SpencerFane®

The SBA's 2026 Transformation: More Capital for Manufacturers, More Focus on Rural America, and Tighter U.S. Citizenship Eligibility Rules

The U.S. Small Business Administration (SBA) has been active in 2026, rolling out a series of policy changes that collectively signal a significant shift in the agency's priorities. While individual announcements have focused on grants, lending programs, organizational restructuring, and eligibility requirements, a broader theme has emerged: the SBA is directing more resources toward domestic manufacturing, rural communities, and American-owned businesses while expanding access to capital for targeted industries.

For government contractors, manufacturers, lenders, and small business owners, these developments merit close attention.

Manufacturing Has Become a Major SBA Priority

Perhaps the most notable trend in 2026 is the SBA's increased emphasis on domestic manufacturing.

In May, the SBA announced its Manufacturing in America Empower to Grow (E2G) Grant Initiative, making up to $50 million available through grants to organizations that provide training and technical assistance to small manufacturers. Notably, eligible training organizations receive the grant funding, then offer free courses and/or training to small manufacturers in the following disciplines:

- Hands-on manufacturing training
- Workforce development programs
- Technical assistance

- Regulatory compliance guidance
- Government contracting support
- Operational and hiring assistance

Target manufacturing industries include aerospace, shipbuilding, mining, construction equipment, medical manufacturing, robotics, and electrical equipment. The program is designed to strengthen domestic supply chains and increase the competitiveness of small manufacturers.

Companies should periodically check the SBA website and/or conduct internet searches for the Manufacturing in America Empower to Grow (E2G) Grant Initiative, to find listings of the grants awarded to the training organizations, and then contact the training organizations.

Expanded Access to Capital Through the International Trade Loan Program

The SBA has also significantly enhanced financing opportunities for manufacturers.

Effective May 1, 2026, manufacturers classified within NAICS sectors 31 through 33 (manufacturing NAISCs) became eligible for an expanded version of the SBA's International Trade Loan (ITL) Program. The most significant feature is a 90% SBA guaranty – substantially higher than the 75% guaranty generally available under the standard 7(a) program.

The practical effect is straightforward: lenders assume less risk, which may increase the availability of financing for qualifying borrowers.

Historically, ITL loans were primarily associated with export-oriented businesses. The 2026 changes broaden eligibility considerably, allowing many manufacturers to access the program even if they are not directly engaged in exporting.

Earlier this year, the SBA similarly expanded ITL eligibility to portions of the food supply chain, including farming, ranching, meat production, food processing, logistics, packaging, and related equipment manufacturers through what the agency termed the "Grocery Guarantee" initiative.

SBA Fee Reductions Continue to Support Manufacturing Growth

The agency has paired these financing enhancements with reduced borrowing costs.

For fiscal year 2026, the SBA eliminated many upfront fees for qualifying manufacturing loans. For eligible 7(a) manufacturing loans up to $950,000, the upfront guaranty fee has been reduced to zero. Likewise, many 504 manufacturing loans are benefiting from waived upfront and annual service fees.

These fee reductions, coupled with enhanced loan guarantees, reflect a coordinated effort by the SBA to encourage investment in domestic manufacturing capacity.

Greater Flexibility Through SBA Loan Stacking

Another development attracting attention among business owners and lenders is the SBA's revised approach to combining financing programs.

Under current SBA guidance, borrowers may now be able to access up to $5 million through the 7(a) program and an additional $5 million through the 504 program, creating the potential for up to $10 million in total SBA-backed financing, subject to lender approval and program requirements.

This creates opportunities for businesses to separate financing needs strategically:

- 7(a) financing for working capital, acquisitions, inventory, and operational growth.
- 504 financing for owner-occupied real estate, equipment purchases, and other fixed assets.

For capital-intensive businesses, particularly manufacturers and government contractors, the ability to leverage both programs may significantly improve growth planning and acquisition strategies.

Tighter Eligibility Requirements for Certain Borrowers

Not all SBA changes have expanded access.

The agency has simultaneously tightened eligibility standards for several programs. Throughout 2026, the SBA has implemented restrictions affecting businesses with non-citizen ownership interests and expanded those restrictions to additional SBA programs, including certain lending and surety bond offerings.

As a result, ownership structure has become an increasingly important diligence item for borrowers seeking SBA-backed financing. Businesses with foreign ownership components should carefully review eligibility requirements before pursuing SBA-supported loans or bonding assistance.

A Growing SBIC Program May Benefit Emerging Companies

The SBA has also continued modernizing the Small Business Investment Company (SBIC) program.

Following regulatory reforms designed to streamline the licensing process, the SBIC program reached record levels of capital deployment and approved a record number of new licenses. For growth-stage companies seeking institutional capital, these developments may increase the availability of private investment backed by SBA leverage.

While SBIC financing differs substantially from SBA lending programs, both initiatives reflect the agency's broader objective of increasing capital formation for small businesses.

New SBA Offices Focus on Faith-Based and Rural Communities

On June 5, 2026, the SBA announced an agency-wide reorganization intended to modernize operations and improve service delivery. As part of that restructuring, the agency formally established two new offices: the Faith Office and the Office of Rural Affairs.

According to the SBA, these offices are intended to improve service delivery to faith-based communities, rural small businesses, and domestic manufacturers. The move reflects a broader effort by the agency to align resources around specific constituencies that it believes are underserved by traditional federal programs.

While the practical impact of these offices remains to be seen, businesses operating in rural markets should monitor future SBA guidance and outreach initiatives that may emerge from the new structure.

Key Takeaways: What This Means for Small Businesses

Viewed collectively, the SBA's 2026 initiatives suggest a clear policy direction.

The agency is:

- Increasing support for domestic manufacturing.
- Expanding capital access through enhanced loan guarantees.
- Investing in workforce and technical training.
- Creating dedicated outreach channels for rural communities.
- Encouraging private investment through the SBIC program.
- Tightening eligibility requirements to focus assistance on American-owned businesses.

For manufacturers, government contractors, and businesses operating in rural markets, the opportunities may be significant. At the same time, borrowers should carefully assess eligibility requirements and financing structures to determine how these evolving programs fit within their growth strategy.

As the SBA continues implementing these changes throughout 2026, businesses that understand and leverage the new programs may find themselves in a stronger position to secure capital, expand operations, and compete for new opportunities.

This blog was drafted by Ray Jones, a government contracts and M&A attorney in the Spencer Fane Washington, D.C. office. For more information, visit www.spencerfane.com.

*Click **here** to subscribe to Spencer Fane communications to ensure you receive timely updates like this directly in your inbox.*