

Small Businesses Need Supportive Policies to Grow



In January, the Bipartisan Policy Center and Goldman Sachs *10,000 Small Businesses Voices* published [The Small Business Policy Playbook: Winning Strategies to Drive Economic Growth](#).

Since then, Congress has advanced a number of policy priorities included in the report. Several of those changes were made by H.R. 1, the [One Big Beautiful Bill Act](#) (OBBA). Although OBBA's passage was Republican-led, the legislation included provisions with long-standing bipartisan support. This update identifies policy changes since the publication of the original report and highlights areas for continued bipartisan effort from federal policymakers.^a

2025 Policy Changes for Small Businesses

Recommendation	Result
Enhance the Employer-Provided Paid Family and Medical Leave Credit (45S).	Made permanent with expansion of eligible paid leave policies and reduced required employee tenure.
Expand the Employer-Provided Child Care Credit (45F).	Permanently expanded with a higher credit rate for small businesses.
Simplify joint contracting with child care providers.	As part of the 45F expansion, small businesses are now allowed to jointly contract with qualified child care providers .
Reinstate full and immediate R&D expensing.	R&D expensing permanently restored for domestic R&D only.
Maintain business tax incentives with a track record of success.	Cap raised on Section 179 expensing for small and midsize businesses.
Prioritize certainty in the 2025 tax debate.	2025 "cliffs" in business code removed. Many tax incentives were made permanent. Budget deficits remain a source of uncertainty.

^a Some specific recommendations from *The Small Business Policy Playbook* on the Child and Dependent Care Tax Credit (CDCTC) and the Dependent Care Assistance Programs (DCAPs) were not included in OBBA, although the legislation did make improvements to both. The CDCTC rate was increased and the income thresholds were adjusted. For DCAPs, OBBA permanently increased the tax exclusion.

The report also recommended the confirmation of a chief counsel to the Small Business Administration's Office of Advocacy. On August 1, 2025, in a 52-44 party-line vote, the Senate approved Casey Mulligan's appointment to the position. While BPC does not comment on individual nominations, filling the position had bipartisan support although the nominee did not.

Policy Opportunities for Small Business Growth

Small businesses remain ready to grow and to help the economy expand. New data from Goldman Sachs *10,000 Small Businesses Voices* show that 78% of small business owners are optimistic about the future of their business—with 74% planning to grow ^b. In this policy landscape, the priorities below can continue to serve as a bipartisan guide on small business growth for federal policymakers.

**New policy opportunities are marked with an asterisk.*

WORKFORCE

Small businesses grow when they can hire and retain skilled workers and train their employees to thrive in their careers.

Workplace Benefits	Child Care	Skills and Training for Workers
— Amend the Retirement Benefit Startup Credit for small businesses. — Expand retirement coverage for nonprofits. — Establish voluntary or flexible paid leave programs. — Establish employer pooling for paid leave benefits. — Empower businesses with relevant payment and pricing information on health care coverage. — Create a benefits resource guide for small businesses and improve marketing.	— Delink Dependent Care Assistance Programs (DCAP) and the Child and Dependent Care Tax Credit (CDCTC). — Strengthen support for nonprofit child care providers. — Market and expand apprenticeship programs for the child care workforce.	— Encourage Small Business Administration (SBA) resource partners to participate in sector partnerships. * Enable small businesses to coordinate with local community colleges and training providers on Workforce Pell.^c * Better integrate existing resource guides about establishing apprenticeship programs into SBA technical assistance.^d * Improve coordination between Small Business Development Centers (SBDCs) and Career and Technical Education (CTE) programs.^e

^b Survey of 1,471 Goldman Sachs *10,000 Small Businesses* participants, conducted by Babson College from Sept 23 – Oct 2, 2025.

^c In July 2025, OBBB authorized the expansion of federal Pell Grants to short-term training programs. Using SBA resource partners to connect small employers with community colleges and training providers could improve job placement and ensure that small employers get the qualified workers they need.

^d Although there is a dedicated, federal digital resource hub for apprenticeships and work-based learning programs, SBA's website, which is often the first stop for guidance, has nothing on these programs. Cross-referencing and unifying resources can make it easier for business owners to find the information they need.

^e Helping small businesses hire graduates from CTE programs and helping graduates from these programs start new businesses can bolster small business hiring and support employment outcomes.

COST OF DOING BUSINESS

Small businesses grow when they can access a variety of affordable financing options.

Capital Affordability	Tax Policy	Regulation
— Ensure technical assistance for financing is comprehensive, accessible, and up to date. — Encourage lenders to streamline and enhance the financing process through adoption of innovative technologies. — Expand Small Business Investment Companies (SBICs).	— Continue to identify and maintain business tax incentives with a track record of success.	— SBA's newly confirmed chief counsel for the Office of Advocacy should work to improve communication to businesses about regulations.

INNOVATION AND OPPORTUNITY

Small businesses grow when policy supports their adoption of innovative technologies, promotes artificial intelligence literacy, enables them to compete for federal contracts, and supports their role as manufacturers and exporters.

Digital and AI Tools	Government Procurement	Manufacturing and Exporting
— Promote AI literacy, skills, and education for small businesses. — Ensure SBA-affiliated resource providers are equipped to offer small businesses training and guidance on digitalization and AI. — Ensure infrastructure is in place that supports small business adoption of digital tools. — Consider enhancing SBA customer service, streamlining applications, and improving processes through innovative digitalization. * Include small businesses in stakeholder convenings on AI standards and frameworks.^f	— End double-counting. — Raise the simplified acquisition threshold above \$250,000. — Bolster outreach and technical assistance to prepare small businesses to compete for federal contracts. — Hold agencies accountable for not meeting small-business procurement goals and encourage improvement of agency performance.	— Enhance small manufacturers' ability to access affordable capital. — Improve SBICs' ability to invest in small manufacturers. — Improve accessibility of Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR). * Reauthorize SBIR and STTR programs with provisions that would expand participation and emphasize commercialization.^g

^f Democrats and Republicans alike agree on the need to comprehensively address AI issues. During the Biden administration, then-President Biden issued two executive orders on AI. In the 118th Congress, the House formed a bipartisan task force and the Senate released a bipartisan AI road map. In 2025, President Donald Trump signed four executive orders and the administration released Winning the Race: America's AI Action Plan. Including small businesses in any planning discussions can help enable adoption of AI and ensure their perspectives are heard.

^g Reauthorizing SBIR/STTR and emphasizing commercialization is critical to our national competitiveness. Including more geographically diverse grantees can also spur regional economic growth.

Appendix of Related Legislation from the 119th Congress

The bills below have not been endorsed by Bipartisan Policy Center Action.

1. Amend the Retirement Benefit Startup Credit for small businesses.
 - a. Reps. Vern Buchanan (R-FL) and Jimmy Panetta (D-CA) introduced H.R. 4548, which would make the credit for small employers' pension plan startup costs and the credit for retirement auto enrollment available to tax-exempt eligible small employers.
2. Strengthen support for nonprofit child care providers.
 - a. Sens. Jacky Rosen (D-NV) and Joni Ernst (R-IA) introduced S. 273, which would give nonprofit child care providers access to critical SBA loan programs.
3. Market and expand apprenticeship programs for the child care workforce.
 - a. Sens. Martin Heinrich (D-NM) and Jerry Moran (R-KS) introduced S. 235, which would expand access to apprenticeships and technical education.
4. Improve coordination between SBDCs and CTE programs.
 - a. Reps. Roger Williams (R-TX) and Johnny Olszewski (D-MD) introduced H.R. 1642, which would require SBDCs and Women's Business Centers to provide educational information to small businesses about hiring graduates of CTE programs. The House passed this bill in June 2025.
5. Expand SBICs.
 - a. Reps. Judy Chu (D-CA) and Brad Finstad (R-MN) introduced H.R. 754, which would permit banks to invest 15% of their capital in SBICs. Sens. Todd Young (R-IN) and Ruben Gallego (D-AZ) introduced a related bill, S. 2223. The House passed its version in February 2025.
 - b. Sens. John Hickenlooper (D-CO) and Roger Marshall (R-KS) introduced S. 1917, which would enhance the role of SBICs.
6. Ensure technical assistance for financing is comprehensive, accessible, and up to date.
 - a. Reps. Maxine Waters (D-CA) and Ann Wagner (R-MO) introduced H.R. 3422, which would require the Securities and Exchange Commission's Advocate for Small Business Capital Formation to supply educational resources and host events that promote capital-raising options for small businesses. The House passed this bill in June 2025.

7. Ensure infrastructure is in place that supports adoption of digital tools.
 - a. Reps. Jay Obernolte (R-CA) and Don Beyer (D-VA) introduced H.R. 2385, which would establish a National Artificial Intelligence Research Resource to expand access beyond large technology companies to critical tools and resources that power AI.
8. Bolster outreach and technical assistance to prepare small businesses to compete for contracts.
 - a. Sens. Jacky Rosen (D-NV) and Shelley Moore Capito (R-WV) introduced S. 1786, which would require SBA to maintain its website containing centralized information on licensing and permitting for small businesses.
 - b. Reps. Nick LaLota (R-NY) and Derek Tran (D-CA) introduced H.R. 787, which would make it easier for small businesses to access and secure government contracts by requiring federal contracting opportunities to be written in plain language. The House passed this bill in June 2025.
9. Hold agencies accountable for not meeting small business procurement goals and encourage improvement of agency performance.
 - a. Reps. Eric Burlison (R-MO) and Suhas Subramanyam (D-VA) introduced H.R. 4123, which would modernize how the federal government purchases technology.
 - b. Reps. George Latimer (D-NY) and Mark Alford (R-MO) introduced H.R. 789, which would ensure that SBA helps small businesses compete for federal contracts while providing clarity to them on the bidding process. The House passed this bill in June 2025.
10. Enhance small manufacturers' ability to access affordable capital.
 - a. Sens. Joni Ernst (R-IA) and Chris Coons (D-DE) introduced S. 1555, which would double the loan limit for SBA manufacturing loans.
11. Reauthorize SBIR and STTR programs with provisions that would expand participation and emphasize commercialization.
 - a. Sen. Joni Ernst (R-IA) introduced S. 853, which would reauthorize and reform the SBIR and STTR programs.
 - b. Sen. Ed Markey (D-MA) introduced S. 1573, which would reauthorize and expand the SBIR and STTR programs.
 - c. Reps. Roger Williams (R-TX) and Nydia Velázquez (D-NY) introduced H.R. 5100, which would reauthorize the SBIR and STTR programs through fiscal year 2026. The House passed this bill in September 2025.

