



VOICE OF MAIN STREET

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Entrepreneurs struggle to access funding, support policies that increase availability of responsible capital



Small Business Majority
1015 15th Street, NW, Suite 450
Washington, DC 20005
(202) 828-8357
www.smallbusinessmajority.org

Introduction

As Congress and the Trump administration evaluate policy changes in 2025 and beyond, it's important that they take into account the views and needs of entrepreneurs. It's particularly critical that they recognize small business owners require access to capital in order to expand their businesses. Unfortunately, most small business owners struggle to access funding, in part because many do not have strong relationships with traditional banking institutions. And even when small businesses manage to obtain a loan, the amount of funding offered is often insufficient to meet their needs.

These findings are the latest in Small Business Majority's Voice of Main Street opinion poll series, a quarterly look at the challenges and opportunities that entrepreneurs in our network are facing when it comes to a range of issues. In addition to shedding light on capital challenges, the latest report also reveals that small businesses do not support President Donald Trump and the Department of Government Efficiency's (DOGE) actions to cut government spending. In particular, a large majority (78%) are concerned about cuts to the Small Business Administration (SBA) and its programs. SBA's work is critical because it provides the capital and resources that small businesses need to thrive, and cuts to it endanger the success of entrepreneurs nationwide.

Instead of pursuing cuts to crucial small business services, the president and Congress should prioritize policies that would actually help small business owners succeed. Small business owners want legislation that would protect them from predatory loans and expand access to responsible capital. With small business optimism in decline, federal policymakers must act soon and craft policies that restore confidence by offering significant benefits to America's innovators and job creators.

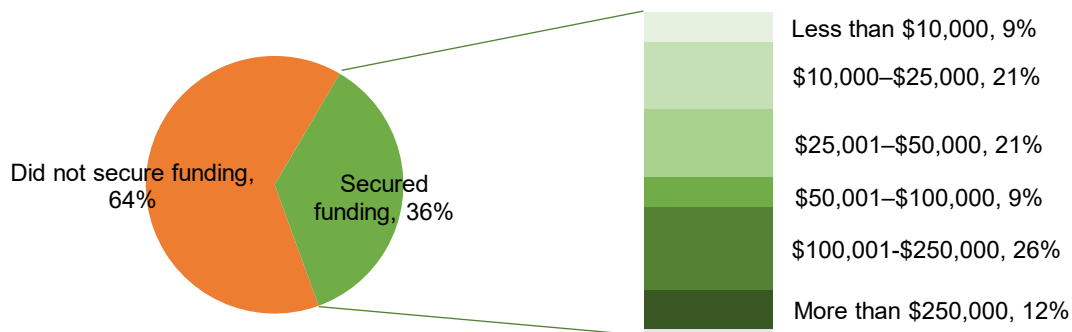
Key findings

- In the past year, **half (50%) of small business owners have taken steps to access funding or capital.** They pursued traditional bank loans (54%), grants (53%), SBA loans (43%), loans from CDFIs or nonprofit lenders (28%), venture/equity capital (25%) and crowdfunding (9%).
- Of the entrepreneurs that pursued funding for their business, **only around one-third (36%) secured it.** A majority (51%) of small businesses secured \$50,000 or less, around one-third (35%) secured between \$50,001-\$250,000 and only 12% obtained more than \$250,000 in funding.
- **Entrepreneurs still require more funding to meet their business needs.** Around one-quarter (24%) report that the funding they received was insufficient, and more than 4 in 10 (44%) report that it partially met their needs. Only around one-third (32%) received sufficient funding.
- **Roughly half of small business owners have pursued contracts with the government or larger companies.** Thirteen percent have pursued contracts with larger companies, 10% have pursued government contracts and 21% have pursued both. Slightly more than half (54%) of small business owners have not pursued any contracts.
- **Small business owners overwhelmingly support (87%) a "truth in lending act" for small business financing to ensure that fees and terms, such as Annual Percentage Rate (APR), are transparently disclosed in commercial loan contracts.** Nearly 8 in 10 (79%) strongly support such legislation while only 1% of small business owners would be opposed.
- **Two-thirds of entrepreneurs oppose the actions President Trump and DOGE have taken to curtail government spending.** Just 28% support their actions.
- **The vast majority of small business owners are concerned (78%) about cuts to the SBA and its programs,** including the 7(a) loan program, Small Business Development Center networks and other small business supports. More than 6 in 10 are very concerned (62%) while only 18% are not concerned.

Small businesses struggle to access capital and contracts

Small business owners need capital in order to start and grow their businesses, yet accessing it is often challenging. In the past year, half of small business owners have taken steps to access funding or capital. They pursued traditional bank loans (54%), grants (53%), SBA loans (43%), loans from CDFIs or nonprofit lenders (28%), venture/equity capital (25%) and crowdfunding (9%). Of the entrepreneurs who pursued funding, only 36% secured any funding for their business.

Figure: Amount of funding entrepreneurs who pursued funding for their business received



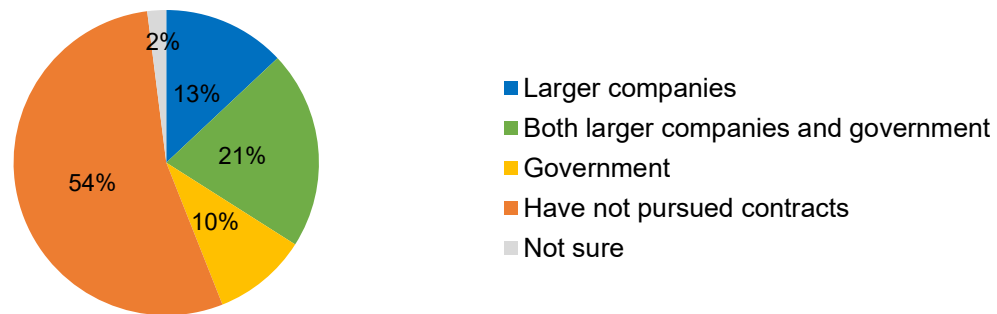
This funding has greatly benefited small businesses. They report that it has allowed them to improve cash flow (71%), purchase equipment or inventory (35%), retain staff (26%), enable business expansion (21%), hire staff (18%), offer new benefits to employees (9%), and improve customer acquisition (6%). Yet, most small business owners still require more funding to meet their business needs. A plurality (44%) say that the funding amount they received was insufficient, while 24% say it only partially met their needs. Just 32% say that the funding amount they received fully met the needs of their business.

Entrepreneurs who were unable to secure funding report that they applied for a loan and were declined (57%), applied for a grant and were declined (34%), applied for a grant that is still pending (13%) or applied for a loan that is still pending (8%). Of the small businesses who were declined funding, they cite insufficient cash flow (59%), insufficient credit score (41%), insufficient debt to income ratio (37%) and insufficient collateral (34%) as the reasoning.

Some small business owners haven't taken steps to secure funding. The majority who haven't sought capital (53%) say they don't need a loan, but others say that they didn't know where to start the funding process (11%), didn't think they would be approved (10%), the requirements were too difficult to meet (8%), lacked access to lenders or financial institutions (3%) or had insufficient support or guidance (1%). While more than two-thirds (67%) of these entrepreneurs do not plan to pursue funding again at this time, 19% plan to pursue capital in the next three months and 15% plan to pursue funding in the next 6-12 months. Small business owners believe that additional support or resources would help them secure funding. They say that one-on-one mentoring or coaching (34%), educational webinars or workshops (29%), connections to lenders or funding experts (29%), help with required documentation (26%), a loan preparation checklist (21%) and credit counseling or credit repair (11%) would be helpful.

Additionally, contracts with the government and larger businesses can provide small businesses with stability, reliability and a steady source of income. While 54% of small businesses haven't pursued contracts with the government or larger companies, 21% have pursued contracts with both, 13% have pursued contracts with larger companies and 10% have pursued contracts with the government only. Of the small business owners who have not pursued any contracts, 42% are interested in doing so in the future. The main barriers preventing them from obtaining a contract are that they don't know where to find opportunities (26%), they don't think their business would qualify (22%), and the high costs associated with pursuing a contract (12%).

Figure: Almost half of small businesses have pursued contracts with larger companies or government

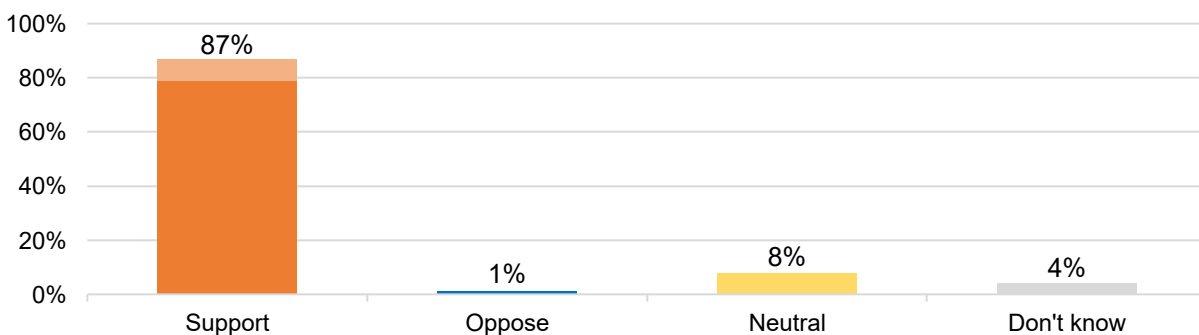


Most small businesses (61%) do not have any procurement certifications. Other small businesses have women-owned business enterprise (24%), minority-owned business enterprise (17%), veteran-owned small business (3%) and 8(a) certification (2%). Of the small business owners who have a certification, 21% say that they were able to obtain one or more government contracts for their business while 79% say they have not. Also, if a small business were to get a large contract, they would have to cover costs like hiring personnel, purchasing equipment and covering overhead expenses prior to receiving their first payment. A plurality (37%) would be able to cover their costs prior to receiving their first payment, while 29% would be unable to cover expenses and 34% are unsure.

Entrepreneurs support legislation that would increase access to responsible capital

Since small businesses struggle to access capital through traditional sources, they often seek financing from alternative lenders some of which offer harmful, predatory lending products with high costs and purposefully vague terms. Due to a lack of federal small business lending protections, these predatory lenders are not required to disclose aggressive interest rates and engage in deceptive underwriting procedures. To know the true cost of a loan and therefore make the best decision for their business, small business owners need Annual Percentage Rate (APR) disclosures that ensure the prices and terms of a loan are clearly disclosed to them. An overwhelming majority (87%) of small businesses would support a “truth in lending act” for small business financing to ensure that the true cost of a loan is transparently disclosed. Almost 8 in 10 (79%) would strongly support such legislation.

Figure: A majority of small businesses support legislation to ensure the true cost of a loan is transparently disclosed



Furthermore, small business owners support proposals that would expand access to responsible capital. The vast majority (82%) of small business owners would support the creation or expansion of a public bank, backed by state or local government funds, to provide low-cost loans and responsible financial

services products tailored to small businesses, particularly those underserved by traditional banks. Notably, 68% would strongly support this proposal while only 5% would oppose it. Additionally, the federal Community Reinvestment Act (CRA) requires financial institutions to invest in the communities they serve, including through small business lending. Several states are considering the creation of their own CRAs to supplement and enhance community investments. An overwhelming majority of small business owners (84%) support the creation of a state-level CRA, with 62% strongly supporting it. Only 4% oppose creating it.

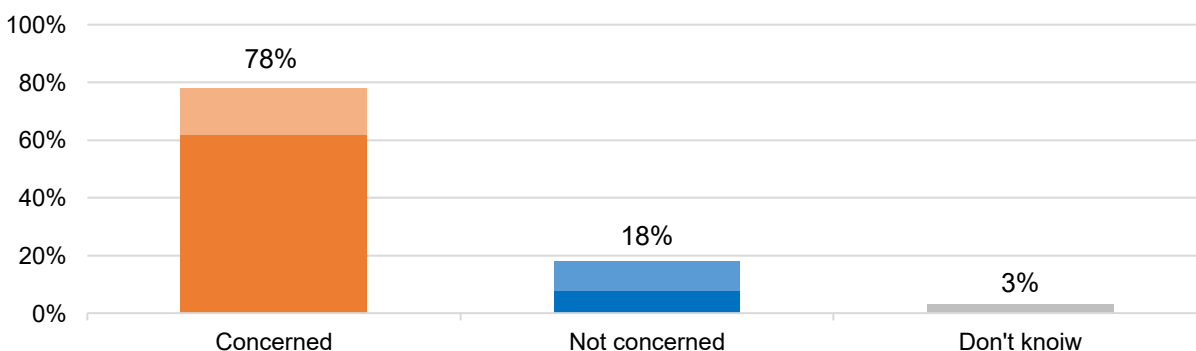
Also, interchange fees—also known as swipe fees—are charged by credit card companies to the card’s bank issuers. These costs are then passed down to the merchant, including small businesses. Therefore, it’s not surprising that more than 7 in 10 (72%) would support limiting the amount of swipe fees while only 18% would oppose this.

Small businesses oppose government spending cuts, especially to SBA

Over the past few months, President Trump and DOGE have acted to curtail government spending through the elimination of agencies, reduction of government programs and firing of federal workers. Two-thirds of small business owners oppose their actions, with 59% strongly opposing these efforts. Conversely, just 28% support their actions.

SBA provides loans, disaster assistance, microlending and more to small businesses. It also supports Small Business Development Centers (SBDCs), Women’s Business Centers, the mentorship network SCORE and other resources for small businesses. Many small business owners have used SBA programs for their business, including Economic Injury Disaster Loans (47%), Small Business Development Centers (37%), SCORE (33%), Women’s Business Centers (16%), or 7(a) or other microlending loans (14%). Only 21% have not used any SBA programs for their business. Therefore, it’s not surprising that 78% of entrepreneurs are concerned about the cuts to the SBA and its programs, including the 7(a) loan program, SBDC networks and other small business supports. More than 6 in 10 (62%) are very concerned while only 18% are not concerned.

Figure: Small business owners are concerned about cuts to the SBA and its programs



Small business owners are less optimistic and face obstacles

Only 44% of small business owners are optimistic about their business prospects over the next six months. This is a significant change from Small Business Majority’s first Voice of Main Street survey in February when more than half (58%) were optimistic. There also has been a 9% increase in small business pessimism since then, with 37% of small business owners now pessimistic about their business prospects. Nineteen percent are neutral. Over the past three months, business revenues have decreased for a

plurality (43%) of entrepreneurs. Revenues stayed the same for about one-third (35%) and increased for around one-quarter (23%) of small businesses.

In addition to declining or stagnant revenues for most businesses, 61% report that business expenses have increased over the past two months. Costs stayed the same for 30% of small businesses and decreased for only 9% of small businesses. Furthermore, while the number of employees working at their small business has remained the same over the past three months for three-quarters of entrepreneurs, headcount has decreased (14%) for more small businesses than it has increased (11%).

Small businesses are also struggling with financial difficulties. Large majorities say that increased costs of supplies/inventory (76%), reduced consumer spending (72%), difficulty accessing financing (66%) and difficulty making payroll and/or paying the business' expenses (66%) are challenging for their business. They also face technology challenges, with many reporting that keeping up to date with new technology (59%), integrating new technology into the business (55%), integrating different business systems together (55%) and problems with existing technology (46%) pose difficulties. Additionally, some entrepreneurs report that a lack of access to legal assistance (52%), handling legal matters related to the business (52%), complex contract-related business transactions (47%) and adhering to industry or government regulations (45%) are legal challenges they face. These difficulties in running their businesses create additional challenges for entrepreneurs: 76% struggle with burnout or a lack of personal time and 55% struggle with the fear of failure or imposter syndrome.

Conclusion

Small business owners need capital to start and grow their business but many struggle to access it. What's more, entrepreneurs who do successfully obtain capital often need more in order to meet their business' needs. They support policies on the federal, state and local levels that would expand access to responsible sources of funding. Small business owners are also interested in the opportunity to contract with the government and larger corporations. Therefore, it's not surprising that they're concerned about cuts to the SBA and its programs, which could impact their ability to access capital and contracts. They also do not support President Trump and DOGE's actions to cut government spending. Small business owners are considerably less optimistic about their business prospects than they were earlier this year and face financial headwinds that make it harder for them to succeed. As federal decision makers consider new policies, it's crucial that they listen to the concerns of small businesses and prioritize legislation and executive actions that foster an environment in which entrepreneurs can thrive.

Methodology

The second *Voice of Main Street* survey is a poll of 191 small business owners in Small Business Majority's national network. It was conducted between March 11 and April 21, 2025. The margin of error is +/- 7% at a 95% confidence level.

View full toplines on our website: <https://smallbusinessmajority.org/our-research/voice-of-main-street/entrepreneurs-struggle-access-funding-support-policies-increase-availability-responsible-capital>