



Updated December 15, 2025

SBA's Rural Activities

The U.S. Small Business Administration's (SBA's) mission is to "aid, counsel, assist, and protect" the interests of small businesses. While SBA generally helps small businesses regardless of location, small businesses may constitute a larger proportion of businesses in rural areas. According to SBA's Office of Advocacy (Advocacy), as of September 2025, nearly 97% of establishments outside metropolitan areas are small businesses, and those small businesses employ roughly 57% of workers in those areas. However, rural small businesses can face particular challenges. According to the same Advocacy study, small businesses' share of employment outside of metropolitan areas fell by nearly 2% between 2012 and 2025.

Some Members of Congress have stated that SBA should expand services to rural small businesses. Members of the 119th Congress have introduced several bills pertaining to SBA's rural activities. Some of these bills focus on SBA's Office of Rural Affairs (ORA). Congress authorized ORA in the Small Business Administration Reauthorization and Amendments Act of 1990 (P.L. 101-574), but the office appears to have been mostly dormant since.

Selected SBA Programs for Rural Small Businesses

SBA programs with preferences targeting rural small businesses include programs with preferences established in law and those without such statutory language. The statute authorizing SBA's State Trade Expansion Program, (STEP; 15 U.S.C. §649(l)), which makes grants to states to help expand the number of small business exporters and the dollar value of those exports, says that SBA may prioritize STEP applications from states proposing a program that "demonstrates intent to promote trade expansion" by rural small businesses, among other entities.

Similarly, the statute authorizing the Federal and State Technology Partnership Program (FAST; 15 U.S.C. §657d), which awards grants to entities to increase Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) program applications from certain small business owners, says that SBA "shall consider" whether a FAST application "addresses the needs of" small businesses "located in areas that have historically not participated in SBIR and STTR programs." SBA has clarified in FAST notices of funding availability that this provision typically refers to rural states.

SBA's Growth Accelerator Fund Competition (GAFC), which makes grants to entities assisting small businesses and startups working in the science, technology, engineering, math, and research and development (R&D) fields, does not have specific statutory authority. However, SBA's FY2025 budget request noted that GAFC "identifies

groups and/or geographies that traditionally have difficulty obtaining R&D funding and investment capital, such as rural communities."

SBA's FY2025 budget request identified several areas where SBA intended to expand its assistance to rural small businesses. The budget request noted that SBA's Historically Underutilized Business Zone (HUBZone) contracting preference program "will continue to work with governors' offices to expand the program's reach to rural areas across the country through a new category of HUBZones known as 'Governor-Designated Covered Areas.'" The budget request also stated that SBA would work with the U.S. Department of Agriculture (USDA), the Department of Commerce, and other federal agencies to "assist small businesses in rural areas to increase their participation in exporting, government procurement, tourism, access to credit, incubators, innovation, technology, and other small business programs."

SBA and USDA Cooperation

SBA has previously worked with USDA on issues concerning rural small businesses. The two agencies signed a memorandum of understanding (MOU) in April 2018. The MOU stated that SBA and USDA had mutual interests in issues including "improving investment opportunities in rural areas" and "aiding rural businesses in providing tools to export products around the world." Among other activities, the MOU established that SBA and USDA may work together to

- provide joint trainings and technical assistance for rural small business owners;
- help rural small businesses find export chances; and
- expand collaboration between the USDA Rural Partners Network and SBA's resource partners, which provide management and technical assistance to small businesses.

The MOU also established interagency working groups to examine capital access and investment in rural areas and how to grow businesses in rural areas. The MOU expired in April 2023, but SBA and USDA signed a new, nearly identical MOU in October 2023. As of December 2025, the working groups have not produced any publicly available reports. Separately, in June 2025, news reports suggested the Trump administration was considering moving three USDA capital access programs to SBA.

SBA's Office of Rural Affairs

Congress authorized SBA's ORA in the Small Business Administration Reauthorization and Amendments Act of 1990 (P.L. 101-574). ORA's statutory purposes include

- achieving an equitable distribution of financial assistance available for rural small businesses;
- compiling annual statistics on rural areas, including population, poverty, job creation and retention, unemployment, business failures, and business startups;
- providing information to industries, organizations, and state and local governments concerning the federal assistance available to rural small businesses; and
- assisting rural small businesses with tourism promotion and development.

ORA has been largely inactive despite its statutory authorization. The office has not received funding in annual appropriations bills since its authorization (Congress funds SBA through appropriations bills). In July 2019, 16 Members of Congress signed a letter to the acting SBA administrator requesting information on why ORA was never fully established. SBA does not appear to have publicly responded to the letter.

In the 116th Congress, the committee report for the Financial Services and General Government Appropriations Act, 2021 (H.R. 7668) directed SBA to submit a report on ORA, “detailing the Office’s mission, strategic plan, and staffing and resource requirements, including the costs and potential benefits of establishing an Associate Administrator position for the Office.” In the 117th Congress, the committee report for the Financial Services and General Government Appropriations Act, 2023 (H.R. 8254) stated, “The Committee is dismayed that SBA has yet to submit the report required in H.Rept. 116-456 on the Office of Rural Affairs, and expects SBA to expeditiously submit this long-overdue report.” As of December 2025, the report is not publicly available.

Recent Legislative Activity

Some Members of the 119th Congress have proposed bills concerning SBA’s rural activities. The Investing in All of America Act of 2025 (H.R. 2066 and S. 1917) would expand the amount of money that may be excluded from the calculation of the limit on financing that SBA provides to Small Business Investment Companies (SBICs; for more information, see CRS Report R41456, *SBA Small Business Investment Company Program*). The excludable amount would include amounts an SBIC invests in, among other criteria, rural areas. H.R. 2066 passed the House in December 2025.

Another bill, the Office of Rural Affairs Enhancement Act (H.R. 4549) would require SBA to appoint an Assistant Administrator to head ORA. The bill would also require ORA to conduct outreach events for small businesses in rural areas in collaboration with SBA resource partners providing management and technical assistance to small businesses, such as Small Business Development Centers. H.R. 4549 would also require ORA’s Assistant Administrator to annually submit a report on the office’s activities to the Senate Committee on Small Business and Entrepreneurship and House Committee on Small Business. The bill passed the House in December 2025.

Also in the 119th Congress, the GREATER Act (H.R. 2728) would require SBA to enter into an MOU with the

Appalachian Regional Commission and Delta Regional Authority to develop activities to expand rural entrepreneurship in the Appalachian and Mississippi Delta regions. Similarly to H.R. 4549, the Coordinated Support for Rural Small Businesses Act (S. 1093) would also require SBA to appoint an Assistant Administrator in charge of ORA and mandate ORA to conduct outreach to rural small businesses. The bill would also direct the ORA Assistant Administrator to convene working groups to identify issues overlapping between SBA and USDA. In addition, the Rural Small Business Resilience Act (S. 1703 and H.R. 804) would require the associate administrator of SBA’s Office of Disaster Recovery and Resilience to ensure that individuals in rural areas where a disaster has been declared have full access to SBA disaster assistance. H.R. 804 passed the House in February 2025.

Considerations for Congress

Congress has expressed interest in increasing aid to rural small businesses. For instance, in the 119th Congress, the committee report for the Financial Services and General Government Appropriations Act, 2026 (H.R. 5166) stated, “The Committee recognizes the importance of access to capital for small businesses, especially in rural communities.” However, in some cases where SBA programs have requirements to focus on or target rural small businesses, these requirements have not necessarily resulted in increased resources to rural small businesses. For example, the Community Advantage (CA) Pilot Program included rural areas as one type of market that counted toward the requirement that a CA lender make at least 60% of its loans to underserved markets. But in FY2023, a lower share of CA loans went to rural businesses than did 7(a) loans processed through other methods that do not have any incentive or requirement for rural lending. (SBA transitioned the CA Pilot Program to a permanent program in October 2023.) Congress could study the effectiveness of such rural requirements or incentives.

ORA appears to not have had a director for most of the time since its authorization. SBA’s leadership website does not list any staff associated with ORA. ORA’s lack of activity was noted in the committee report for H.R. 5425 in the 118th Congress, which stated, “The Office of Rural Affairs has been historically underutilized by the SBA.” As noted, in the 119th Congress, H.R. 4549 and S. 1093 would require SBA to appoint an Assistant Administrator in charge of ORA. Congress may have interest in monitoring developments concerning ORA.

Rather than keeping ORA as a standalone office within SBA with its own leadership, Congress could also decide to fold ORA into one of SBA’s existing departments. Options for this could include SBA’s Office of Capital Access or Office of Entrepreneurial Development, although those offices tend to operate their own programs. Based on ORA’s statutory language, managing programs may not be the purpose of ORA as much as it is SBA-wide coordination. Another option may therefore be to place ORA within SBA’s Office of the Administrator.

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