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The SBA's Small Business Development Centers Program

Overview

The Small Business Administration's (SBA's) Small Business Development Centers (SBDCs) provide free counseling, training, and resources to small business owners and entrepreneurs. SBDCs operate in partnership with state governments and higher education institutions. This flagship technical assistance program evolved from when the SBA began operating in 1953, when the agency directly provided management and training services. The provision of these services through third-party partners began in the 1970s. Congress authorized the SBDC program in 1980 in the Small Business Development Centers Act of 1980 (P.L. 96-302).

The services currently offered by SBDCs include

- **One-on-one counseling:** SBDCs offer individualized counseling sessions with business advisors who have experience in a range of industries. These advisors help business owners with tasks such as developing a business plan or finding funding sources and identifying growth opportunities. Some SBDCs offer virtual counseling services accessible via phone, email, or video conference.
- **Training and workshops:** SBDCs offer a variety of training programs and workshops to help entrepreneurs and small business owners build their skills and knowledge. These programs cover topics such as marketing, finance, and human resources.
- **Access to resources:** SBDCs provide access to a range of resources, including market research data, industry reports, and other business tools.

To access SBDC services, small business owners can visit the SBA's website to find their local SBDC and schedule an appointment with a business counselor.

According to the SBA's FY2025 Congressional Budget Justification, there are "63 recipient organizations" or lead SBDCs, that receive grant funds from the SBA. There is at least one lead center in each state (with four centers located in Texas and five in California), the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. Nineteen lead centers are located at Minority Serving Institutions (MSIs), including, Historically Black Colleges and Universities (HBCUs) and Hispanic Serving Institutions (HSIs). A lead center is tasked with establishing "a network of partner service centers to cover its service area." There are currently more than 900 service centers.

Aside from SBDCs, the SBA also funds technical assistance at Women's Business Centers (WBCs), Veteran Business Outreach Centers (VBOCs), and SCORE chapters (a mentoring program formerly known as the Service Corps of Retired Executives). Collectively, these providers seek to

improve access to entrepreneurial education and assist with business formation and expansion.

History

The SBA created the University Business Development Center pilot program in 1976 to provide counseling and training for small businesses at centers within universities. P.L. 96-302, the Small Business Development Center Act of 1980 (Act), provided statutory authorization to the SBDC program. According to discussions in Senate committee hearings, SBDCs were meant to "rely on the private sector primarily, and the university community, in partnership with the SBA and its other programs, to fill gaps in making quality management assistance available to the small business owner." Although most SBDCs have continued to be affiliated with universities, the act authorized the SBA to provide funding to state governments and agencies, and to partnership entities formed by universities and state agencies.

In 1984, the Small Business Development Center Improvement Act of 1984 (P.L. 98-395), required SBDCs, as a condition of receiving SBA funding, to contribute a matching amount equal to the grant amount. The match must be provided by nonfederal sources and be comprised of not less than 50% cash and not more than 50% of indirect costs and in-kind contributions.

In 2015, the RISE After Disaster Act of 2015 (P.L. 114-88) expanded the SBDC program's reach by authorizing SBDCs to provide assistance outside an SBDC's state, without regard to geographical proximity to the SBDC, if a small business requiring assistance is located in a presidentially-declared major disaster area. The law also authorized the SBA to provide additional financial assistance to SBDCs, on a competitive basis, to assist small businesses in a presidentially-declared major disaster area.

Federal Funding and Management

The SBA's Associate Administrator for Small Business Development Centers is responsible for general management and oversight of the SBDC program, through a cooperative agreement with each institution of higher education or state agency that receives federal funds to operate an SBDC.

Federal funding is provided in the form of grants to institutions of higher education or state agencies ("resource partners") that operate SBDCs. Grantees receive "initial" funding grants that have 24-month project periods, and may renew grants by submitting a "Letter of Intent to Renew" to a Program Manager at the SBA's Office of Small Business Development Centers. The SBA typically intends to award continuation funding to SBDCs unless there are performance issues, such as improperly used funds.

As codified at 15 U.S.C. §648(a)(4)(C), overall program funding is allocated on a pro rata basis among the states (including the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands). There is a statutory formula to allocate program dollars, “based on the percentage of the population of each State, as compared to the population of the United States.” If SBDC funding exceeds \$90 million, the minimum funding level is “the sum of \$500,000, plus a percentage of \$500,000 equal to the percentage amount by which the amount made available exceeds \$90 million.” The Consolidated Appropriations Act, 2026 (P.L. 119-75) provided \$150 million for the SBDC program. However, the Trump Administration’s FY2027 budget request proposed no funding for the SBDC program.

Table 1. SBDC Program Appropriations
FY2019-FY2026

Fiscal Year	SBDC Grant Program Appropriations
FY2019	\$131 million
FY2020	\$327 million ^a
FY2021	\$136 million
FY2022	\$138 million
FY2023	\$140 million
FY2024	\$140 million
FY2025	\$140 million
FY2026	\$150 million

Source: CRS analysis of various appropriations and other acts.

Notes: FY2020 appropriations reflect increases in funding to assist small businesses adversely affected by the novel coronavirus (COVID-19) pandemic.

- a. SBDCs were appropriated \$135 million by the Consolidated Appropriations Act, 2020, and an additional \$192 million by the CARES Act.

According to the SBA’s FY2025 Congressional Budget Justification, the cost to administer the SBDC program was approximately \$165 million in FY2024. These costs included direct operations costs, such as contracts, compensation and benefits, and agency-wide costs, such as rent and telecommunications.

Following the emergence of the COVID-19 pandemic, the CARES Act (P.L. 116-136), appropriated an additional \$265 million for the SBA’s training programs in FY2020, with funding remaining available through FY2021, to assist small businesses adversely affected by the pandemic. The CARES Act provided \$192 million for SBDCs; \$48 million for WBCs; and \$25 million for a new SBA Resource Partner Association Grant program to establish a single, online centralized hub for COVID-19 information and a COVID-19-related training program for SBDC, WBC, SCORE, and VBOC counselors.

Outcomes and Performance

To measure the effectiveness of SBDC services, the SBA has historically tracked and reported client outreach and levels of service, such as numbers of clients served and training events held, as well as the number of new businesses started and jobs supported as a result of SBDC activities. However, SBA’s FY2026 and FY2027 Congressional Budget Justifications have provided less information.

According to SBA’s FY2026 Congressional Budget Justification, SBDCs were responsible for 16,653 new business starts in FY2024, 4.8% below the SBA’s target that fiscal year. The SBA’s FY2023 performance metrics in its FY2025 Congressional Budget Justification state that SBDCs “helped clients start 20,738 new businesses, counseled more than 325,773 unique clients, and assisted clients in obtaining more than 35,159 capital infusion transactions totaling more than \$6.8 billion dollars in capital for their businesses, supporting over one million jobs.”

Considerations for Congress

Congress may consider funding levels for the SBDC program, including the Trump Administration’s request for no funding for the program for FY2027. Congress debated SBA funding in FY2026, when the Trump Administration also requested SBA funding cuts, although not for the SBDC program. Congress ultimately funded the SBDC program (as well as other SBA programs) at or above requested levels for FY2026.

In the past, Congress has expressed interest in the potential duplication among various technical assistance programs and services. As mentioned, in addition to funding SBDCs, the SBA provides financial support to WBCs, VBOCs, and the mentoring program SCORE, which also provide technical assistance services to small business owners. Technical assistance is also associated with other SBA initiatives, such as the Program for Investment in Microentrepreneurs (PRIME).

While some stakeholders have argued that merging the SBA’s technical assistance programs could improve the efficiency of services, others have contended that there should be separate programs tailored to specific subsets of business owners. Some have also advocated for improved coordination among funding recipients and suggested greater program oversight.

As online services gain importance and popularity, Congress may be interested in how accessible and effective virtual technical assistance services are for business owners and how well virtual services meet small business owner needs. The SBA has measured how many business owners are utilizing these services. The SBA primarily offers online offerings for small businesses through its Learning Platform.

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