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SENATE

{ REPORT
110-185

SMALL BUSINESS LENDING REAUTHORIZATION AND IMPROVEMENTS ACT OF 2007

SEPTEMBER 26, 2007.—Ordered to be printed

Mr. KERRY, from the Committee on Small Business and
Entrepreneurship, submitted the following

R E P O R T

[To accompany S. 1671]

On June 26, 2007, the Senate Committee on Small Business and Entrepreneurship to which was referred the bill (S. 1671) to reauthorize and improve the entrepreneurial development programs of the Small Business Administration, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill, as amended, do pass.

I. INTRODUCTION

The Entrepreneurial Development Act of 2007 (S. 1671) was introduced by Senator John F. Kerry, for himself and Senator Snowe, on June 20, 2007. The bill reauthorizes the SBA's entrepreneurial development programs for Fiscal Years 2008, 2009, and 2010. In addition to updating the SBA's entrepreneurial development programs, the bill authorizes four new pilot program initiatives.

During markup of the bill, the Committee unanimously adopted by voice vote, a bipartisan managers' substitute amendment, offered by Chairman Kerry for himself and Ranking Member Snowe. The bill was subsequently adopted as amended by a roll call vote of 19-0.

S. 1671 is based on S. 3778, the Small Business Reauthorization and Improvements Act of 2007, which was a comprehensive reauthorization bill developed under Senator Snowe, then the chair of the Committee, incorporating virtually all of the entrepreneurial development provisions that were adopted by the Committee in the 109th Congress. S. 1671 builds on the Committee's work in the

prior Congress, making a few changes to the provisions, including updating the language to reflect passage of Senate Amendment 187, which created a permanent three year renewal grant program for Women's Business Centers. S. 1671 also calls for a National Small Business Summit. Aside from technical changes, other changes include extending SBDC privacy requirements to SCORE clients and increasing from 9 to 10 the Members of the National Small Business Development Center Advisory Board.

II. DESCRIPTION OF BILL

Authorization of Programs

Title I—Reauthorization

The bill reauthorizes the Small Business Development Center (SBDC) program, SCORE and the Paul Coverdell Drug-Free Workplace program for Fiscal Years 2008, 2009, and 2010.

Title II—Women's small business ownership programs

During the Committee's SBA reauthorization in 2003, the Committee determined that the SBA's programs had not evolved to meet the changing needs of women-owned small businesses. Specifically, women business leaders expressed their frustration with the agency, the lack of results from agency programs and services for existing women business owners, the inactivity of the National Women's Business Council and Interagency Committee on Women's Business Enterprise, and the lack of connection with the 'real world problems' facing women entrepreneurs on a day-to-day basis.

In response, Senator Snowe introduced the Women's Small Business Programs Improvement Act (S. 1154) and Senators Snowe and Kerry introduced the Women's Business Centers Preservation Act of 2003 (S. 1247). Provisions from these bills were then incorporated into S. 1375, the Small Business Administration 50th Anniversary Reauthorization Act of 2003.

However, in Fiscal Year 2005, a revised version of SBA's reauthorization was inserted into Division K of H.R. 4818, the Consolidated Appropriations Act for 2005. While this version included the reauthorization of the Women's Business Center program, it excluded the authorization for the Women's Business Center Program Sustainability Pilot program. The pilot program was created in bipartisan legislation, the Women's Business Center Sustainability Act of 1999, sponsored by Senator Kerry and cosponsored by Senator Snowe. Since 2005, the pilot program has been only reauthorized on an annual basis in Appropriations bills, leaving the most experienced centers, in years five through ten, operating with the uncertainty of whether they would have an opportunity to continue to participate in the program.

To address these concerns and to meet the increasing demand for the program's services, in 2006, Senators Snowe and Kerry introduced the Women's Small Business Ownership Programs Act of 2006 (S. 3659). The provisions of that bill were then incorporated into S. 3778. Senate Amendment 187, sponsored by Senators Kerry, Snowe and Sununu, also addressed this issue and was unanimously passed by the Senate as an amendment to H.R. 2, the Fair Minimum Wage Act of 2007, on January 24, 2007. The Fair Minimum Wage Act was subsequently attached to the U.S. Troop

Readiness, Veterans' Care, Katrina Recovery and Iraq Accountability Appropriations Act of 2007. The President signed this legislation into law on May 25, 2007. The legislation would allow established women's business centers—those beyond the first five years of funding—to apply for 3-year renewal grants on a continuous basis.

The legislation is similar to language that passed out of the Committee on Small Business and Entrepreneurship as part of S. 3778 and based on the Women's Business Center Sustainability Pilot Program Senator Kerry created in 1999. Senator Snowe cosponsored the bill.

Small Business Administration Office of Women's Business Ownership

The bill provides authority for the SBA's Office of Women's Business Ownership to develop and make available new programs and services for established women owned businesses addressing issues in the areas of women in manufacturing, technology, professional services, retail and product sales, travel and tourism, international trade and Federal government procurement. The Committee expects that these new programs and services will be developed in consultation with the National Women's Business Council, the Interagency Committee on Women's Business Enterprise, and representatives of the women's business centers associations.

The bill also directs the SBA to conduct training for District Office Women Business Ownership Representatives (existing personnel who are responsible for marketing and outreach activities) and District Office Technical Representatives (existing personnel who are responsible for grant programmatic and financial oversight duties) as well as providing resources for the District Offices to carry out their responsibilities.

The Women's Business Center Program, established in 1988, provides long-term training and counseling to encourage small business ownership through more than 100 non-profit organizations. The Women's Business Center program has been well received and has become a unique resource for women entrepreneurs—proving to be of great benefit to the SBA in its quest to serve greater numbers of entrepreneurs. Therefore, some members of the Committee have questioned agency actions in support of opening new centers in new locations before stabilizing established centers through continued funding opportunities. The SBA has stated that after initial funding, the centers should be able to provide services independent of the grant program. However, since a requirement of the Women's Business Center program is to conduct outreach and long-term assistance to the under-served markets on a 'no-fee' basis, it would be difficult for many centers to become self-sufficient. The Committee supports the agency's positioning itself to first meet the obligations of renewal grant funding for productive centers before creating new centers.

To improve this process, the bill directs the agency to streamline and reduce the reporting requirements and costs of the centers, recognizing the limited grant award and limited human resources within the centers. All of the eligible associations that represent Women's Business Centers will also have an opportunity to consult with the SBA Office of Women's Business Ownership for the pur-

pose of developing training programs for centers and recommendations to improve the policies and procedures governing the operations and administration of the program.

National Women's Business Council

The National Women's Business Council was created by the Women's Business Ownership Act of 1988 to serve as an advisory body to the President, the Congress and the SBA. Its members came from the public and private sectors, and it was constituted to respond to criticism of the Interagency Committee's inactivity. By separating from the Interagency Committee, the Council was better able to focus on its advisory mission. The 1997 Small Business Reauthorization Act provided for improved reporting duties and Council appointments. The 2000 Small Business Reauthorization Act increased the annual authorized appropriation from \$600,000 to \$1 million to allow the Council to broaden its scope in research and reports, establish advisory councils, conduct conferences, and establish an interstate communication network.

To build upon the foundation previously established for the Council, the Committee incorporated the Council's requests to change its research formula and establishes a 30 percent allocation of appropriated funds for specific research. In addition, the bill provides the Council with the authority to create an electronic clearinghouse on women's business ownership. At the Council's request, the bill enables the Council to establish working groups. The bill also provides the Council with the same cosponsorship authority as the SBA in order for it to expand research and program activities for women-owned small businesses.

To ensure the Council's continuity and independence, the bill clarifies membership representation. The Council has 15 members representing small businesses and small business organizations, with the Chairperson appointed by the President, six members representing women's business organizations, and the remaining eight members appointed by the SBA Administrator based upon recommendations of the Chair and Ranking Members of the Senate Committee on Small Business and Entrepreneurship and the House Committee on Small Business. Of these eight 'party-affiliated' members, four are to come from the same political party as the President and four are not to be of the President's party.

In 2003, Senator Landrieu proposed an amendment, which was adopted by the Committee, to establish fairness in the appointment of Council members as a result of an imbalance in membership representation between the two political parties. This amendment calls for equal representation of the two political parties in the process of appointing members to fill vacant seats on the Council and requires the Administrator to report to Congress on vacancies that remain unfilled for more than 30 days. In 2006, as part of S. 3778, the Committee clarified the amendment to recognize a party balance for the eight 'party-affiliated' members. The report must cite in detail the status of all vacancies, identifying the type of vacancies, the process the Council will follow, and the notice of any anticipated delays in filling the vacancies.

Interagency Committee on Women's Business Enterprise

In 1977, an interagency task force was formed and was subsequently renamed the Interagency Council in May 1979 by Executive Order 11213. In 1988, the Women's Business Ownership Act (Public Law 100-533) replaced the Interagency Council with a joint public-private sector National Women's Business Council. The SBA Reauthorization and Amendment Act of 1994 (Public Law 103-403) revised the Interagency Council's structure, returning all public-sector participants to comprise an expanded Interagency Committee on Women's Business Enterprise.

In 1994, by separating the private-sector Council from the public-sector Interagency Committee, it was intended that the Council would be the pro-active force to inspire action by the Interagency Committee. The 1997 Reauthorization Act incorporated a requirement that representatives on the Interagency Committee report directly to the head of their agency on the Interagency Committee's activities. There is no funding authorization provided under current law to support the activities of the Interagency Committee. Nor are there clear directives on the operations and interaction of the Federal agency and department representatives.

Currently, the Interagency Committee includes representatives from the U.S. Departments of Commerce, Defense, Education, Energy, Health & Human Services, Labor, Transportation, and Treasury, the SBA, General Services Administration, Office of Federal Procurement Policy, National Aeronautics and Science Administration, Environmental Protection Agency, the Federal Reserve, and the Executive Office of the President.

The Federal agencies and departments represented on the Interagency Committee allocate existing personnel and resources to support participation on the Interagency Committee. The Interagency Committee is required to submit an annual report to the President and Congress, through the SBA, but there is no recent record of annual reports being prepared or forwarded to the President and Congress. In addition, the President has not appointed a Chairperson to carry out the mission of the Interagency Committee, and therefore, the Interagency Committee is inactive.

To reactivate the Interagency Committee so that it can accomplish its intended mission, the bill directs the SBA Deputy Administrator to assume temporarily the responsibilities of the Interagency Committee Chair, if vacant, until the President makes an appointment. This action provides for the continuity of activities and avoid periods of inactivity. The bill also provides operational direction for the Interagency Committee by requiring that the Interagency Committee conduct three official meetings each year to plan upcoming Fiscal Year activities; track year-to-date agency contracting goals; and evaluate Fiscal Year progress and begin the report process.

The bill also establishes, as a subcommittee to the Interagency Committee, a policy advisory group consisting of representatives from the SBA, the Department of Commerce, the Department of Labor, the Department of Defense, the Department of the Treasury, two individuals and two organizations that are members of the National Women's Business Council. The Committee believes that the policy advisory group will return the Interagency Committee to a mix of public/private members to provide the support and direc-

tion so badly needed to revive the intent of the Interagency Committee.

Title III—International trade

Exporters support over 12 million jobs and pay wages 18 percent higher than average. Ninety-seven percent of exporters are small businesses and account for almost \$300 billion of yearly export sales—nearly one-third of total U.S. exports. Over the last decade the number of small businesses that export has increased by more than 250 percent. Exporting offers the opportunity for small businesses to retain and create jobs, position themselves for growth, enter new markets, expand their customer base, and add product and service lines.

The SBA plays an important role in this growth through United States Export Assistance Centers (USEACs), which provide small or medium sized businesses with local export assistance. In particular, USEACs provide lending and technical assistance and help small businesses in obtaining adequate export financing. The Committee is aware that, at a cost of less than \$2 million per year, the current group of SBA International Finance Specialists has obtained bank financing for more than \$10 billion in U.S. exports since 1999. The \$10 billion in export sales financed by these specialists has helped to create over 140,000 new, high-paying U.S. jobs.

However, despite these figures, the Committee is concerned that this program is experiencing a record staffing low of 16 specialists nationwide as of July 2007—down from a peak of 22 specialists in January 2000. These vacancies force the current group of finance specialists to cover more extensive territories, often with limited travel budgets, which negatively impacts U.S. export potential in high export markets. In order to expand and assist small businesses exporters, the bill expands the trade distribution network by ensuring SBA maintains a sufficient level of USEAC employees. The bill ensures that in filling USEAC positions, the SBA must first address existing positions that have been vacant since January 2003 before filling new positions.

This provision was included in S. 3778 but originated in the 109th Congress from S. 3663, the Small Business International Trade Enhancements Act of 2006, introduced by Senator Landrieu on July 14, 2006 and co-sponsored by Senators Bayh, Kerry, and Pryor. This provision was also included in S. 738, the Small Business International Trade Enhancement Act of 2007, introduced by Senator Landrieu in the 110th Congress on March 1, 2007. Cosponsors included Senators Snowe, Kerry, Pryor and Coleman.

Finally, to improve the overall administration of the SBA's international trade loan programs, the bill designates one individual within the SBA as a trade financial specialist to oversee the ITL programs. This provision was also from S. 3778 and included in S. 738.

Title IV—Native American Small Business Development Program

The SBA's Office of Native American Affairs implements the agency's outreach program for Native American communities on or near tribal lands. The bill codifies the Office of Native American Affairs, and outlines the qualifications and responsibilities of the

Office and its head. Additionally, the section establishes a program that provides financial assistance to tribal governments, tribal colleges, Native Hawaiian organizations, and Alaska Native corporations to create Native American business centers. These centers shall conduct five year projects that offer culturally tailored business development assistance. A Native American business center may enter into a contract or cooperative agreement with a Federal department or agency to provide specific assistance to Native American and other under-served small business concerns located on or near tribal lands, to the extent that such contract or cooperative agreement is consistent with the terms of any federal assistance received by the Native American business center. This program would be authorized at \$5 million per year for Fiscal Years 2008 through 2010.

The bill establishes two Native American small business development pilot programs. First, the Native American Development Grant Pilot Program awards Native American development grants to provide culturally tailored business development training and related services to Native Americans and Native American small business concerns. The grants may be awarded to (i) any small business development center, or (ii) any private, nonprofit organization that has members of an Indian tribe comprising a majority of its board of directors, is a Native Hawaiian organization; or an Alaska Native corporation. The program would be authorized at \$1 million per year for Fiscal Years 2008 through 2010.

Second, the American Indian Tribal Assistance Center Grant Pilot Program awards not less than three American Indian Tribal Assistance Center grants to establish joint projects to provide culturally tailored business development assistance to prospective and current owners of small business concerns located on or near tribal lands. The program would be authorized at \$1,000,000 per year for Fiscal Years 2008 through 2010.

The Native American small business development programs contained in S. 1671 are originally from legislation introduced in the 109th Congress—the Native American Small Business Development Act (S. 1907), sponsored by Senator Johnson and cosponsored by Senators Kerry, Pryor, Cantwell, Akaka, Stabenow, Boxer, Dorgan, Inouye, Murray, Smith and Enzi, and an amendment sponsored by Senators Thune and Enzi. S. 3778 also incorporated this language.

Title V—National Small Business Regulatory Assistance

The Committee continues to strongly advocate for a targeted regulatory reform agenda that would reduce the burdens that Federal regulations bear on small businesses. Small businesses are essential to the health of the U.S. economy, and future economic growth, especially in a globally competitive world, will depend on the success of the small business and entrepreneurial sector of the economy. Small business entrepreneurs are risk takers who are currently producing over 50 percent of our Gross Domestic Product and creating approximately three-quarters of all new jobs. Reducing regulatory burdens for the nation's 25 million small businesses will help to stimulate innovation and creativity, lower the costs of starting and operating a business, and provide the tools and resources that small businesses need to grow and expand.

Unfortunately, as the number and complexity of Federal regulations increase, there is often a greater burden placed on small businesses than on larger businesses. A recent report prepared for the SBA's Office of Advocacy found that in 2004, the per-employee cost of federal regulations for firms with fewer than 20 employees was \$7,647. That number is 44.8 percent higher than the \$5,282 per-employee cost faced by businesses with 500 or more workers.

At the same time, small business owners have found it increasingly difficult to meet their regulatory obligations while trying to successfully operate their businesses. In many cases, small business owners do not learn about their failure to comply with a regulation until it is too late and an inspector or auditor walks through the door. The Committee believes that small business owners need additional compliance assistance tools and resources to both understand and comply with complex regulatory actions. To that end, in the 109th Congress, Senator Kerry introduced the National Small Business Regulatory Assistance Act, S. 1411, cosponsored by Senator Snowe. The provisions of S. 1411 are included as Title V of this bill.

Title V establishes a pilot project for SBDCs to expand their small business regulatory compliance assistance programs. This title capitalizes on the current SBDC structure, which provides management and technical assistance counseling and educational programs to small business owners across the country. Currently, there are over 1,100 SBDC service locations in every state and territory.

The bill also establishes a four-year pilot program to provide resources to SBDCs so they may provide free regulatory compliance assistance and counseling to small business owners. Section 1703 would require the SBA to provide matching grants to SBDC programs in two states in each of the SBA's 10 regions. The grants would be more than \$150,000, but less than \$300,000 and shall be consistent with the matching requirement under current law. The bill also authorizes \$5 million in appropriations for the first fiscal year beginning after the date of enactment, and \$5 million in appropriations for each of the three subsequent fiscal years.

The bill also requires the SBDCs to use the grants to provide: access to information and resources, including current Federal and State non-punitive compliance and technical assistance programs; conduct training and educational activities; and offer confidential, free-of-charge, one-on-one, in-depth counseling to small business owners regarding compliance with Federal regulations.

SBDCs participating in the pilot program would be required to submit a quarterly report, and the SBA would have responsibility for evaluating the pilot program and making recommendations on the extension of the program to other SBDCs. Finally, the SBA would promulgate final regulations to carry out the pilot program within 180 days of passage.

Title VI—Other provisions

Minority Entrepreneurship and Innovation Pilot Program of 2007

This section was based on the Minority Entrepreneurship Development Act of 2007, (S. 98), introduced by Senator Kerry, on the

first day of the new Congress in January 2007, and co-sponsored by Senators Cardin, Landrieu and Clinton. Modeled after a program launched by the Kauffman Foundation, the goal of this section is to target minority students who are pursuing careers in highly skilled fields such as engineering, manufacturing, science and technology, and guide them towards entrepreneurship as a career option. Minority-owned businesses already participate in a wide variety of industries, but are disproportionately represented in traditionally low-growth and low-opportunity service sectors. Promoting entrepreneurial education to undergraduate students at colleges and universities expands the pool of potential business owners to technology, financial services, legal services, and other 'non-traditional' areas in which the overall development of minority firms has been slow. Growing the size and capacity of existing minority firms and promoting entrepreneurship among minority students already committed to higher education will have a direct relationship on the employment rate, income levels and wealth creation of minorities throughout the nation.

Beyond offering business courses, this program is intended to transform the way colleges and universities prepare students for success by making entrepreneurship education available across campuses that serve large minority populations. The goal is to enable any student, regardless of field of study, to access entrepreneurial training and to involve faculty and students from a variety of academic disciplines.

Specifically, the bill directs the Administrator of the SBA to make grants to historically black colleges and universities, tribal colleges, and Hispanic serving institutions, or to any entity formed by a combination of such institutions: (1) To assist in establishing a campus-wide entrepreneurship curriculum for undergraduate or graduate studies; and (2) for the placement of SBDCs on the physical campus of the institution. The bill requires an institution of higher education receiving a grant to: (1) Develop a curriculum that includes training in various skill sets needed by successful entrepreneurs, including business management and marketing, financial management and accounting, market analysis and competitive analysis and innovation and strategic planning; and (2) open a SBDC to provide business counseling, training and referrals to small businesses in the local community surrounding the campus. The SBDC is intended to foster a culture of entrepreneurship on the campus by bringing together the local small business community and the academic community, the faculty and students. Recognizing the economic challenges faced by many of these campuses serving minority communities, the institutions are not required to provide matching funds for the establishment of the SBDC.

The bill authorizes the pilot program for two fiscal years, to provide grants of \$500,000 per fiscal year for institutions of higher education, and it authorizes appropriations of \$10 million for each of FY 2008 and 2009.

The bill also includes protections to ensure that the funds are not diverted to other campus expenses or budgets not directly related to implementation of the Minority Entrepreneurship and Innovation program.

Institutions of higher education

The bill requires SBDC grantees that are institutions of higher education to be accredited and grandfather any SBDC grantee institution of higher education that is not yet accredited but is seeking accreditation.

Health insurance options information for small business concerns

The most pressing issue facing small business today is the rising cost of health insurance. Small businesses face a crisis when it comes to securing quality, affordable health insurance for their employees. Health insurance costs are skyrocketing, and small businesses are trapped in stagnant, dysfunctional state insurance markets that have little, if any, competition. Further compounding matters, many small businesses do not possess the resources, the personnel, or the information to navigate the complex health care landscape.

The Committee supports efforts to increase small business awareness of all health insurance options available to them. The bill establishes a four-year, pilot grant program to provide information, counseling, and educational materials to small businesses, through the well-established national framework of the SBDCs. The Committee believes that SBDCs provide an appropriate mechanism to disseminate information about health insurance options to small businesses.

This section is based on the Small Business Health Information Options Act of 2007, S. 1690, introduced by Senator Snowe in the 110th Congress and cosponsored by Senators Kerry and Bennett. It is based on recent research conducted by the non-partisan Healthcare Leadership Council, which found that with a short educational and counseling session, small businesses were up to 33 percent more likely to offer health insurance to their employees.

Specifically, the bill requires the SBA Administrator to establish the pilot, competitive grant program within 30 days of enactment. The program will make grants to SBDCs to provide information and educational materials regarding small business health insurance options. The grant amounts authorized under the program shall be not less than \$150,000 per fiscal year, and not more than \$300,000 per fiscal year.

The bill also requires each participating SBDC to submit a quarterly report to the Administrator and Chief Counsel for the SBA Office of Advocacy. Finally, the bill authorizes \$5 million in appropriations for the first fiscal year beginning after the date of enactment, and \$5 million in appropriations for each of the three subsequent fiscal years.

National Small Business Development Center Advisory Board

Although SBDCs are grouped into 10 regions throughout the country, the National Small Business Development Center Advisory Board presently only has 9 members on its board. In order to ensure that all regions are represented on the board, this bill would allow 10 members to serve on the board.

Office of Native American Affairs pilot program

To identify and implement Native American economic development opportunities available from the Federal government and private enterprise, the SBA's Office of Native American Affairs is directed to develop and publish a self-assessment tool for Indian tribes that will allow such tribes to evaluate and implement best practices for economic development, and provide assistance to Indian tribes, through the Inter-Agency Working Group.

Privacy requirements for SCORE chapters

Maintaining the privacy of clients is of vital importance in allowing a client to share business details and thus receive help from a counselor. This provision extends the privacy rules which apply to SBDC clients to SCORE clients.

National Small Business Summit

The last national small business summit, the White House Conference on Small Business, took place over 12 years ago. Many of the recommendations from that conference were enacted into law and have helped small businesses continue to drive the American economy. However, much has changed since that time, and small businesses continue to face new challenges such as rising health care costs, increasing regulations and low cost competition. This summit will be an opportunity to highlight the importance of small businesses in the economy and focus attention on the problems and the solutions necessary to address the obstacles that may be hindering the ability of small businesses to start up and grow.

III. COMMITTEE VOTE

In compliance with rule XXVI(7)(b) of the Standing Rules of the Senate, the following vote was recorded on June 26, 2007.

A motion by the Chair to adopt the Entrepreneurial Development Act of 2007, as amended, to reauthorize the Small Business Administration's (SBA) entrepreneurial development programs, was approved by a unanimous 19-0 recorded vote with the following Senators voting in the affirmative: Kerry, Levin, Harkin, Lieberman, Landrieu, Cantwell, Bayh, Pryor, Cardin, Tester, Snowe, Bond, Coleman, Vitter, Dole, Thune, Corker, Enzi, and Isakson.

IV. COST ESTIMATE

In compliance with rule XXVI(11)(a)(1) of the Standing Rules of the Senate, the Committee estimates the cost of the legislation will be equal to the amounts discussed in the following letter from the Congressional Budget Office.

AUGUST 9, 2007.

Hon. JOHN F. KERRY,
Chair, Committee on Small Business and Entrepreneurship,
U.S. Senate, Washington, DC.

DEAR MR. CHAIR: The Congressional Budget Office has prepared the enclosed cost estimate for S. 1671, the Entrepreneurial Development Act of 2007.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susan Willie.

Sincerely,

PETER R. ORSZAG.

Enclosure.

Summary: S. 1671 would authorize funding for a number of Small Business Administration (SBA) programs that provide technical support and assistance to small business owners in targeted populations including Native Americans, women, and minorities. The bill also would create new grant programs to assist business owners in finding affordable health insurance for employees and meeting federal regulatory requirements.

Assuming appropriation of the authorized amounts, CBO estimates that implementing S. 1671 would cost \$32 million in 2008 and \$509 million over the 2008–2012 period. (Those totals include \$3 million per year for estimated administrative costs.) Enacting the bill would not affect direct spending or revenues.

S. 1671 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); implementing the bill would benefit public institutions of higher education and tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 1671 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By fiscal year, in millions of dollars—				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Additional Grants:					
Authorization Level	190	197	205	10	0
Estimated Outlays	29	88	152	126	99
Additional Administrative Costs:					
Estimated Authorization Level	3	3	3	3	3
Estimated Outlays	3	3	3	3	3
Total Changes:					
Estimated Authorization Level	193	200	208	13	3
Estimated Outlays	32	91	155	129	102

Basis of estimate: S. 1671 would authorize appropriations mostly through fiscal year 2010 to continue several SBA programs that provide assistance to small business owners. The bill also would authorize SBA to create pilot programs to provide training and information to small business owners in targeted populations, and to offer certain research and information to small business owners.

The bill would reauthorize the Service Corps of Retired Executives (SCORE) program, the Small Business Development Center (SBDC) program, and the Drug-free Workplace program through 2010. S. 1671 would authorize the appropriation of \$459 million over the 2008–2010 period for those three programs. CBO estimates that implementing those provisions would cost \$22 million in 2008 and \$379 million over the 2008–2012 period, assuming appropriation of the specified amounts.

S. 1671 would reauthorize SBA's Women's Small Business Center program and the National Women's Business Council for three years. CBO estimates that implementing those programs to sup-

port businesses owned by women would cost \$2 million in 2008 and \$42 million over the 2008–2012 period.

Several programs supporting business ownership by Native Americans would be authorized through 2010 under the legislation as well. S. 1671 would create a small business development program for Native Americans and two pilot programs to provide assistance that is tailored to the needs of the Native American small business community. CBO estimates that those provisions would cost \$1 million in 2008 and \$17 million over the 2008–2012 period.

The bill would create a program to provide grants to historically Black colleges and universities, Tribal colleges, certain institutions that serve Hispanic, Alaska Native, or Native Hawaiian populations, or any entity formed by a combination of such institutions to establish small business development centers to provide management training, research, and referral services to minority-owned small businesses. CBO estimates that implementing this program would cost \$2 million in 2008 and \$26 million over the 2008–2012 period.

The bill would authorize the appropriation of \$40 million over the 2008–2011 period to fund two new programs to provide specific information to small business owners through SBA's network of SBDCs:

- One pilot program would authorize SBA to award grants to SBDCs to help business owners comply with federal regulations. For this program, the bill would authorize \$20 million over the 2008–2011 period. CBO estimates that implementing this provision would cost \$1 million in 2008 and \$15 million over the 2008–2012 period, with an additional \$5 million to be spent after 2012.

- A second pilot program would authorize SBA to award grants to SBDCs to provide information to small businesses about health insurance options. The bill would authorize \$20 million over the 2008–2011 period for this program as well. CBO estimates that implementing this provision would cost \$1 million in 2008 and \$15 million over the 2008–2012 period, with the remaining \$5 million in outlays to occur after 2012.

Finally, based on information from SBA, CBO estimates that the agency would need an additional 16 full-time equivalent positions to establish an Office of Native American Affairs within SBA, and to fully staff and expand the operations of SBA's Office of International Trade. Costs for that additional administrative support would total an estimated \$15 million over the 2008–2012 period.

Intergovernmental and private-sector impact: S. 1671 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would benefit public institutions of higher education and tribal governments by authorizing grants for small business development programs. Any costs those entities would incur to comply with conditions of federal assistance would be incurred voluntarily.

Previous CBO estimate: On June 15, 2007, CBO transmitted a cost estimate for H.R. 2359, the SBA Entrepreneurial Development Programs Act of 2007, as ordered reported by the House Committee on Small Business on May 23, 2007. The House bill would authorize two programs that are similar to programs authorized in S. 1671—grants to SBDCs to provide assistance with federal regulations and to provide information on health insurance options. CBO

estimated that implementing those programs would cost \$48 million over the 2008–2012 period.

Estimate prepared by: Federal Costs: Susan Willie. Impact on State, Local, and Tribal Governments: Elizabeth Cove. Impact on the Private Sector: Jacob Kuipers.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

V. EVALUATION OF REGULATORY IMPACT

In compliance with rule XXVI(11)(b) of the Standing Rules of the Senate, it is the opinion of the Committee that no significant additional regulatory impact will be incurred in carrying out the provisions of this legislation. There will be no additional impact on the personal privacy of companies or individuals who utilize the services provided.

VI. SECTION-BY-SECTION ANALYSIS

Section 1. Short Title. The Entrepreneurial Development Act of 2007.

Sec. 2. Table of Contents.

Sec. 3. Definitions.

Title I—Reauthorization

Sec. 101. Reauthorizations: Reauthorizes the Small Business Development Center (SBDC) program, SCORE and the Paul Coverdell Drug-Free Workplace program for 2008, 2009, and 2010.

Title II—Women’s small business ownership programs

Sec. 201. Office of Women’s Business Ownership. This section amends the Small Business Act by directing the SBA Office of Women’s Business Ownership to develop new programs and services for established women-owned businesses. In addition, this provision requires the Office of Women’s Business Ownership to consult with the associations representing the Women’s Business Centers, the National Women’s Business Council, and the Interagency Committee on Women’s Business Enterprise. It also requires that training be provided for SBA District Office personnel responsible for carrying out Agency programs. Finally, this provision requires the Administration to improve the women’s business center grant process and the programmatic and financial oversight process.

Sec. 202. Women’s Business Center Program. Reauthorizes the Women’s Business Center (WBC) program for 2008, 2009, and 2010. Also recognizes the existence and activities of any associations of women’s business centers representing 30 percent or more of the WBCs. Requires the SBA Administrator to consult with any association of WBCs to develop training for WBC and improvement for the WBC program. Directs that grants to WBCs in the initial five years of funding to be equally allocated. In addition, the bill clearly sets forth the process and criteria that the agency must follow in administering the women’s business center grant program. It requires the SBA to disburse grants as quickly as possible and to provide justification if new WBCs are located within 50 miles of an existing WBC.

Sec. 203. National Women’s Business Council. Reauthorizes the National Women’s Business Council for 2008, 2009, and 2010. Pro-

vides the council with cosponsorship authority and clarifies membership representation on the Council. Also establishes working groups under the direction of the chairperson. In addition, provides authority for the Council to serve as an electronic clearinghouse for information on small business owned and controlled by women. Changes the Council's research allocation from \$550,000 to 30 percent of appropriated funds.

Sec. 204. Interagency Committee on Women's Business Enterprise. Provides an acting chairperson of the Interagency Committee on Women's Business Enterprise and establishes a Policy Advisory Group to assist the chairperson in developing policies and programs, and defines the composition of the Policy Advisory Group. The bill also provides operational direction for the Interagency Committee by requiring that the Interagency Committee conduct three official meetings each year to plan upcoming Fiscal Year activities; track year-to-date agency contracting goals; and evaluate Fiscal Year progress and begin the report process.

Sec. 205. Preserving the independence of the National Women's Business Council. Requires an equal number of members appointed to serve on the Council representing each of the two major political parties. This also requires that if a vacancy is not filled, or if there exists an imbalance of party-affiliated members on the Council, in a 30-day period, a report must be submitted to the Senate Committee on Small Business and Entrepreneurship and House Committees on Small Business and Entrepreneurship.

Title III—International trade

Sec. 301. Small Business Administration Associate Administrator for International Trade. This provision establishes an Associate Administrator for International Trade and outlines responsibilities.

Sec. 302. Office of International Trade. This section expands the trade distribution network to include the United States Export Assistance Centers. This section also designates one individual within the Administration as a trade financial specialist to oversee the international loan programs. This provision establishes a floor of International Finance Specialists at the level the SBA had in January 2003.

Title IV—Native American Small Business Development Program

Sec. 401. Short title. Native American Small Business Development Act of 2007.

Sec. 402. Native American Small Business Development Program. The bill codifies the Office of Native American Affairs, and outlines the qualifications and responsibilities of the Office and its head. Additionally, this section provides financial assistance to tribal governments, tribal colleges, Native Hawaiian organizations, and Alaska Native corporations to create Native American business centers. These centers shall conduct five-year projects that offer culturally tailored business development assistance. This program would be authorized at \$5 million per year for fiscal years 2007 through 2010.

Sec. 403. Pilot programs. Native American Development Grant Pilot program. This section awards Native American development grants to provide culturally tailored business development training and related services to Native Americans and Native American

small business concerns. The grants may be awarded to (i) any small business development center; or (ii) any private, nonprofit organization that has members of an Indian tribe comprising a majority of its board of directors; is a Native Hawaiian organization; or is an Alaska Native corporation. American Indian Tribal Assistance Center Grant Pilot Program. This section awards not less than three American Indian Tribal Assistance Center grants to establish joint projects to provide culturally tailored business development assistance to prospective and current owners of small business concerns located on or near tribal lands.

Title V—National Small Business Regulatory Assistance

Sec. 501. Short title. The National Small Business Regulatory Assistance Act of 2007.

Sec. 502. Purpose. To establish a four-year pilot program to provide resources to SBDCs so they may provide free regulatory compliance assistance and counseling to small business owners.

Sec. 503. Small Business Regulatory Assistance Pilot Program. This section requires the SBA to provide matching grants to the SBDC programs of two states in each of the SBA's 10 regions. The grants shall be more than \$150,000, but less than \$300,000 and shall be consistent with the matching requirement under current law. SBDCs are required to use the grants to provide: access to information and resources, including current Federal and State non-punitive compliance and technical assistance programs; conduct training and educational activities; and offer confidential, free-of-charge, one-on-one, in-depth counseling to the owners and operators of small business concerns regarding compliance with Federal and State regulations derived from Federal law. SBDCs participating in the pilot program would be required to submit a quarterly report, and the SBA would have responsibility for evaluating the pilot program and making recommendations on the extension of the program to other SBDCs. This section includes language stipulating that new programs not duplicate regulatory services already provided by Federal or State programs.

Sec. 504. Rulemaking. The SBA must promulgate final regulations to carry out the pilot program within 180 days of passage.

Title VI—Other provisions

Sec. 601. Minority Entrepreneurship and Innovation Pilot Program. This provision directs the SBA Administrator to make grants to historically black colleges and universities Hispanic serving institutions, Alaska Native-serving institutions, Native Hawaiian-serving institutions, or to any entity formed by a combination of such institutions: (1) To assist in establishing an entrepreneurship curriculum for undergraduate or graduate studies; and (2) for the placement of small business development centers or a small business incubator on the physical campus of the institution. Requires an institution of higher education receiving a grant to: (1) Develop a curriculum that includes training in various skill sets needed by successful entrepreneurs; and (2) open a small business development center. Authorizes this pilot program for two fiscal years, and authorizes grants of up to \$500,000 per fiscal year for any one institution of higher education. In addition, there is authorized to be appropriated \$10 million each FY 2008 and 2009.

Sec. 602. Institutions of higher education. This provision requires SBDC grantees that are institutions of higher education to be accredited and grandfathers any SBDC grantee institution of higher education that is not yet accredited but is seeking accreditation.

Sec. 603. Health insurance options information for small business concerns. Provides that, within 30 days of enactment, the SBA Administrator shall establish a pilot, competitive grant program to make grants to SBDCs to provide information and educational materials regarding small business health insurance options. The grant amounts authorized under this section shall be not less than \$150,000 per fiscal year, and not more than \$300,000 per fiscal year. Requires each participating SBDC to submit a quarterly report to the Senate Committee on Small Business and Entrepreneurship and to the House Committee on Small Business. Authorizes \$5 million to be appropriated for the first fiscal year beginning after the date of enactment and authorizes \$5 million to be appropriated for each of the three fiscal years following the year of enactment.

Sec. 604. National Small Business Development Center Advisory Board. The bill adds one member to the National Small Business Development Center Advisory Board for a total of ten members, to ensure that all ten SBDC districts are represented on the board.

Sec. 605. Office of Native American Affairs pilot program. This section authorizes a two-year pilot program for the Office of Native American Affairs to develop and publish a self-assessment tool for evaluation and implementation of best practices for economic development for Indian tribes. The provision includes a reporting requirement on the effectiveness of the self-assessment tool. It also authorizes assistance in identifying economic development opportunities to Indian tribes through the Inter-Agency Working group, which is comprised of key federal agencies. The provision does not include nor require authorization of appropriations.

Sec. 606. Privacy requirements for SCORE chapters. This provision extends the privacy protections afforded to SBDC clients to SCORE clients.

Sec. 607. National Small Business Summit. Directs the President to convene a National Small Business Summit before December 31, 2009 to examine the present conditions and future of small businesses in the United States. The summit shall include small business owners, representatives of small business groups, labor, academia, nonprofit policy groups, and State and Federal governments. In addition, no later than 90 days after the summit, the President will release a report identifying key challenges and making recommendations for promoting entrepreneurship and the growth of small businesses.