



Small businesses benefit from targeted grant and loan programs, support their continued existence

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Introduction

In two recent Supreme Court cases, justices ruled that the 14th amendment must be applied in a “colorblind” manner, overturning affirmative action programs at colleges and universities. Since those rulings, legal challenges against other types of programs and policies that are based on race and ethnicity have proliferated. This includes several cases that have directly impacted small businesses, such as the U.S. Small Business Administration’s (SBA) 8(a) Business Development program for disadvantaged small businesses and the Fearless Fund grant program that was targeted to Black women entrepreneurs. Many of these programs have either been forced to change their operations or shut down entirely, leaving small businesses with less access to the support they need to thrive.

As these programs have come under legal attack, it’s important to take the perspectives and experiences of America’s entrepreneurs into account. Small Business Majority’s new national opinion poll of small business owners reveals that a plurality has benefited from government, private, or nonprofit programs designed to support a specific demographic group. This includes government agencies and federally-backed programs such as SBA’s 8(a) program, Women’s Business Centers and the Restaurant Revitalization Fund as well as private grant and loan programs, consulting through chambers of commerce, and support provided through business incubators and accelerators. These programs have helped them with general business success and growth, access to capital and one-on-one mentoring and guidance. Additionally, entrepreneurs are supportive of government and private programs that help business owners of certain demographic groups. They disagree with recent court rulings that limit these programs from helping targeted groups.

Key findings

- Of the small business owners who qualify for government programs for specific demographic groups, such as the Minority Business Development Agency (MBDA) or Women’s Business Centers, 29% have accessed and benefited from one.
- Small businesses are strongly supportive of government programs that provide services to targeted demographic groups such as people of color and women: 79% believe these programs should continue.
- Of the small business owners who are eligible for private or nonprofit programs designed for a specific demographic group, 37% report they have benefited from accessing one.
- Nearly three-quarters (73%) of small businesses agree that there should continue to be private programs that help business owners of certain demographic groups.
- The sample was diverse: 60% of respondents were female, and 39% were male. Fifty-seven percent were white, 24% were Black, 17% were Hispanic, 5% were Asian, 5% were Native American and 1% were Native Hawaiian.

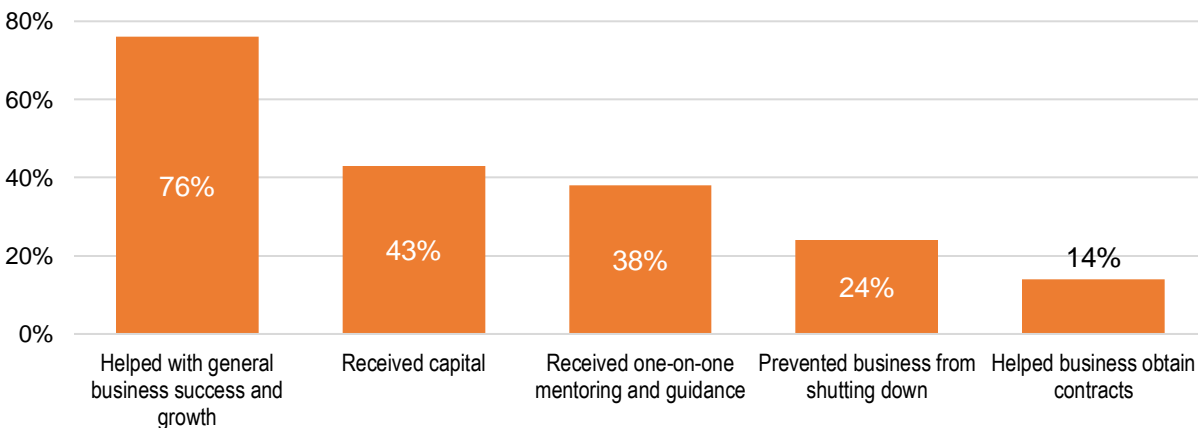
Small businesses benefit from targeted grant and loan programs

Entrepreneurship is challenging, and many private, nonprofit and government programs exist so that small businesses get the help they need to succeed. For instance, the Minority Business Development Agency’s business centers offer strategic business consulting and help with accessing capital, while the SBA’s 8(a) program provides training and technical assistance designed to strengthen the ability of socially and/or economically disadvantaged small businesses to compete effectively.

Of small business owners eligible for government programs designed for a specific demographic group (e.g., programs targeted to BIPOC entrepreneurs or women) or one designed for “socially and/or economically disadvantaged individuals,” 29% have benefited from one. The entrepreneurs who’ve

accessed these programs have used Women’s Business Centers (48%), MBDA programs (24%), the SBA’s 8(a) program (19%), another government contracting program (19%) and the Restaurant Revitalization Fund (5%). The respondents report that these programs helped them with general business success and growth (76%), access to capital (43%), one-on-one mentoring and guidance (38%), as well as helping to prevent their business from shutting down (24%).

Figure 1: How eligible small businesses benefited from government programs



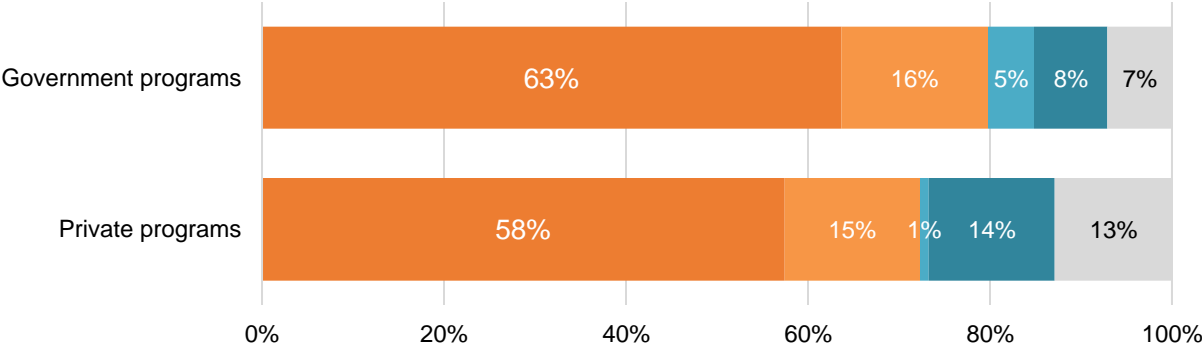
Additionally, nearly 4 in 10 (37%) small business owners eligible for a private or nonprofit program designed for a targeted demographic group have benefited from accessing it. They utilized small business grant programs (59%), business pitch competitions or incubators/accelerators (41%), individual consulting through chambers of commerce or other groups (37%), bank-related programs and/or capital (22%) and pro bono legal advice (19%). These programs helped them with general business success and growth (52%), access to capital (48%), one-on-one mentoring and guidance (44%), and prevented the business from shutting down (26%).

Small business owners support continuation of targeted programs

Government programs like the MBDA and Women’s Business Centers provide services for specific demographic groups of business owners. Nearly 8 in 10 (79%) entrepreneurs agree that there should continue to be government programs that support targeted demographic groups, with 63% strongly agreeing. This support extends to their opinions on recent court decisions impacting the reach of government programs that are intended to serve specific demographic groups. For example, a federal court recently ruled that the MBDA must offer its services to white business owners, and 43% of small businesses disagree with this decision, compared to just over one-third (36%) who agree with this decision, while 18% are neutral. Additionally, a court recently ruled against the SBA, preventing it from presuming social and economic disadvantaged based on race in its 8(a) Business Development Program. Nearly one half (48%) of small businesses disagree with this decision while less than one-third (31%) agree with the decision.

Furthermore, small business owners support private programs that help small business owners of certain demographic groups. Nearly three-quarters (73%) agree that these programs should continue to exist, with more than half (58%) strongly agreeing. Only 15% disagree with the programs’ continued existence, and 13% are neutral. This support extends to their opinions on recent court ruling that the Fearless Fund—a grant program targeted for Black women entrepreneurs—cannot issue its grants only to Black women. More than half (52%) of small businesses disagree with the court’s decision, and less than one-third (31%) agree with it.

Figure 2: Small businesses owners support continuation of both government and private programs that benefit certain demographic groups



Conclusion

As lawsuits against DEI programs persist, it’s important to take small businesses’ experiences and perspectives into account. Many entrepreneurs utilize and benefit from public and private programs targeted for certain demographic groups or for those with social and economic disadvantages. They want to see these programs continue, and they oppose recent court decisions limiting access to them. Receiving tailored help can provide make-or-break support for many small businesses, and maintaining access to programs is crucial for a thriving small business ecosystem.

Methodology

This poll reflects a survey of 95 small business owners nationwide within Small Business Majority’s network. Conducted online between June 10 and July 29, 2024, the poll has a margin of error of +/- 10% at a 95% confidence level.

Download report topline from our website: <https://smallbusinessmajority.org/our-research/entrepreneurship-independent-economy/small-businesses-benefit-targeted-grant-and-loan-programs-support-their-continued-existence>