Credit Assistance Programs

U.S. Department of the Treasury's Community Development Financial Institution (CDFI) Fund

The CDFI Fund certifies eligible banks and nonbanks with a CDFI designation, which makes them eligible for financial awards and other assistance to provide loans to businesses and community developers in distressed areas. This link lists CDFIs that operate lending programs for businesses: <https://www.cdfifund.gov/programs-training/certification/cdfi>, select the link to the Excel file (XLSX) at "View the list of certified CDFIs."

Economic Development Administration (EDA)

EDA does not make grants directly to businesses. However, businesses may be eligible to receive a loan from an EDA grantee (e.g., the intermediary lending organization) that is operating a revolving loan fund (RLF). For direct assistance, businesses may view the directory of RLF programs, by state: <https://www.eda.gov/grant-resources/economic-development-directory/>.

Minority Business Development Agency (MBDA)

For minority business enterprises, the MBDA provides management and technical assistance through a network of minority business centers and other initiatives. According to MBDA, the business centers "provide minority entrepreneurs with one-on-one assistance in writing business plans, marketing, management, and technical assistance and financial planning": <https://archive.mbda.gov/page/who-mbda.html>. The MBDA's directory includes the location and contact information for MBDA Business Centers: <https://www.mbda.gov/mbda-programs>.

National Institute of Standards and Technology's (NIST's) Manufacturing Extension Partnership (MEP)

NIST's MEP is a national network of centers located in every state and Puerto Rico. MEP centers provide services to small and medium-sized manufacturers to improve production processes, upgrade capabilities, and facilitate product innovation. Businesses can check with their local MEP center to inquire about services: <https://www.nist.gov/mep/centers>.

U.S. Department of Veterans Affairs Office of Small and Disadvantaged Business Utilization

The U.S. Department of Veterans Affairs Office of Small and Disadvantaged Business Utilization may be of interest to veteran-owned businesses: <https://www.va.gov/OSDBU/index.asp>.

R&D Assistance for Small Businesses

The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grant programs are designed to expand the role of small businesses in federal R&D. SBIR and STTR awards go to small businesses to develop and commercialize innovative technologies. Eleven federal agencies operate SBIR programs, and five federal agencies operate STTR programs: <https://www.sbir.gov/about>.

Additional Resources

Businesses may wish to consult the following additional potential sources of funding or training:

- State agencies are often involved in administering grants and incentives for economic development purposes. Constituents may want to contact their state economic development organization for additional assistance, incentives, or loan options: <https://www.eda.gov/grant-resources/economic-development-directory>.
- The resources at **USA.gov** broadly identify what government financing programs may be available to help finance an existing business: <https://www.usa.gov/>. One feature offered is a "loan finder" tool: <https://www.govloans.gov/loan-finder/>.
- To request **federal surplus property**, businesses may consult the General Services Administration (GSA) website: <https://www.gsa.gov/buy-through-us/government-property-for-sale-or-disposal/personal-property-for-reuse-sale/for-state-agencies-and-public-orgs/how-to-acquire-surplus-federal-personal-property>. Historically, this was not available to businesses, but there are exceptions. See the state contacts to make inquiries: <https://www.gsa.gov/buy-through-us/government-property-for-sale-or-disposal/personal-property-for-reuse-sale/for-state-agencies-and-public-orgs/state-agencies-for-surplus-property-sasp-contacts>.
- **SCORE**, an SBA partner organization, is a nonprofit association dedicated to helping nonprofits and small businesses achieve their goals through education and mentorship: <https://www.score.org/>.

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