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The Small Business Administration’s Growth Accelerator Fund Competition

Small businesses and startups sometimes benefit from assistance growing their companies, including support for commercialization, mentorship programs, and capital access. Accelerators—organizations often operated by experienced businesspeople—provide technical assistance and other services to new entrepreneurs in an effort to meet those needs and support the starting and scaling of businesses.

Since 2014, the Small Business Administration (SBA) has administered the Growth Accelerator Fund Competition (GAFC) to provide financial support for accelerators assisting science, technology, engineering, and math (STEM) and research and development (R&D)-focused small businesses and startups. Historically, the GAFC has often targeted accelerators that supported businesses and/or geographies that traditionally faced barriers in obtaining R&D funds and investment capital, including businesses owned or led by women, minorities, and veterans, or businesses located in rural areas. Until FY2023, the GAFC provided \$50,000 awards to accelerators for operating capital. Since FY2023, the SBA has continued to fund accelerator operations, but now makes GAFC awards in two stages: in FY2025, stage one awards were worth \$75,000, and stage two awards were worth \$150,000. More information on the purpose and structure of these awards is available below.

Purpose

The SBA’s intent for the GAFC is to help facilitate the success of startups by supporting accelerators that advise such businesses on growing revenue, sourcing outside funding, and avoiding common mistakes. The GAFC’s goals include

- increasing the pipeline and success of STEM/R&D-focused entrepreneurs and small businesses;
- accelerating the growth and maturity of innovation-based entrepreneurship networks;
- catalyzing partnerships and relationships between accelerators to strengthen the national innovation ecosystem; and
- connecting both new and established participants in the national innovation ecosystem.

Some GAFC award announcements have noted SBA’s desire for the GAFC to stimulate entrepreneurship in “underserved” regions and industries. In discussing GAFC-related legislation, some Members of Congress have noted the GAFC’s success in facilitating innovation in regions beyond traditional coastal technology hubs.

History

The SBA first operated the GAFC in FY2014, after a series of regional events in 2012 that convened over 100 universities and accelerators in discussions about how to work with high-growth entrepreneurs. These events helped lead to the development of the GAFC, which SBA has thus far held in FY2014, FY2015, FY2016, FY2017, FY2019, FY2021, FY2023, FY2024, and FY2025.

Congress has not provided the GAFC with specific statutory authorization. Rather, the program operates as an SBA initiative under authority provided by Section 105 of the America COMPETES Reauthorization Act of 2010 (P.L. 111-358), which authorizes federal agencies to administer innovation-related prize competitions. Several bills in recent years, discussed below, attempted to provide statutory authority for the GAFC.

Table 1 presents the number of awards and the total dollar amount awarded since the GAFC’s inception. From FY2014 to FY2025, the GAFC made 634 awards totaling \$37.9 million. In FY2026, Congress recommended the GAFC receive \$9 million in appropriations.

Table 1. GAFC Awards Given, Total Value of Awards, and Recommended Funding Levels, FY2014-FY2025

Fiscal Year	Number of Awards	Total Awards Amount (\$ in millions)	Congressionally Recommended Funding (\$ in millions)
2014	50	\$2.50	\$2.50
2015	88	\$4.40	\$4.00
2016	85	\$4.25	\$1.00
2017	20	\$1.00	\$1.00
2018	0	\$0	\$1.00
2019	60	\$3.00	\$2.00
2020	0	\$0	\$2.00
2021	84	\$4.20	\$2.00
2022	0	\$0	\$3.00
2023	75	\$7.25	\$10.00
2024	96	\$5.60	\$9.00
2025	76	\$5.70	\$9.00

Sources: SBA, *Congressional Budget Justification and Annual Performance Report* (various years) and explanatory statements from appropriations bills.

Program Implementation

The GAFC is open to applicants that are

- private entities, both nonprofit and for-profit—including corporations—based in the United States;
- nonfederal government entities including state, county, tribal, and municipal governments;
- academic institutions based in the United States; or
- individuals or teams comprised of U.S. citizens or permanent residents 18 years and older.

In FY2023, the SBA implemented a new award structure for the GAFC and began awarding prizes in two stages. In FY2025, stage one awards, for \$50,000, went to entrepreneur support organizations (ESOs) that have identified challenges in their local entrepreneurial and small business “ecosystems.” ESOs included accelerators, membership organizations, institutions of higher education, and nonprofits supporting innovation-focused small businesses and startups through training and mentoring; facilitating access to resources; building connectivity within an innovation ecosystem; and other activities.

Stage two awards—in FY2025 worth \$150,000—are to go to ESOs to facilitate implementation of plans to address challenges identified in stage one. The SBA intends for ESOs to help entrepreneurs commercialize R&D efforts by using stage two awards to, among other activities, support collaboration between entrepreneurs and institutions of higher education; develop intellectual property strategies; and generate proposals for new debt and equity instruments to financial STEM and R&D small business capital.

In FY2025, the SBA requested that ESOs support small businesses and startups working in one of two “themes”:

- lab to market, intended to bridge the gap between research and commercialization in fields including national and economic security, domestic manufacturing and production, biotechnology, and other critical and emerging technologies; or
- capital formation, intended to increase capital access for entrepreneurs and small businesses during the business formation and growth phases.

Recent Legislation

The primary purpose of most GAFC-related bills in recent Congresses has been to provide the program with statutory authority. For example, in the 115th Congress, H.R. 2686 would have given the GAFC permanent statutory authority and required the SBA to develop metrics evaluating the program’s effectiveness. In the 116th Congress, H.R. 4387 similarly would have provided the GAFC permanent statutory authority and required the SBA to develop efficacy metrics. The bill passed the House but was not taken up by the full Senate.

In the 117th Congress, the House-passed version of the Build Back Better Act (BBA, H.R. 5376) would have appropriated a total of \$400 million to the GAFC through FY2031, established a minimum award amount of \$100,000, and provided the GAFC permanent statutory

authority. H.R. 5376 evolved into P.L. 117-163 (commonly referred to as the Inflation Reduction Act of 2022, IRA); the IRA, however, did not include any of the BBA’s GAFC provisions. Also in the 117th Congress, H.R. 4945 would have amended the Small Business Act of 1953 (P.L. 83-163, as amended) to give the GAFC permanent statutory authority and increase minimum award size to \$1 million. The bill was introduced in the House but did not advance.

Considerations for Congress

Congress may consider whether to give the GAFC statutory authorization. Some Members of Congress have previously argued that providing statutory authorization, rather than continuing the GAFC as an SBA initiative, would give Congress an opportunity to provide greater oversight. Codifying the GAFC could also provide an opportunity for Congress to determine and codify the competition’s priorities and mission. For example, as noted, the GAFC has historically targeted small businesses and regions that have had difficulty attracting financing. Congress could codify this or other missions. Should Congress consider doing so, it could also want to assess how effective such efforts have been, for example in the geographic diversity of awards. Congress may also be interested in assessing the efficacy of the GAFC since it began its new, two-stage format in FY2023.

The SBA is not required to collect specific performance metrics for the GAFC. H.R. 2686 and H.R. 4387 in the 115th and 116th Congresses, respectively, would have required the SBA to gather certain metrics. For example, H.R. 4387 would have stipulated that the SBA develop “science-based” metrics that measured the GAFC’s economic impact. Additionally, a 2018 evaluation of the GAFC by the Library of Congress’s Federal Research Division (FRD) recommended that the SBA develop “statistically sound” reporting metrics for the GAFC; improve the collection, monitoring, and maintenance of those metrics; and enforce mandatory reporting requirements. Congress may debate if and how to act on those recommendations.

Congress may consider whether to require cost sharing. GAFC awardees are not required to provide matching funds. However, Congress and the SBA have considered a cost share requirement. In the explanatory statement to the Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235), Congress instructed the SBA to require \$4 in matching funds for every \$1 the agency awarded through the GAFC; the SBA did not act on the directive. The 2018 FRD evaluation also suggested a required match could increase awardee engagement.

Congress may consider the GAFC’s award size. As noted, bills in previous Congresses sought to set minimum award sizes. The 2018 FRD evaluation (conducted when all awards were \$50,000) also noted feedback that the awards would benefit from being increased or scaled. However, Congress may note that the evaluation also found that the GAFC had been effective at its existing award sizes.

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